



# Transient Lodging Tax

February  
2021

House Committee on Revenue

# Legislative History

- ▶ **HB 2267 (2003)** – Established a state transient lodging tax imposed at rate of 1% on “consideration rendered” for transient lodging; required lodging provider to collect the tax. Moratorium on use of local transient lodging tax revenues: may not decrease percentage of TLT revenues that were actually expended or agreed to be expended to fund “tourism promotion” or “tourism-related facilities” as of July 2, 2003. (ORS 320.350)

As a result, percentage of local tax revenues that are restricted to tourism is variable around the state. (pre and post- 2003 different percentages)

- ▶ Exception: if local government financing debt with TLT revenues on Nov. 26, 2003, must continue to finance debt until retirement of debt.
- ▶ If local government increases lodging tax or imposes a new tax (after 2003):
  - ▶ 70% of net revenue from the new or increased tax shall be used for: “tourism promotion” or “tourism-related facilities” or finance/refinance debt of “tourism-related facilities”
  - ▶ No more than 30% may used to fund city or county services (2008 AG opinion)

# Legislative History (continued)

- ▶ **HB 2197 (2005)** – Clarified vacation homes (and other lodging used for temporary human occupancy) are subject to state transient lodging tax.
  - Hotels and motels;
  - Bed and breakfast facilities;
  - RV sites in RV parks or campgrounds;
  - Resorts and inns;
  - Lodges and guest ranches;
  - Cabins;
  - Condominiums;
  - Short-term rental apartments and duplexes;
  - Vacation rental houses;
  - Tent sites and yurts in private and public campgrounds; and
  - Any other dwelling unit, or portion of a dwelling unit, used for temporary overnight stays. (< 30 days)

# Legislative History (exemptions)

## ▶ **Facilities:**

- ▶ Health care facilities, including hospitals and long care facilities
- ▶ Facilities Used for temporary occupancy less than 30 days in a year
- ▶ Nonprofit youth & church camps, conference centers and other qualifying nonprofit facilities and not rented to general public
- ▶ Facilities providing mental health treatment or drug or alcohol abuse treatment
- ▶ Emergency temporary shelters funded by the government, provide emergency or temporary shelter Funded by federal govt.

## ▶ **Persons:**

- ▶ Leased or occupied by same person for 30 consecutive days or more
- ▶ Federal employees on official business

# Legislative History (intermediaries)

- ▶ **HB 2656 (2013)**
- ▶ Required transient lodging intermediary or lodging provider to collect transient lodging taxes – whichever collects payment for occupancy. “Transient lodging intermediary” means a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging. ORS 320.300(12)
- ▶ “Every transient lodging tax collector is responsible for collecting the tax imposed under ORS 320.305 and shall file a return with the Department of Revenue, ....” ORS 320.315(1)
- ▶ “**Transient lodging provider**” means a person that furnishes transient lodging. ORS 320.300(13)
- ▶ “**Transient lodging tax collector**” means a transient lodging provider or a transient lodging intermediary. ORS 320.300(14)
- ▶ **State TLT :**  
“The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for the occupancy of the transient lodging.” ORS 320.305(1)(c).
- ▶ **Local TLT:** ORS 320.350(7)(b)
- ▶ The law emphasized that the tax is computed on the **total retail price** paid by the final customer, regardless of whether an intermediary has first paid a lower wholesale price to provider.
- ▶ Final Price also includes the **services** (cleaning, resort fees, etc.). Effective October 7, 2013.

# Legislative History (2016)

- ▶ **HB 4146 (2016)** – Increased rate to 1.8% from July 1, 2016 to June 30, 2020 and decreased rate to 1.5% beginning July 1, 2020.
- ▶ Changes the distribution of revenue from a discretionary amount with a ceiling of 15% to two categories for regional development. 20% of revenue to the category of regional development, and 10 % to grants to regional tourism efforts. establishes a study group led by LRO.
- ▶ **Distribution changes:**
- ▶ At least 65% to be used to fund state tourism\* programs (\*marketing deleted with 2016 bill)
- ▶ 10% for matching grants, for projects that improve economic development of the visitor industry, which may include tourism-related facilities and tourism-generating events, including sporting events)
- ▶ 20% must be used to fund a regional cooperative tourism\* program (marketing deleted with 2016 bill) (RCMP)
- ▶ A regional allocation formula distributes revenues to regions, the boundaries of which are established by the Oregon Tourism Commission, in proportion to the amount of TLT revenues collected in each region. Commission has established 7 regions. (Regions are different than the tax regions.)

# Legislative History (2017, 2018, 2019)

7

## Refining and streamlining

- ▶ **HB 2400 (2017)** – Authorizes any state agency or department to enter into agreements with any political subdivision for collection, enforcement, administration and distribution of local transient lodging taxes. (enforcement and compliance)
- ▶ **HB 3180 (2017)** – Authorizes DOR and of local government to share information related to administration of transient lodging tax laws. Keeps confidentiality of state transient lodging tax information. (enforcement, collaboration and compliance)
- ▶ **HB 4120 (2018)** – Expands definition of "transient lodging intermediary" to include third-party entity. Provides joint and several liabilities. 0.6 M (stricter collection compliance and enforcement)
- ▶ **HB 3136 (2019)** \$900,000 from revenue for the purpose of establishing a system for collecting local transient lodging taxes based on local rather than regional information. Allows the Department of Revenue to engage in a pilot program (till 2023) for data-scraping.
- ▶ **HB 3137 (2019)** –Transient lodging tax becomes due when occupancy ends. (Streamlining, collaboration between state and local)
- ▶ **HB 3138 (2019)** –Exemption from transient lodging taxation for temporary occupancy for fewer than 30 days per year does not apply to transient lodging using intermediary platform.

# Program & Administration

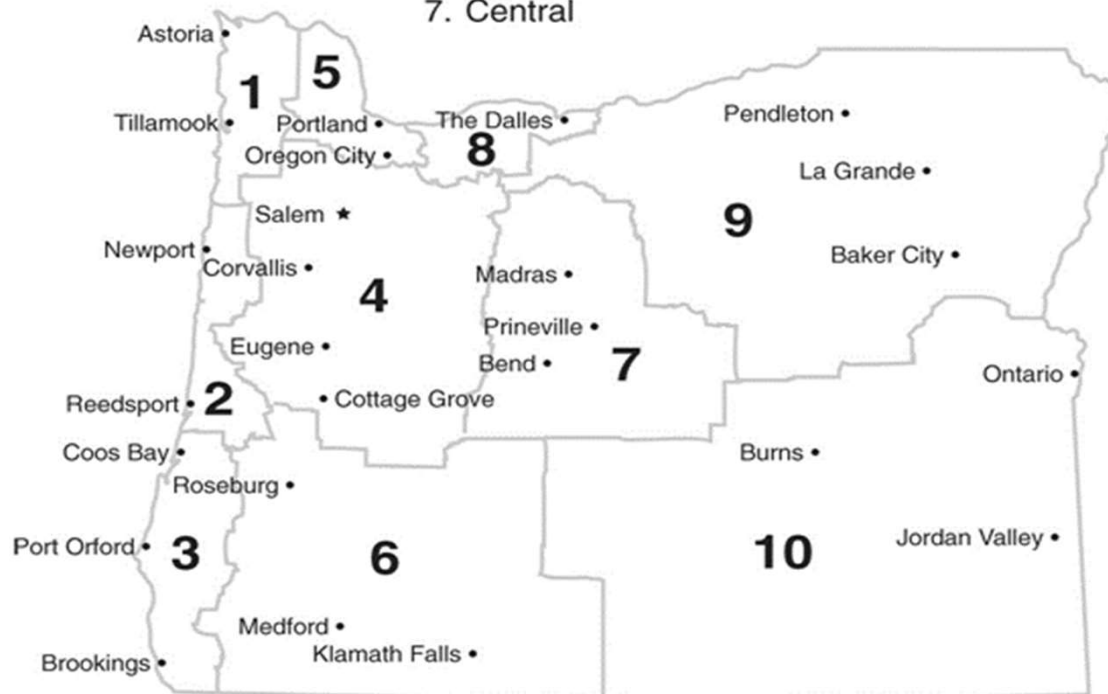
- ▶ Program Start Date : January 1, 2004
- ▶ Number of active taxpayers: Approximately 3,200
- ▶ Annual tax revenue:
  - ▶ \$38.7 Million in FY 2018, and \$40.6 million in FY 2019
- ▶ DOR keeps up to 2% for collection
- ▶ Tax collected by lodging provider or transient lodging intermediary and held in trust for State of Oregon.
- ▶ Reporting requirements:
  - Quarterly reporting required
  - Lodging receipts and tax reported by region
  - Tax collector retains 5 percent of gross tax for administrative burden
- ▶ DOR reports and distributes revenues to Travel Oregon monthly.



# Regions

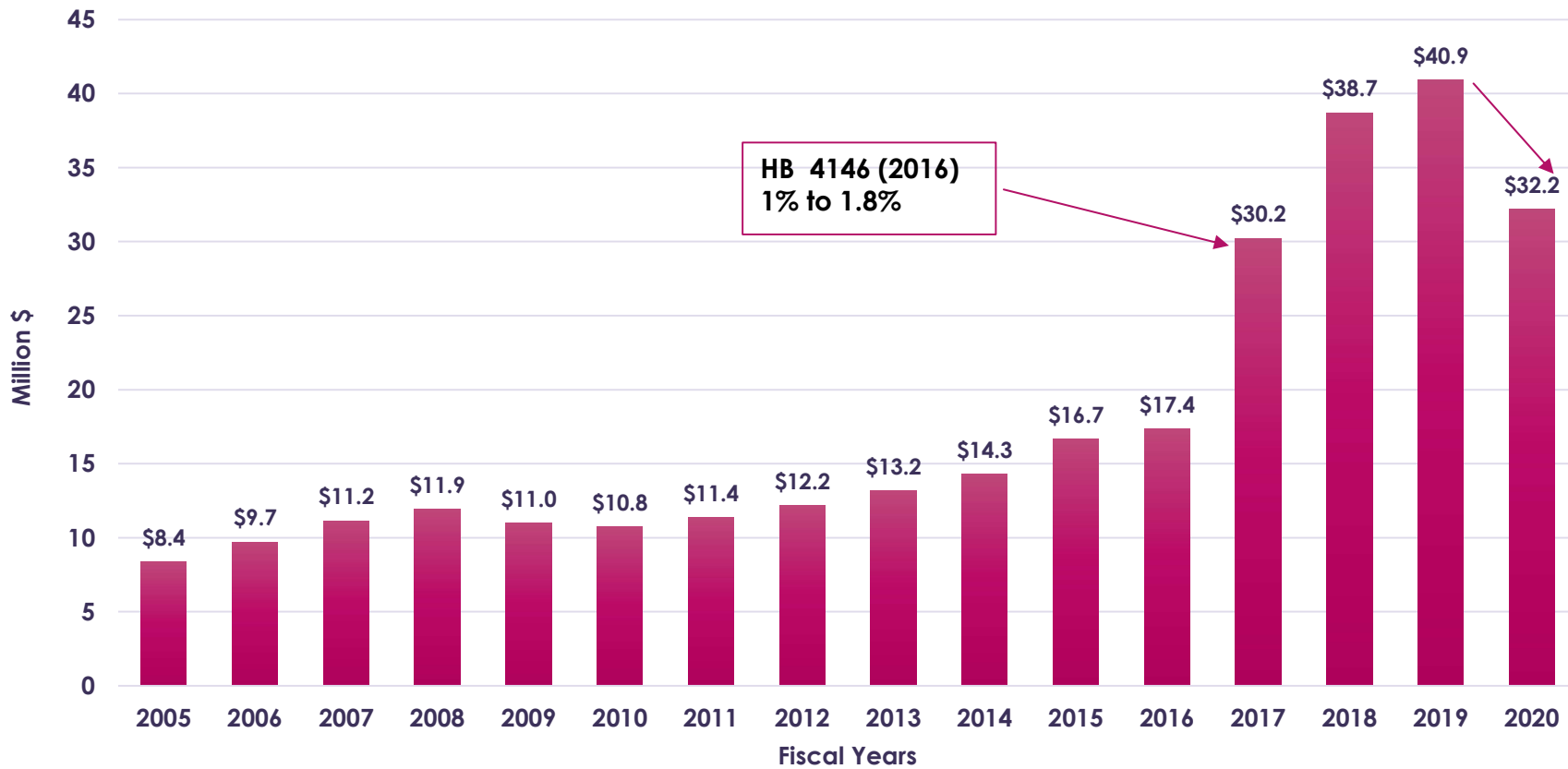
## OREGON'S TEN REGIONS

- |                  |                      |                     |
|------------------|----------------------|---------------------|
| 1. North Coast   | 4. Willamette Valley | 8. Mt. Hood / Gorge |
| 2. Central Coast | 5. Portland Metro    | 9. Northeastern     |
| 3. South Coast   | 6. Southern          | 10. Southeastern    |
|                  | 7. Central           |                     |



# Lodging Tax Receipts

## Transient Lodging Tax Receipts

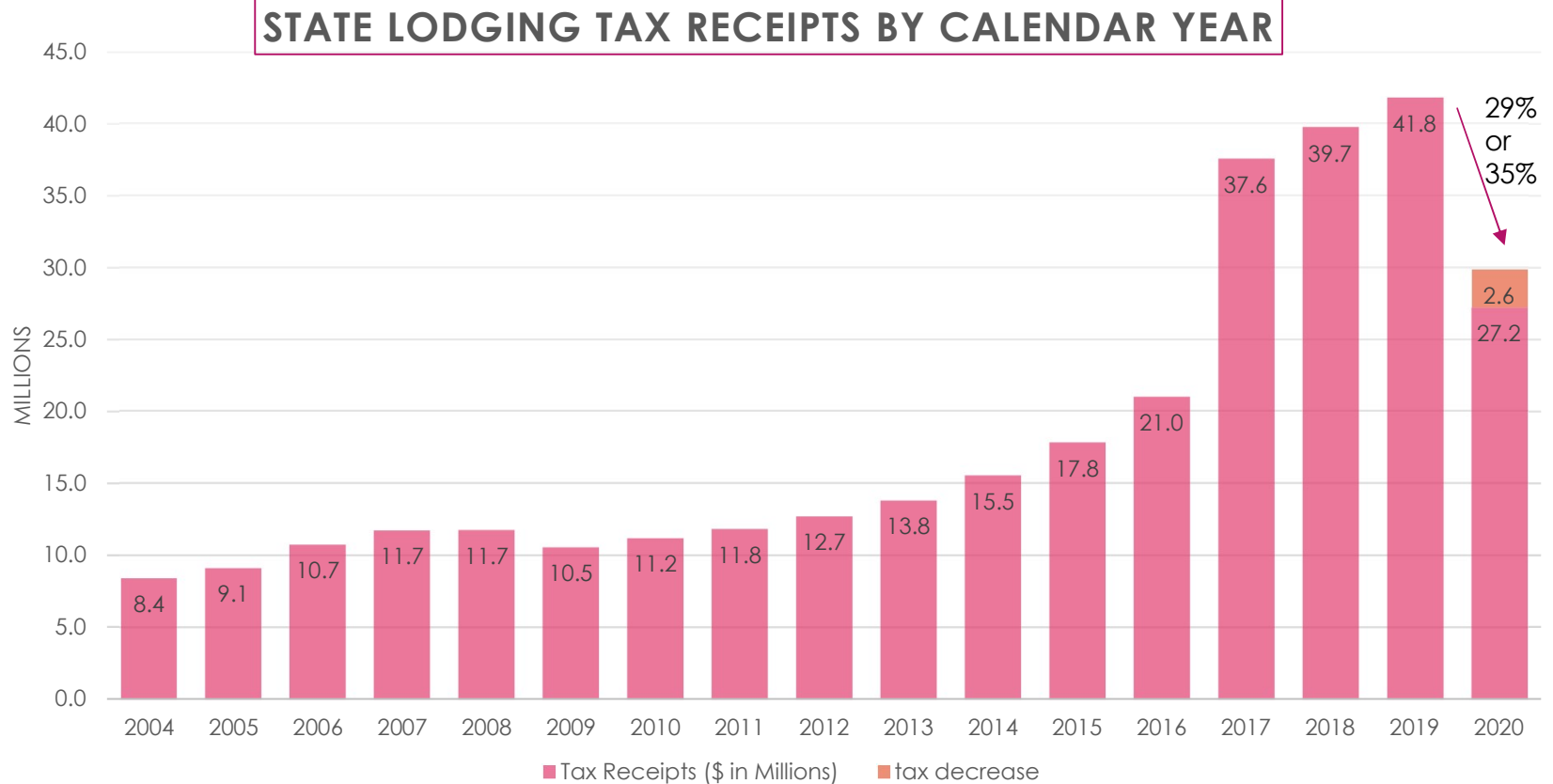


Lodging tax revenue fell steeply as hoteliers were forced into a time-out because of the pandemic. *Portland Business Journal*

- ▶ Future of Cities: Portland's hotel nightmare drags on city tax revenue
- ▶ As hoteliers were forced into the pandemic time-out, lodging tax revenue dropped more than **81%** for the period of July to December, falling from \$17.9 million in 2019 to \$3.3 million in 2020, according to city figures.

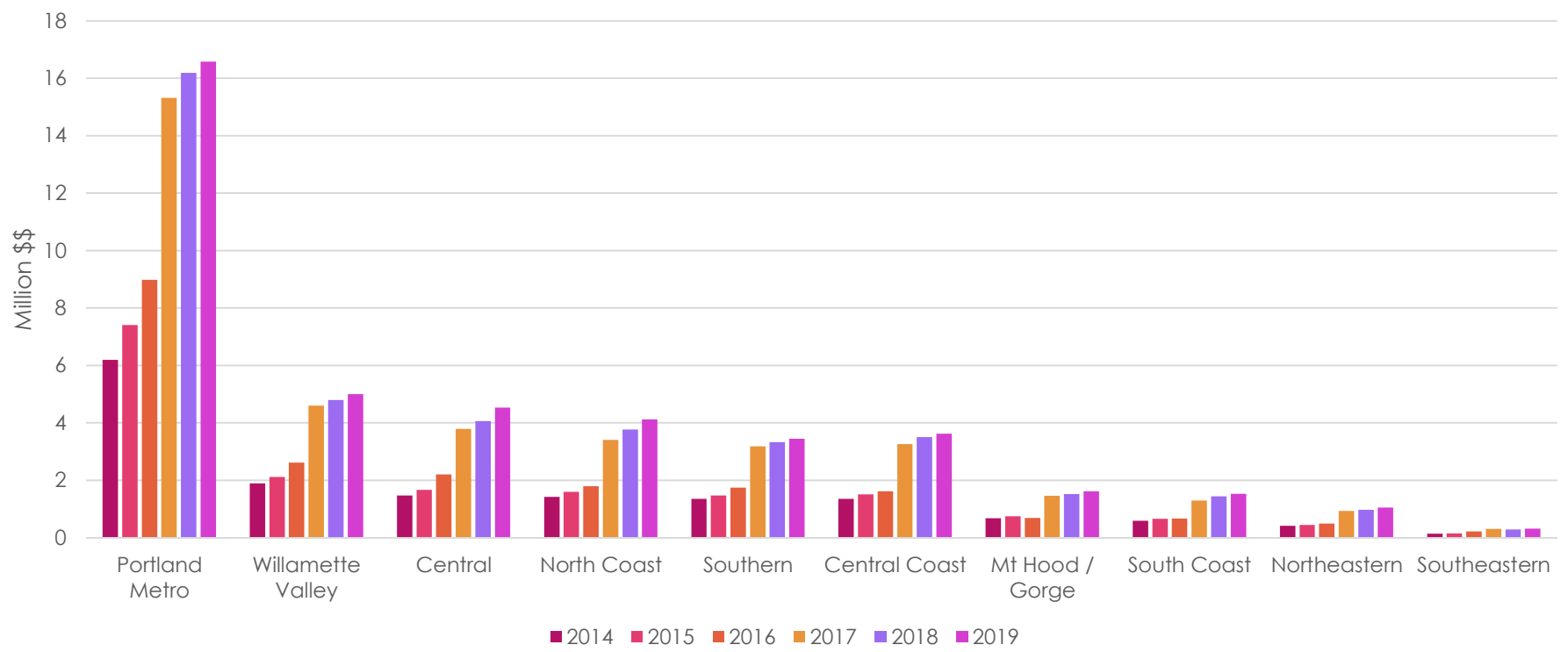


# Lodging Tax Receipts (CY)



# Receipts by Region

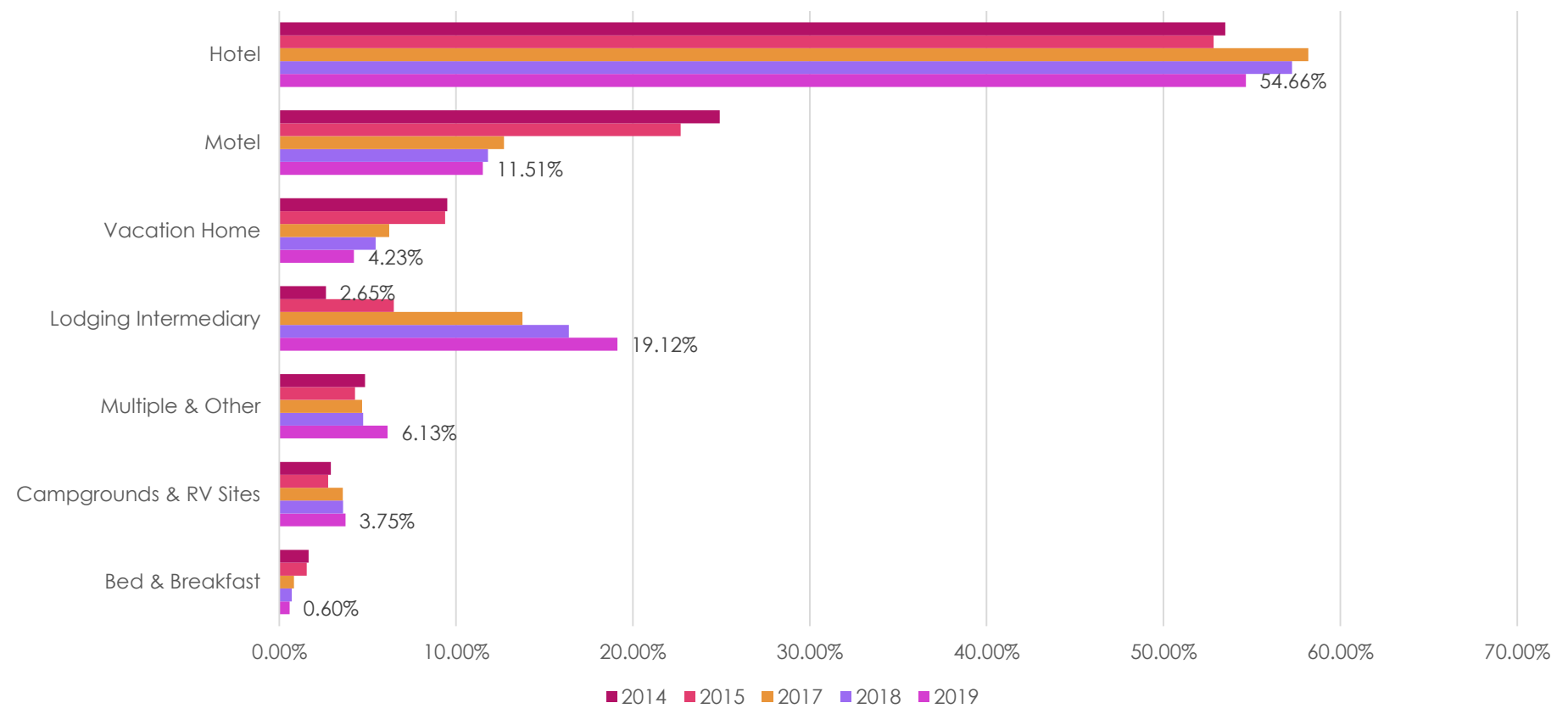
**State Lodging Tax Receipts by Region**  
Million \$\$





# Share by Accommodation Type

Accommodation Type  
% share

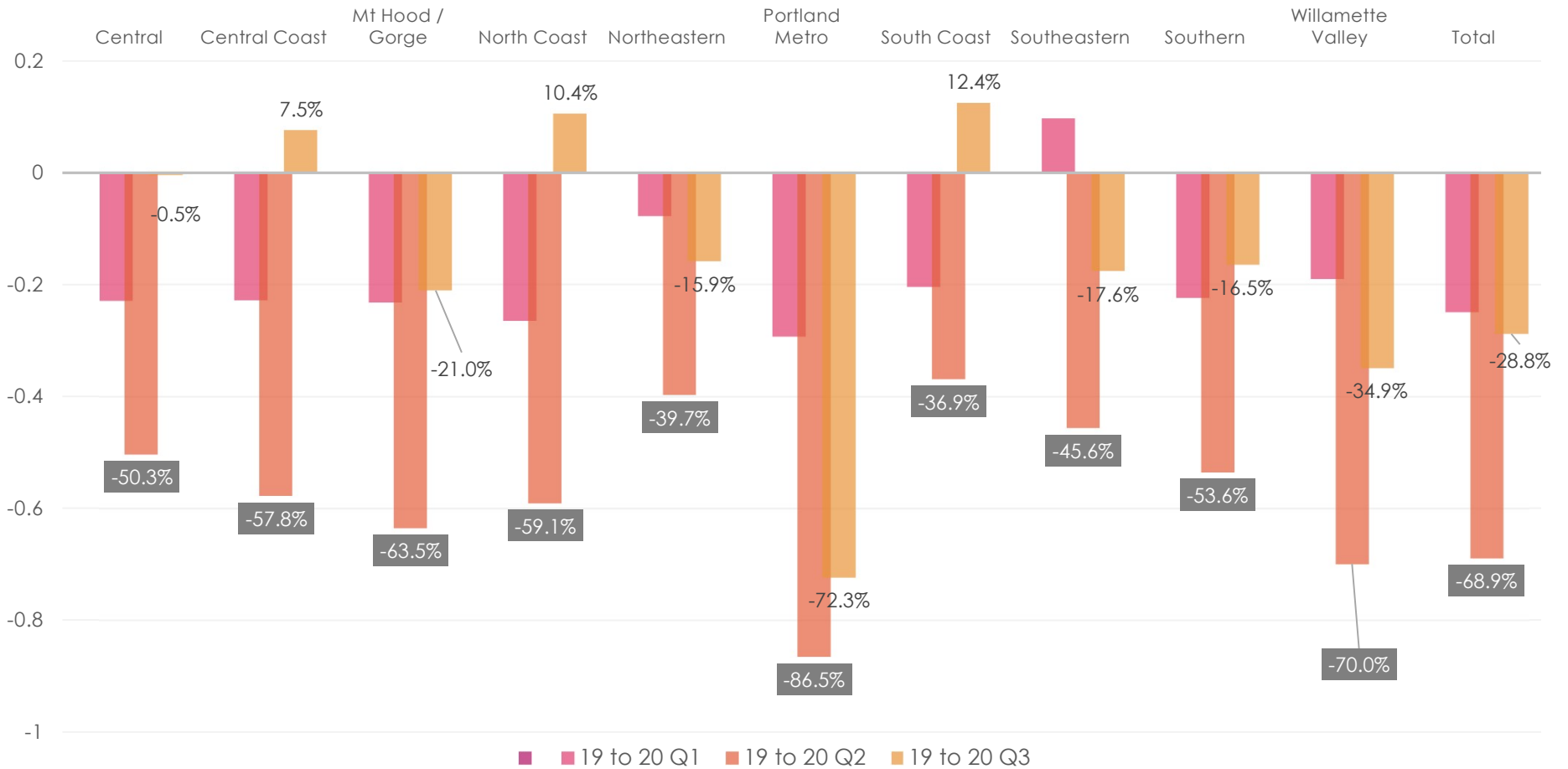


# What is the latest

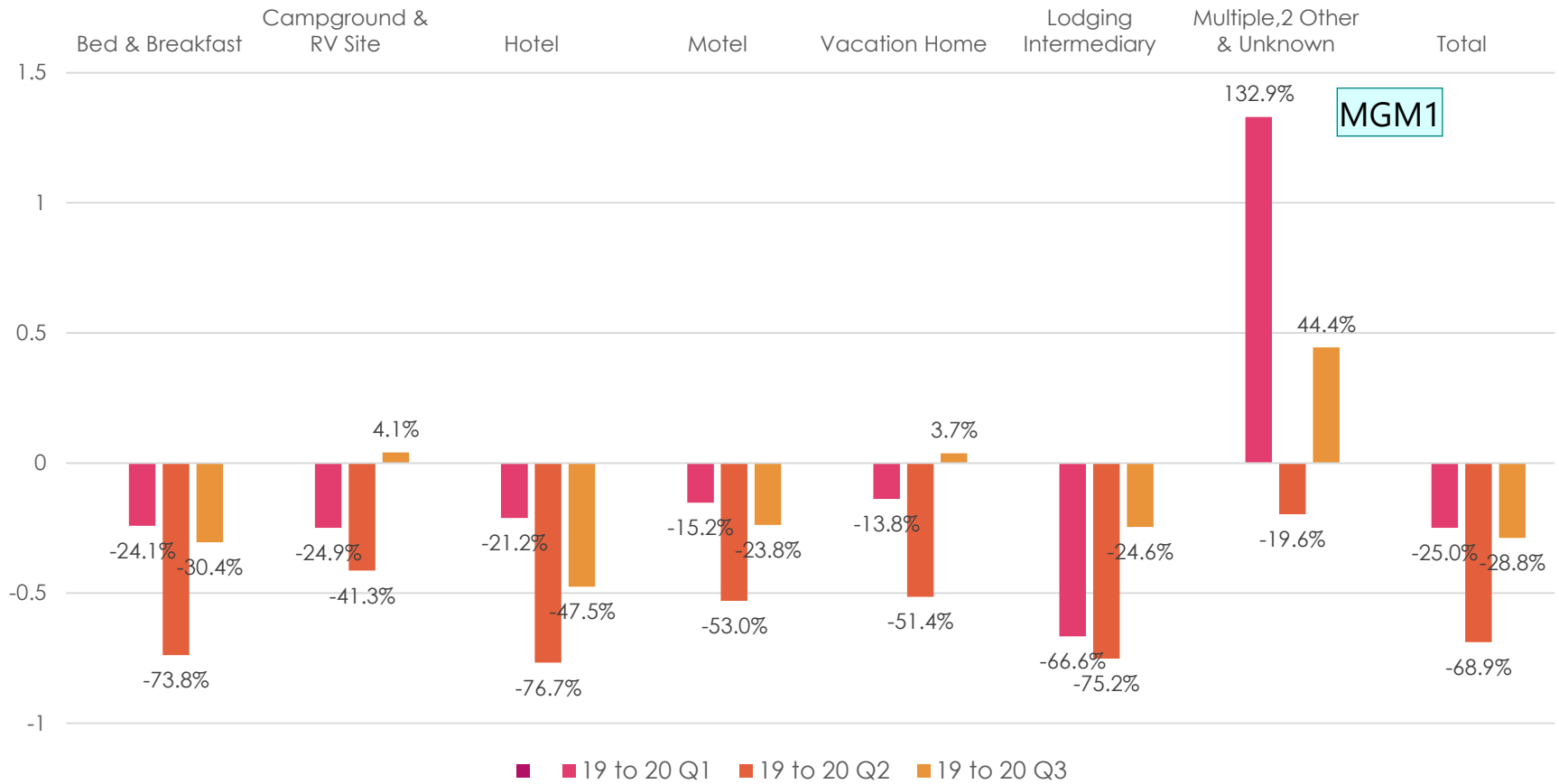
- ▶ Rate was 1% then increased to 1.8% from July 1, 2016 to June 30, 2020. FY, 17,18,19, and 20.
- ▶ Increased revenue by about \$18 million a year.
- ▶ Rate decreased to 1.5% beginning July 1, 2020.
- ▶ The \$41 million a year will go down to \$33.8 million. (before COVID)
- ▶ Reduction of \$6.8 million a year or \$13.6 BN. (\$2.9 Million so far)
- ▶ Impacts of COVID immediate (29%), and on the longer term ??



# Sales Reductions By Region



# Sales Reductions By Type



## Slide 18

---

### **MGM1**

2 "Multiple" represents lodging providers that reported more than one accommodation type when they registered or filed a return. Table 1.1 provides counts for every accommodation type listed on these registration or return forms. However, because lodging providers are asked to report sales and tax liability in total, it is not possible to break out the sales or tax by accommodation type for providers registered with more than one type of accommodation. Tables 1.2 and 1.3 provide tax liability and sales for these lodging providers in a "multiple" accommodation type category

Malik Mazen G, 2/9/2021