

Background

State lodging tax began January 1, 2004 at the rate of 1 percent of the amount charged for lodging. The rate increased to 1.8 percent beginning July 1, 2016 with a scheduled rate change to 1.5 percent beginning July 1, 2020. State lodging taxes collected during the calendar quarter are reported to Department of Revenue in the month following the calendar quarter end.

House Bill 2500

The bill proposes to change the state lodging tax rate back to 1.8 percent beginning on the 91st day after adjournment of the 2021 regular session. That date is unpredictable and may not be the first date of a calendar quarter.

Recommendation

To ease taxpayer compliance with the change in tax rate, the department recommends that the rate change begin on the first day of a calendar quarter, for example January 1, 2022. This may ensure the least amount of disruption to taxpayers and their collection of the lodging tax. This proposal will also ensure the department can implement the rate change without redesigning the tax return or make configuration changes to the tax accounting system for a mid-quarter rate change.

Agency Contact

Marjorie Taylor, Legislative Director – marjorie.taylor@oregon.gov (503) 476-7644
Xann Culver, CAT Policy Director – xann-marie.f.culver@oregon.gov (971) 304-5377