

## **HB 3962 -2 STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

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**Prepared By:** Michael Doughty, Economist

**Meeting Dates:** 5/8

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#### **WHAT THE MEASURE DOES:**

Requires the Legislative Revenue Officer to study local taxation. Requires a report to be submitted to the legislature no later than December 1, 2026.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-2 Replaces the content of the measure.

Expands the purposes for new or increased local transient lodging tax revenues that 70 percent or more of net taxes are used to fund. The expansion includes public safety and the financing, construction, operation, and maintenance of facilities for water, wastewater, transportation, and recreation. Takes effect on the 91st day following adjournment sine die.

#### **BACKGROUND:**

A 1% transient lodging tax was established by HB 2267 (2003) to help fund Oregon Tourism Commission programs. In 2016, the legislature increased the tax from 1% to 1.8% for July 1, 2016, to July 1, 2020, and 1.5% thereafter. The lodging provider or intermediary collect and remit the tax. There are some exclusions from the tax including health care facilities, emergency shelters, and military facilities.

Under current law, there are limits placed on the uses of new or increased transient lodging taxes. Net revenues may be used to fund tourism promotion or tourism-related facilities, city or county services, and financing, or refinancing, the debt of tourism-related facilities. At least 70% of the net revenues must be used for tourism promotion or tourism-related facilities or financing or refinancing the debt of tourism-related facilities.