

HB 3962 -8, -10, -11 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/8, 6/4, 6/5

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:

- The limits on how local transient lodging taxes can be used by local governments
- The impact of tourism on local area residents
- Unspent local transient lodging taxes due to use limitations
- Current lodging occupancy rates relative to 2019
- Oregon lodging tax rates relative to other states

EFFECT OF AMENDMENT:

-8 Replaces the content of the bill.

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, and transportation. Sunsets the expansion January 1, 2036.

Requires local governments who impose a local transient lodging tax to submit a report on those taxes to the Oregon Department of Revenue in odd-numbered years beginning 2027. Requires the report include, for the previous two fiscal years, the local transient lodging tax rate, revenues collected, amount and percent of revenues used to fund tourism related facilities, amounts and percent of revenues used to fund tourism impacted services, amount and purpose of revenue held in capital reserves, changes to allocations, and a summary of any advisory board meetings or oversight actions. Allows the League of Oregon Cities or the Association of Oregon Counties to, if requested by a city or county, file the report on their behalf.

Requires any entity receiving local transient lodging taxes under an agreement with the local government submit a biennial report to the local government. Requires the report include revenues received, tourism promotion metrics, and agreement compliance and deliverables information.

Requires the Oregon Department of Revenue to publish reports received. Allows the Department of Revenue to provide a summary report to the interim committees related to revenue, economic development, and local government. Repeals the reporting requirements January 2, 2040.

Takes effect on the 91st day following adjournment sine die.

-10 Replaces the content of the bill.

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. Creates the same reporting requirements as -8 amendment.

Takes effect on the 91st day following adjournment sine die.

-11 Replaces the content of the bill.

Changes the percent of local transient lodging taxes that must be used for tourism promotion or tourism-related facilities to at least 30 percent of net local transient lodging tax revenues. Changes the percent of local transient lodging taxes that may be used for city or county services to no more than 70 percent of net local transient lodging tax revenues. Becomes operative January 1, 2026. 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 local 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.