

HB 3962 A STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 6/23, 6/24

WHAT THE MEASURE DOES:

Changes the percent of local transient lodging taxes that must be used for tourism promotion or tourism-related facilities to at least 40 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 60 percent of net local transient lodging tax revenues. Clarifies the percentages may also be used by local governments who had local transient lodging taxes in place on or before July 1, 2003. Clarifies city or county services include both emergency services and non-emergency services funded by a city, county, or special district in lieu of a city or county. Becomes operative January 1, 2026. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- The increased impact of tourism on county/city services
- The restrictions on the use of local transient lodging taxes
- The impact insufficient public services has on tourism
- Related property tax issues on funding for local governments
- The impact a decrease in the percent spent on tourism could have on the economy
- Some local governments with "grandfathered" rates use less than 70% of net transient lodging tax revenues for tourism

EFFECT OF AMENDMENT:

No amendment.

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.