

**HB 3962 A    STAFF MEASURE SUMMARY****Carrier:** Rep. Walters, Rep. Javadi**House Committee On Revenue****Action Date:** 06/12/25**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 4-3-0-0**Yeas:** 4 - Hudson, Marsh, Nathanson, Walters**Nays:** 3 - Levy B, Reschke, Smith G**Fiscal:** No fiscal impact**Revenue:** No revenue impact**Prepared By:** Michael Doughty, Economist**Meeting Dates:** 5/8, 6/4, 6/5, 6/12**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 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
- Definition of city and county services
- Impact on local transient lodging taxes in place on or before July 1, 2003

**EFFECT OF AMENDMENT:**

Replaces the content of the bill.

**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.