

HB 4148 -1, -6, -7, -11 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/9, 2/18, 2/19

WHAT THE MEASURE DOES:

Changes the percent of net local Transient Lodging Tax revenue that must be used for tourism promotion or tourism-related facilities to at least 40 percent. Changes the percent of net local Transient Lodging Tax revenue that may be used for city or county services to no more than 60 percent. Clarifies city or county services include both emergency services and non-emergency services funded by a city, county, or a special district in lieu of a city or county. Clarifies the percentage changes may also be used by local governments who had local Transient Lodging Taxes in place on or before July 1, 2003. Makes these changes operative on January 1, 2027. Allows unexpended net revenues to be used in accordance with the changed percentages. Makes the unexpended net revenue use change effective on or after the effective date of the bill. Requires local governments who impose a Transient Lodging Tax to file a report with the Department of Revenue no later than September 1 of odd-numbered years beginning in 2027. Allows the League of Oregon Cities or the Association of Oregon Counties to file the report if requested by a local government. Repeals the reporting requirement on January 2, 2041. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Impact on local services of tourism
- Need for spending flexibility with changing situations
- Actual percentages spent on tourism vs. services
- Potential impact of decreased promotion on the local economies
- Possible other solutions to the proposed change

EFFECT OF AMENDMENT:

-1 Removes the language that city and county services include emergency or nonemergency service provided by cities, counties, or special district units in lieu of cities or counties.

Changes the percent of net local transient lodging tax that may be used for city or county services, for taxes in force as of the effective date of the bill, to the greater of the percent used as of the effective date of the bill or 50 percent. Changes the related percent that may be used for tourism or tourism related facilities to 100 percent minus the percent used for city or county services. Changes the percent of net taxes collected prior to the effective date of the bill that may be used for city or county services and tourism and tourism-related facilities to those same percentages.

Changes the percent that may be used for city or county services, for net local transient lodging taxes imposed after the effective date of the bill, to no more than 50 percent. Changes the percent that must be used for tourism and tourism-related facilities to at least 50 percent.

Requires increases to local transient lodging taxes, in effect on or after the effective date of the bill, to use no more than 30 percent of the increase for city or county service and at least 70 percent for tourism or tourism related facilities.

Adds a requirement that the Legislative Policy and Research Director conduct a study on the impacts of the changes. The study, along with recommended modifications, is to be presented to the legislature no later than September 15, 2034.

Makes the bill effective on July 1, 2026.

-6 Allows local transient lodging taxes used for tourism or tourism-related facilities to also fund a small business resiliency program to support businesses in the restaurant and lodging industry. Limits the program to businesses with fewer than 100 employees and that are within the territory of the local government.

-7 Allows local transient lodging taxes used for tourism or tourism-related facilities to also fund resiliency grants for small businesses in the restaurant and lodging industries. Modifies the percent of net revenue used for tourism, tourism-related facilities, and small business resiliency grants to not less than 50 percent. Modifies the percent used for city and county services to no more than 50 percent.

Modifies who local governments file the required report with to Legislative Revenue Office. Clarifies rates reported by local governments be separated out by percent imposed or increased on or before July 1, 2003, and rates increased or imposed after July 1, 2003. Removes publication requirement of the report by the Department of Revenue. Adds a requirement that the Legislative Revenue Office provide a biennial summary report to the legislature.

Adds a study requirement for the Legislative Revenue Office. The study is to consider the percent and use of local transient lodging taxes. Requires the report be submitted to the Legislature no later than September 15, 2034.

-11 Allows local transient lodging taxes used for tourism or tourism-related facilities to also fund resiliency grants for small businesses in the restaurant and lodging industries.

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BACKGROUND:

A 1% Transient Lodge 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% from July 1, 2016, to July 1, 2020. The tax rate established was set to 1.5% thereafter. Lodging providers or intermediaries collect and remit the tax. There are some exclusions from the tax including health care facilities, emergency shelters, and military facilities.

In statute, new or increased local Transient Lodging Taxes are those that are first imposed after July 1, 2003. Under current law, there are limits placed on these 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, tourism-related facilities, or financing or refinancing the debt of tourism-related facilities.