

TRANSIENT LODGING (HOTEL/MOTEL) TAX

The legislature created Oregon's state transient lodging tax program in 2003 to provide core funding to the statewide tourism marketing agency (Travel Oregon).

Background:

In the 1930s, Oregon's then new state tourism bureau was part of an agency called the State Highway Commission. Later, the tourism office joined the Oregon Economic Development Department. By 2003, the Legislative Assembly (HB 2267) decided to designate the Oregon Tourism Commission a stand-alone agency, giving it more independence than in the past. The same legislative action established a statewide one percent transient lodging tax to help fund the tourism commission. Under the 2003 law the Legislature defined transient lodging in ORS 320 as "hotel, motel and inn dwelling units that are designed for temporary overnight human occupancy, and [which] includes spaces designed for parking recreational vehicles during periods of human occupancy of those vehicles." The law requires the Oregon Tourism Commission to spend at least 80 percent of lodging tax net receipts on state tourism marketing programs and up to 15 percent of net receipts on regional tourism marketing programs. The 2003 law also addressed new or increased local government lodging taxes. Any new or increased local taxes after 2003 state law requires 70 percent of net revenue to be spent to fund tourism promotion or tourism-related facilities.

Annual Lodging Tax Receipts by Accommodation Type (dollars)								Source Department of Revenue
Calendar Year	Bed & Breakfast	Campgrounds & RV Sites	Hotel	Motel	Vacation Home	Other Include Internet	Multiple	Total
2004	163,824	259,588	4,316,833	2,802,290	244,019	146,085	423,398	8,356,036
2005	169,607	270,232	4,726,334	3,045,934	264,378	139,191	469,270	9,084,945
2006	190,514	339,997	5,185,752	3,408,192	793,614	154,748	652,608	10,725,425
2007	211,492	354,801	5,720,747	3,662,718	899,895	131,452	715,497	11,696,601
2008	220,747	332,310	5,950,927	3,445,523	993,768	90,305	695,633	11,729,213
2009	194,143	338,320	5,274,978	3,088,432	958,620	64,603	612,985	10,532,082
2010	203,041	392,902	5,755,061	3,198,720	1,042,332	37,846	530,194	11,160,096
2011	203,072	365,802	6,240,259	3,270,698	1,124,581	19,209	576,278	11,799,900
2012	244,496	385,449	6,760,864	3,352,678	1,265,794	6,790	622,711	12,638,782
2013	248,852	440,311	7,438,364	3,578,844	1,265,522	17,971	662,344	13,652,207
2014	254,236	442,060	8,123,506	3,814,145	1,404,931	86,589	705,896	14,831,363

The 2005 Legislative Assembly (HB 2197) expanded the definition of transient lodging to include dwelling units used for temporary human occupancy. Temporary is defined as fewer than 30 days at a time. The 2005 law explicitly exempted certain other temporary overnight dwelling units, such as hospitals and nonprofit summer camps.

Most recently, the 2013 Legislative Assembly (HB 2656) clarified circumstances under which a transient lodging intermediary rather than a lodging provider would be the entity responsible for collecting and remitting transient lodging taxes. A transient lodging intermediary is defined as "a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging." Transient lodging intermediaries include online travel companies, travel agents, and tour outfitter companies, among others. The Legislature determined that the entity collecting the payment from the customer is the entity required to collect and remit the tax. Further, the law emphasizes that the tax is computed on the total retail price paid by the customer, regardless of whether an intermediary has first paid a lower wholesale price to the provider. The retail price (as the bill enforces existing law) will be inclusive of all (non-optional) fees and services included in the rental price. Eighty four cities and fifteen counties in Oregon levy a locally administered transient lodging tax and are also included in that definition. Online Travel Companies (OTC) will have to collect the tax based on the final price that the consumer pays.