

FISCAL IMPACT OF PROPOSED LEGISLATION

78th Oregon Legislative Assembly – 2016 Regular Session
Legislative Fiscal Office

Measure: HB 4146 - B

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Date: 2-19-2016

Measure Description:

Increases state transient lodging tax rate.

Government Unit(s) Affected:

Department of Revenue, Oregon Tourism Commission (Travel Oregon)

Summary of Expenditure Impact: See Analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure increases the statewide Transient Lodging Tax from 1% to 1.8% and requires that the Oregon Tourism Commission spend 20% of the tax revenue to implement the regional cooperative tourism program and that 10% be used for a competitive grant program that may include tourism-related facilities or tourism-generating events. Previously, the Commission may spend as much as 15% to implement the regional cooperative tourism program.

The measure includes a work group lead by the Legislative Revenue Office to study polices related to the distribution of revenue for the regional cooperative tourism program. The work group must include members of the Legislative Assembly and submit a report to the interim committees related to revenue no later than September 23, 2016. The measure also includes a requirement that the Commission report to the Legislative Fiscal Office no later than October 1 of each year, a report on funds received and awards and commitments approved by the commission.

Statute allows for the Department of Revenue to retain 2% of the lodging tax for administrative functions. DOR notes if its costs are below 2%, the balance is distributed to the Commission.

Currently, DOR uses these funds for one part-time Public Service Representative 4 position dedicated to the lodging tax program and allocates the remainder for other administrative costs. DOR notes that the agency currently does not perform audit or enforcement activities related to this program. DOR anticipates that the agency would, however, begin auditing and enforcement activity with the increase in the tax under this measure. Initial cost estimates include two part-time positions, an Administrative Specialist 2 and Tax Auditor 2, totaling 0.50 FTE to perform these functions. The agency may submit a request to the Emergency Board or 2017 Legislature for these additional resources, if HB 4146 becomes law.

There is a minimal fiscal impact to the Legislative Revenue Office for staffing the work group.

The Oregon Travel Commission is a semi-independent state agency subject to ORS 182.456 to 182.472. The agency's budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly. The Oregon Travel Commission notes that the increase in the tax will double the monies distributed to the Commission and increase monies distributed by the Commission for tourism programs, but is not anticipated to increase the administrative staffing of the Commission.