

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
78th Oregon Legislative Assembly  
2016 Regular Session  
Legislative Revenue Office**

	<b>Corrected</b>
<b>Bill Number:</b>	<b>HB 4146 - C</b>
<b>Revenue Area:</b>	<b>Transient Lodging</b>
<b>Economist:</b>	<b>Mazen Malik</b>
<b>Date:</b>	<b>02-29-2016</b>

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

**Measure Description:**

Increases state transient lodging tax rate from the current 1 percent to 1.8% till July 2020, then it goes down to 1.5% from that date on.

**Revenue Impact (in \$Millions):**

Increases the transient lodging tax from 1% to 1.8% for four years, then to 1.5% after that. It also changes the distribution of revenue from current law.

New revenue		<b>BN 15-17</b>	<b>BN 17-19</b>	<b>BN 19-21</b>	<b>BN 21-23</b>
<b>Gross revenue</b>		\$13.6	\$29.4	\$25.9	\$21.6
<b>collection allowance</b>	5.0%	(\$0.7)	(\$1.5)	(\$1.3)	(\$1.1)
<b>DOR allowance</b>	2.0%	(\$0.3)	(\$0.6)	(\$0.8)	(\$1.1)
<b>Available Revenue</b>		<b>\$12.69</b>	<b>\$27.38</b>	<b>\$24.05</b>	<b>\$20.10</b>
<b>Regional</b>	20%	\$2.54	\$5.48	\$4.81	\$4.02
<b>Grants</b>	10%	\$1.27	\$2.74	\$2.41	\$2.01
<b>Tourism Commission</b>		\$8.88	\$19.16	\$20.82	\$18.21

Current law revenue is also subject to the new distribution. Current law distribution has a ceiling of 15%, however the actual amounts are discretionary. This makes the increase in revenue going to the Tourism Commission inversely related to the percentage currently distributed. Currently the commission receives an average of \$37 million a biennium before distribution to regionals.

**Impact Explanation:**

The amended bill changes the tax rate in two stages, adds a 10% regional grant distribution, and increases the regional distribution to 20% from the current discretionary language. Requires the Tourism Commission to report on expenditure and grants greater than \$2 million to the Legislative Fiscal Office. The amounts shown as 20 % for the grant program and the regional distributions would actually be larger as a result of the bill operating in the same fashion on new and existing revenue streams (by \$11 million a biennium). Providing that current law revenue is distributed at 12% level, the amendment leaves the tourism commission with a 43% increase in revenue. The total revenue (new and existing) to the tourism commission is expected to average about \$47 million in a biennium, going down to \$42 million when the rate reduces at the start of 2021 fiscal year.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No