

B-Engrossed
House Bill 4146

Ordered by the House February 22
Including House Amendments dated February 16 and February 22

Sponsored by Representatives NATHANSON, MCKEOWN; Senators BEYER, EDWARDS, ROBLAN (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Increases state transient lodging tax rate.

[Requires] **Changes distribution of state transient lodging tax moneys appropriated to Oregon Tourism Commission to *[spend 15 percent of state transient lodging tax revenues on]* require spending of at least 65 percent to fund state tourism programs, 10 percent for competitive grant program for projects that may include tourism-related facilities and tourism-generating events, including sporting events, and *[another 15]* 20 percent, rather than current "as much as 15 percent,"** to implement regional cooperative tourism program. Broadens type of programs for which appropriated state transient lodging tax moneys may be spent from "tourism marketing programs" to "tourism programs." **Requires commission to consider demonstrated return on investment, geographic equity and community support in funding state tourism programs and awarding competitive grants.**

Directs Legislative Revenue Officer to lead legislative work group to study issues related to state transient lodging tax. Requires work group to submit report, which may include proposals for legislation, to interim committees of Legislative Assembly related to revenue no later than *[September 23]* **December 9, 2016.**

Directs Oregon Tourism Commission to submit annual report to Legislative Fiscal Officer identifying funds received pursuant to increase by Act of state transient lodging tax rate and awards and commitments approved by commission. Authorizes Legislative Fiscal Officer to request additional information with respect to grants of \$2 million or more made by commission from certain funds appropriated to commission.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the state transient lodging tax; creating new provisions; amending ORS 284.131 and
3 320.305; prescribing an effective date; and providing for revenue raising that requires approval
4 by a three-fifths majority.

5 Whereas Enrolled House Bill 2267 (chapter 818, Oregon Laws 2003), the original statewide
6 transient lodging tax bill, established a stable and permanent tourism funding source for the State
7 of Oregon; and

8 Whereas the protection and stability of tourism revenues resulting from the passage of House
9 Bill 2267 has contributed to increases of 18 percent in direct tourism employment, 58 percent in
10 visitor spending and 74 percent in transient lodging tax revenues since 2003; and

11 Whereas the protection and stability of tourism promotion revenues help develop stronger
12 working relationships among destination marketing organizations and enhance the effects of the
13 collective marketing and sales efforts for the State of Oregon; and

14 Whereas the protection and stability of these tourism promotion revenues can help attract more
15 domestic and international visitors to Oregon with large-scale events throughout the state, make
16 Oregon communities more competitive in the global tourism marketplace and create jobs for

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 Oregonians; and

2 Whereas it is the intention of the Seventy-eighth Legislative Assembly to enhance past legisla-
3 tive action with the following statutory changes; now, therefore,

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 320.305 is amended to read:

6 320.305. (1)(a) A tax of [one] **1.8** percent is imposed on any consideration rendered for the sale,
7 service or furnishing of transient lodging.

8 (b)(A) The tax must be computed on the total retail price, including all charges other than taxes,
9 paid by a person for occupancy of the transient lodging.

10 (B) The total retail price paid by a person for occupancy of transient lodging that is part of a
11 travel package may be determined by reasonable and verifiable standards from books and records
12 kept in the ordinary course of the transient lodging tax collector's business.

13 (c) The tax shall be collected by the transient lodging tax collector that receives the consider-
14 ation rendered for occupancy of the transient lodging.

15 (d) The tax imposed by this subsection is in addition to and not in lieu of any local transient
16 lodging tax.

17 (2) The transient lodging tax collector may withhold a collection reimbursement charge of five
18 percent of the amount collected under subsection (1) of this section.

19 **SECTION 2. The amendments to ORS 320.305 by section 1 of this 2016 Act apply to con-**
20 **sideration rendered on or after July 1, 2016, for the sale, service or furnishing of transient**
21 **lodging.**

22 **SECTION 3.** ORS 284.131 is amended to read:

23 284.131. (1) All moneys collected, received by or appropriated to the Oregon Tourism Commis-
24 sion must be deposited into an account established by the commission in a depository bank insured
25 by the Federal Deposit Insurance Corporation. In a manner consistent with the requirements of ORS
26 chapter 295, the chair of the commission shall ensure that sufficient collateral secures any amount
27 of funds on deposit that exceeds the limits of the Federal Deposit Insurance Corporation's coverage.

28 (2) Subject to the approval of the chair, the commission may invest moneys collected or received
29 by the commission. Investments made by the commission must be limited to investments described
30 in ORS 294.035 (3)(a) to (i).

31 (3) Interest earned on any moneys invested under subsection (2) of this section must be made
32 available to the commission in a manner consistent with the biennial budget of the commission.

33 (4) The commission shall spend state transient lodging tax moneys appropriated to the commis-
34 sion under ORS 320.335 as follows:

35 (a) At least [80] **65** percent must be used to fund state tourism [marketing] programs.

36 **(b) Ten percent must be used for a competitive grant program for projects that further**
37 **the purpose described in ORS 284.138, which may include tourism-related facilities and**
38 **tourism-generating events, including sporting events.**

39 [(b)] (c) [As much as 15] **Twenty** percent must be used to implement a regional cooperative
40 tourism [marketing] program that:

41 (A) Requires fund allocations to focus on creating new business from out-of-state and interna-
42 tional markets;

43 (B) Utilizes a regional allocation formula that distributes revenue to regions, the boundaries of
44 which are established by the commission, in proportion to the amount of transient lodging tax re-
45 venues collected in each region;

1 (C) Distributes revenue to recipients that are selected by the commission as organizations able
2 to conduct tourism-related marketing for each region;

3 (D) Requires advertising, publications, CD-ROMs, websites, videos and other tourism promotion
4 materials funded through the regional cooperative tourism [*marketing*] program to carry the Oregon
5 Tourism Commission logo and marketing tag line; and

6 (E) Encourages funding recipients to incorporate design elements from commission advertising
7 and promotional campaigns, such as fonts, images and other design elements.

8 **(5) In funding programs and awarding grants under subsection (4)(a) and (b) of this sec-**
9 **tion, the commission shall consider a demonstrated return on investment, geographic equity**
10 **and community support.**

11 [(5)] (6) All moneys in the account that are not state transient lodging tax revenues are con-
12 tinuously appropriated to the commission for the purposes of carrying out the functions of the
13 commission.

14 [(6)] (7) All expenditures from the account are exempt from any state expenditure limitation.

15 **SECTION 4. The amendments to ORS 284.131 by section 3 of this 2016 Act apply to mon-**
16 **eys transferred to the account of the Oregon Tourism Commission pursuant to ORS 320.335**
17 **on or after the effective date of this 2016 Act.**

18 **SECTION 5. (1) The Legislative Revenue Officer shall lead a work group to study the**
19 **following issues:**

20 (a) Policies related to the distribution of revenue for the regional cooperative tourism
21 program under ORS 284.131 (4)(c), including but not limited to the establishment of regional
22 tourism boundaries and the distribution of state transient lodging tax revenue within each
23 tourism region according to the proportion of total revenue collected in the counties within
24 the region.

25 (b) Barriers to expansion and maintenance of recreational tourism in each tourism re-
26 gion.

27 (c) The optimal frequency for distribution of state transient lodging tax revenue and
28 whether a mandatory distribution schedule should be adopted.

29 (d) The feasibility of exempting homeless individuals from liability for the state transient
30 lodging tax.

31 (e) Whether and under what conditions the Department of Revenue may share with local
32 governments data that reflect payment of the state transient lodging tax in order to assist
33 the local governments with enforcement of local transient lodging taxes.

34 (f) Regular reporting by the Oregon Tourism Commission to committees of the Legisla-
35 tive Assembly on demonstrated return on investment, geographic equity and community
36 support with respect to awards of moneys and grants by the commission.

37 (g) Any other issues the Legislative Revenue Officer and the legislative members ap-
38 pointed pursuant to subsection (2) of this section consider necessary and proper to the con-
39 duct of the study.

40 (2)(a) The President of the Senate shall appoint two members from among members of
41 the Senate to participate in the work group.

42 (b) The Speaker of the House of Representatives shall appoint two members from among
43 members of the House of Representatives to participate in the work group.

44 (c) The Legislative Revenue Officer and the legislative members of the work group may
45 ask any other persons to participate in the work group.

1 **(3) The work group shall submit a report in the manner provided in ORS 192.245, and**
2 **may include proposals for legislation, to the interim committees of the Legislative Assembly**
3 **related to revenue no later than December 9, 2016.**

4 **(4) The Legislative Revenue Officer shall provide staff support to the work group, with**
5 **assistance from the Oregon Tourism Commission upon request of the officer and the legis-**
6 **lative members of the work group.**

7 **(5) All agencies of state government, as defined in ORS 174.111, are directed to assist the**
8 **work group in the performance of the duties of the work group and, to the extent permitted**
9 **by laws relating to confidentiality, to furnish the information and advice the members of the**
10 **work group consider necessary to perform their duties.**

11 **SECTION 6.** Section 5 of this 2016 Act is repealed on December 31, 2017.

12 **SECTION 7.** Section 8 of this 2016 Act is added to and made a part of ORS 284.101 to
13 **284.146.**

14 **SECTION 8.** (1) No later than October 1 of each year, the Oregon Tourism Commission
15 **shall submit a report to the Legislative Fiscal Officer that identifies:**

16 **(a) The funds received by the commission during the prior fiscal year pursuant to the**
17 **amendments to ORS 320.305 by section 1 of this 2016 Act;**

18 **(b) The awards and commitments approved by the commission of these funds and of**
19 **funds received in prior fiscal years; and**

20 **(c) Information requested by the Legislative Fiscal Officer regarding these funds.**

21 **(2) The Legislative Fiscal Officer may request, and upon the request the commission shall**
22 **supply, additional information with respect to any grants of \$2 million or more made by the**
23 **commission from funds appropriated to the commission under ORS 284.131.**

24 **SECTION 9.** The Oregon Tourism Commission shall submit the first report required un-
25 **der section 8 of this 2016 Act no later than October 1, 2017.**

26 **SECTION 10.** This 2016 Act takes effect on the 91st day after the date on which the 2016
27 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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