

Date: May 18, 2017
To: House Committee on Revenue
From: The Association of Oregon Counties
Subject: House Bill 2064-1

Please add to the records of the House Committee on Revenue these comments related to House Bill 2064, which is on the committee's agenda for public hearing on May 18, 2017.

AOC strongly supports the -1 amendments to House Bill 2064

Fifteen counties have local transient lodging taxes (TLT). Until 2003, the transient lodging tax had always been local, managed by locally elected officials. Local communities had been perfectly able to shape and approve the TLT that best fit local circumstances. All county TLTs used at least a share of proceeds for economic development and tourism.

House Bill 2267 (2003) imposed a new 1% state TLT continuously appropriated to the Oregon Tourism Commission. But the bill did not stop there. It imposed requirements and limitations on local TLTs, under rigid definitions, directing specific purposes of the local tax for the benefit of a particular industry. In spite of the effort of supporters of the bill to seize 100% of any increased or new local TLT for its own purposes, cities and counties were able to retain traditional local control over a mere 30%.

The result was that after July 1, 2003, a county may increase its existing TLT or adopt a new one only under the following limitations.

- An increased TLT may not decrease the percentage of revenues actually expended to fund "tourism promotion" or "tourism-related facilities".
- At least 70% of net revenue shall be used to fund "tourism promotion" or "tourism-related facilities"; or to finance/refinance debt of "tourism-related facilities" and pay administrative costs incurred.
- Not more than 30% of net revenue shall be used to fund general county services.
- "Tourism promotion" means:
 - Advertising, publishing, or distributing information to attract "tourists". A "tourist" travels more than 50 miles for the community of residence or stays overnight.
 - Strategic planning and research.
 - Operating "tourism promotion agencies", which includes a nonprofit organization or governmental unit responsible for year-round promotion; a nonprofit entity that

manages tourism-related economic development plans, programs, and projects; and a regional or statewide tourism-related business association.

- Marketing special events and festivals designed to attract tourists.
- “Tourism-related facility” means:
 - “Conference center”, which meets the membership criteria of the International Association of Conference Centers.
 - “Convention center” with statutorily specified rooms, spaces, and ownership.
 - “Visitor information center”, a building or portion of a building for the main purpose of distributing information to tourists.
 - “Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.”

House Bill 2064-1

HB 2064-1 would provide several modest but important improvements to the overly rigid restrictions imposed on local TLTs, and does not disturb the link to tourism.

The amendments would expand the needlessly restrictive statutory definition of “tourism promotion” to include providing for a tourism program, including tourism activities, tourism-generating special events, sporting events, and festivals designed to encourage tourism or accommodate tourists. The amendments would permit as “tourism promotion” enhancing tourist attractions, tourism-related facilities, or tourism-generating special events by beautification projects and constructing or improving tourist amenities. Maintenance of a tourism-related facility would be permitted as a cost to be funded by the local TLT.

HB 2064-1 would make it more likely that intermediaries in the lodging business will be complying with TLT laws. Intermediaries are online travel companies or persons other than the transient lodging provider that facilitate the retail sale of transient lodging and receive consideration for occupancy or require the lodging provider to use a specific third-party entity to collect the consideration for occupancy. The amendments expand the definition of “transient lodging intermediary” to include a person that receives the consideration rendered for occupancy of the transient lodging, or requires the lodging provider to use a specific third-party entity to collect consideration for occupancy of the transient lodging.

The amendments also authorize the Department of Revenue to hold the transient lodging provider, including each owner, jointly and severally liable for any TLT on the lodging transaction. HB 2064-1 would also provide clarifying language on local TLT collections.

AOC asks the tourism industry and its supporters to relax their rigid stance and agree to permit more modest flexibility in the overly restrictive limitations imposed by statute on local TLTs.