REVENUE IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office

Bill Number:	**HB 3260**
Revenue Area:	**Transient Lodging**
Economist:	**Mazen Malik**
Date:	**05-23-2017**

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Authorizes coastal county to impose local transient lodging tax on residential short-term vacation rental property by submitting question to county electors.

Revenue Impact: This is an enabling legislation, Therefore no direct revenue impact on the state or locals. However, if the counties in the coastal regions get this tax approved in all counties, they will have a tax base that generates about $1 million for each 1% in tax.

Impact Explanation:

The transient lodging Tax for local counties and cities is restricted as a result of the 2003 legislation. Any new local tax should be spent mostly on tourism 70%). This measure removes the moratorium for coastal counties for up to 5% in new tax imposition. The measure also specifies the purpose allowed for using the new tax. The use in Affordable Housing and Economic Development is the identified allowable uses of this new tax.
The department of Revenue identifies ten tourism regions around the state. Three of those regions are costal. The north cost has the highest net taxable base at $170 million, followed by the central cost at $157 million, and the south cost generates about $7million in Transient Lodging business. Vacation homes make up somewhere between 20% to 28% of costal transient rentals.

The county will need to go to the electors to allow for the maximum of 5% tax on vacation homes. Thus, it is an enabling legislation that might or might not be approved by the county electorates.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒