TRANSIENT LODGING (HOTEL/MOTEL) TAX

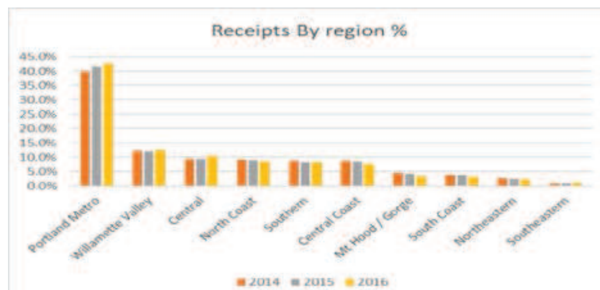
The legislature created Oregon's state transient lodging tax program in 2003 to provide core funding to the statewide tourism marketing agency (Travel Oregon).

Annual Lodging Tax Receipts by Accommodation Type (Dollars)

Calendar Year	Bed & Breakfast	Campgrounds & RV Sites	Hotel	Motel	Vacation Home	Lodging Intermediary	Multiple & Other	Total
2005	165,577	266,056	4,722,575	3,054,408	268,347	N/A	612,573	**9,089,536**
2006	185,931	335,455	5,180,700	3,417,539	797,932	N/A	813,491	**10,731,048**
2007	206,764	349,773	5,703,323	3,671,511	904,703	N/A	870,570	**11,706,644**
2008	217,132	326,391	5,935,295	3,450,981	999,525	N/A	802,464	**11,731,788**
2009	191,207	333,024	5,262,565	3,089,753	963,954	N/A	693,885	**10,534,389**
2010	200,669	387,310	5,742,810	3,205,390	1,048,333	N/A	581,948	**11,166,460**
2011	200,859	361,438	6,237,208	3,277,140	1,131,626	N/A	607,507	**11,815,778**
2012	237,287	380,415	6,762,564	3,363,655	1,274,219	N/A	653,086	**12,671,227**
2013	252,920	432,088	7,456,848	3,584,728	1,283,448	64,592	704,972	**13,779,597**
2014	257,757	452,411	8,296,419	3,863,329	1,474,344	410,578	754,089	**15,508,927**
2015	276,343	491,958	9,403,850	4,039,527	1,669,100	1,153,382	763,642	**17,797,802**

Background:

In the 1930s, Oregon's then new state tourism bureau was part of State Highway Commission. Later, the tourism office joined the Oregon Economic Development Department. By 2003, the Legislative Assembly (HB 2267) decided to make the Oregon Tourism Commission an independent agency. The same legislative action established a statewide one percent transient lodging tax to help fund the tourism commission. Under the 2003 law the Legislature defined transient lodging in ORS 320 as "hotel, motel and inn dwelling units that are designed for temporary overnight human occupancy, and [which] includes spaces designed for parking recreational vehicles during periods of human occupancy of those vehicles." The law requires the Oregon Tourism Commission to spend at least 80 percent of lodging tax net receipts on state tourism marketing programs and up to 15 percent of net receipts on regional tourism marketing programs. The 2003 law also constrained increases or new lodging taxes by local governments. Any new or increased local taxes after 2003 requires that 70 percent of net revenue be spent to fund tourism promotion or tourism-related facilities. Eighty-four cities and fifteen counties in Oregon levy a locally administered transient lodging tax and are also included in that definition.



The 2005 Legislative Assembly expanded the definition of transient lodging (HB 2197) to include dwelling units used for temporary human occupancy, where temporary was defined as fewer than 30 days. The 2005 law explicitly exempted certain other temporary overnight dwelling units, such as hospitals and nonprofit summer camps. The 2013 Legislative Assembly clarified circumstances under which a transient lodging intermediary (HB 2656) rather than a lodging provider would be the entity responsible for collecting and remitting transient lodging taxes. Transient lodging intermediaries include Online Travel Companies (OTC), travel agents, and tour outfitter companies, among others. The law specifies that the entity collecting the payment from the customer is the entity required to collect and remit the tax based on the total retail price paid by the customer. FY 2016 collection is about $21 million.

The 2016 session increased the tax rate from 1% to 1.8% for the period July 1, 2016 to July 1, 2020. On July 1, 2020, the rate goes to 1.5%. The new higher rate is expected to generate an additional $12.7 million in the 2015-17 biennium and $27.4 million in the 2017-19 biennium after allowance for collection costs. A requirement that 20% of revenue collected from the transient lodging tax be spent implementing the regional cooperative tourism program and 10% be allocated to a competitive grant program to fund tourism-related facilities and events. The bill directs the Tourism Commission to base grant awards on demonstrated return on investment, geographic equity and community support.