

# Overview of Revenue

excise Taxes

Alcohol, Marijuana, and Transient Lodging

House Committee on Revenue

January, 29, 2019

Mazen Malik

Legislative Revenue Office

## Summary of Taxes Tracked: \$13.12 billion

Not including liquor sales (475 M) or Lottery (\$750M). No Federal (\$11.7 B), Fees& Licns (\$950M), bonds (\$1.12 B), interest (\$15 B), Donations (\$2.4 B), charges(\$3 B), and other revenue (\$1.65B).

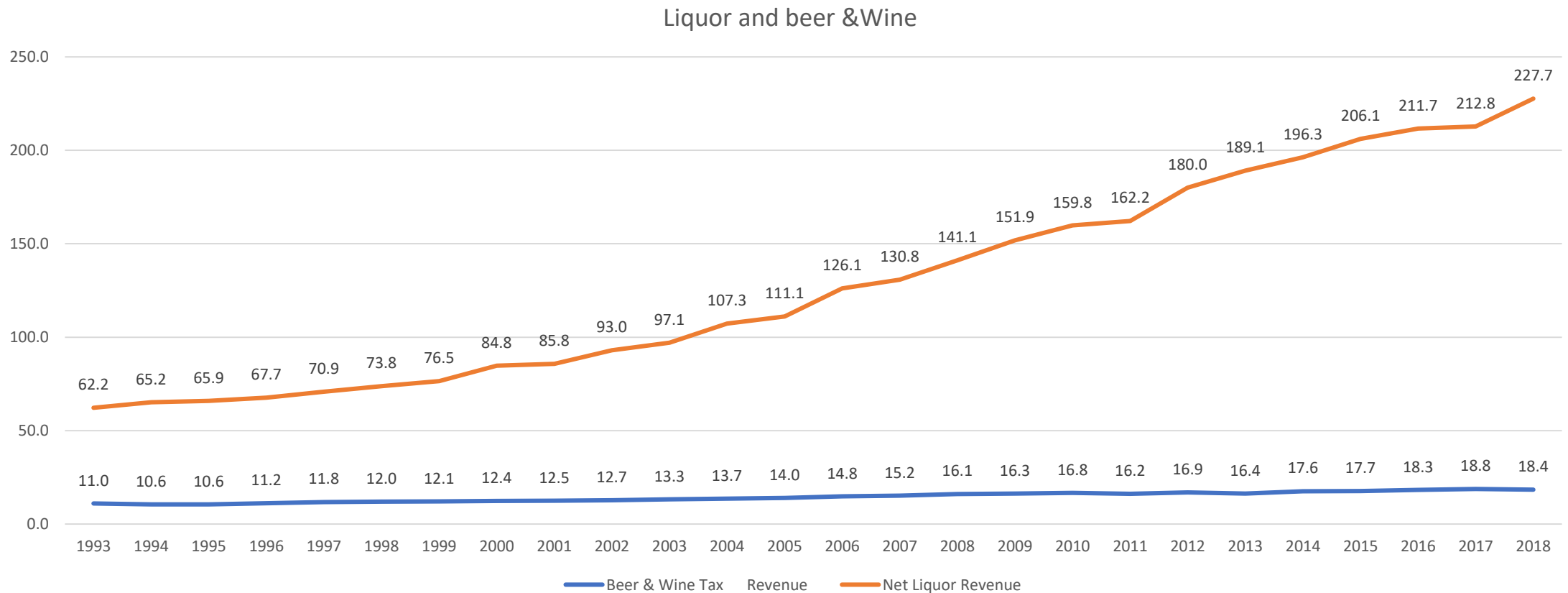
Total Funds of \$43.4 Billion

One year of the budget biennium

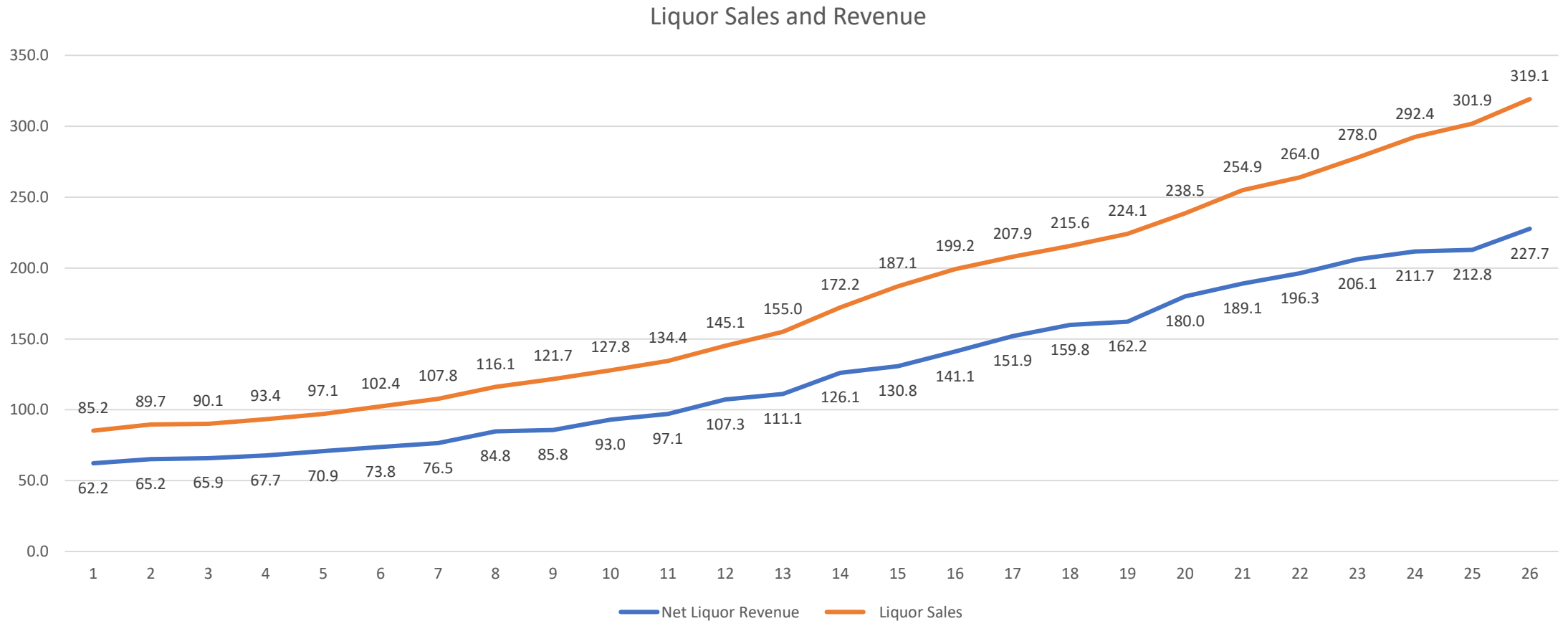
SUMMARY OF OREGON TAXES					
STATE	2009-2010 COLLECTIONS	2016-2017 COLLECTIONS	2017-2018 COLLECTIONS**	y/y % change	% change since 2010
PERSONAL INCOME TAX	\$4,945,537,939	\$8,341,264,480	\$8,815,744,098	5.7%	78.3%
UNEMPLOYMENT INSURANCE TAXES	\$711,175,485	\$989,540,314	\$983,822,502	-0.6%	38.3%
GASOLINE AND USE FUEL TAXES	\$405,825,256	\$541,816,180	\$578,771,529	6.8%	42.6%
CORPORATE INCOME TAX	\$353,589,263	\$585,763,683	\$736,785,882	25.8%	108.4%
WEIGHT MILE TAX	\$209,752,519	\$304,664,259	\$335,451,984	10.1%	59.9%
CIGARETTE TAX	\$201,863,281	\$205,724,389	\$203,281,894	-1.2%	0.7%
INSURANCE TAXES	\$43,235,265	\$24,766,401	\$27,567,583	11.3%	-36.2%
OTHER LABOR TAXES	\$68,437,516	\$94,619,860	\$84,880,070	-10.3%	24.0%
TIMBER SEVERANCE TAXES	\$215,134	\$560,877	\$728,333	29.9%	238.5%
ESTATE (INHERITANCE) TAX	\$98,034,497	\$196,855,685	\$176,453,216	-10.4%	80.0%
WORKERS' COMP INSURANCE TAXES	\$31,057,070	\$55,758,862	\$64,263,208	15.3%	106.9%
PHONE EXCHANGE (911) ACCESS TAX	\$39,644,987	\$43,123,967	\$45,183,164	4.8%	14.0%
OTHER TOBACCO PRODUCTS TAX	\$37,390,367	\$58,374,377	\$60,696,408	4.0%	62.3%
REAL ESTATE RECORDING	\$28,319,320	\$36,324,868	\$35,518,580	-2.2%	25.4%
BEER & WINE TAXES	\$16,584,500	\$18,731,171	\$18,240,739	-2.6%	10.0%
FOREST PRODUCTS HARVEST TAXES	\$10,960,968	\$13,752,191	\$14,967,508	8.8%	36.6%
ELECTRIC COOP TAX	\$7,821,783	\$11,526,002	\$8,757,161	-24.0%	12.0%
PHONE ACCESS SURCHARGE (RSPF)	\$5,513,727	\$3,625,630	\$3,515,802	-3.0%	-36.2%
AMUSEMENT DEVICE TAX	\$1,834,931	\$2,803,322	\$2,798,152	-0.2%	52.5%
HAZARDOUS SUBSTANCE TAXES	\$2,619,770	\$2,873,703	\$3,115,452	8.4%	18.9%
AVIATION GAS AND JET FUEL TAXES	\$1,876,912	\$5,880,480	\$6,066,381	3.2%	223.2%
PETROLEUM LOADING FEE	\$1,187,817	\$2,329,039	\$5,744,378	146.6%	383.6%
BOXING TAX	\$187,351	\$118,604	\$86,711	-26.9%	-53.7%
PRIVATE RAIL CAR TAX	\$319,702	\$205,417	\$214,880	4.6%	-32.8%
OIL & GAS SEVERANCE TAX	\$295,410	\$0	\$157	0.0%	-99.9%
STATE LODGING TAX	\$10,445,735	\$31,355,646	\$38,404,715	22.5%	267.7%
COURT FEES, FINES & ASSESSMENTS	NA	\$55,212,154	\$59,829,146	8.4%	NA
MEDICAL PROVIDER/HOSPITAL TAXES	\$251,445,920	\$577,507,939	\$715,874,383	24.0%	184.7%
MARIJUANA TAX	NA	\$74,221,180	\$94,987,857	28.0%	NA
<b>Total</b>	<b>\$7,485,172,425</b>	<b>\$12,279,300,682</b>	<b>\$13,121,751,873</b>	<b>no lottery</b>	<b>or OLCC</b>
LOCAL TAXES	2009-2010 COLLECTIONS	2016-2017 COLLECTIONS	2017-2018 COLLECTIONS**	y/y % change	% change since 2010
PROPERTY TAXES*	\$4,939,266,903	\$6,325,484,165	\$6,760,580,781	6.9%	36.9%
TRANSIT PAYROLL & EMPLOYMENT	\$230,679,947	\$362,804,806	\$391,225,990	7.8%	69.6%
FRANCHISE TAXES	\$183,180,260	\$268,087,000	\$384,173,839	43.3%	109.7%
HOTEL-MOTEL	\$92,368,129	\$177,027,887	\$189,223,389	6.9%	104.9%
PORTLAND BUSINESS LICENSE TAX**	\$56,531,784	\$117,864,765	\$134,322,893	14.0%	137.6%
MULTNOMAH COUNTY BUSINESS TAX	\$44,150,000	\$84,450,660	\$93,400,000	10.6%	111.6%
MOTOR VEHICLE RENTAL TAX	\$20,105,000	\$33,839,262	\$35,018,000	3.5%	74.2%
MOTOR FUEL TAXES	\$16,113,147	\$18,559,393	\$35,946,989	93.7%	123.1%
WASHINGTON COUNTY TRANSFER TAX	\$2,499,002	\$7,108,191	\$6,511,656	-8.4%	160.6%
OTHER TAXES	\$420,021,970	\$654,132,666	\$662,929,045	1.3%	57.8%

# OLCC REVENUE

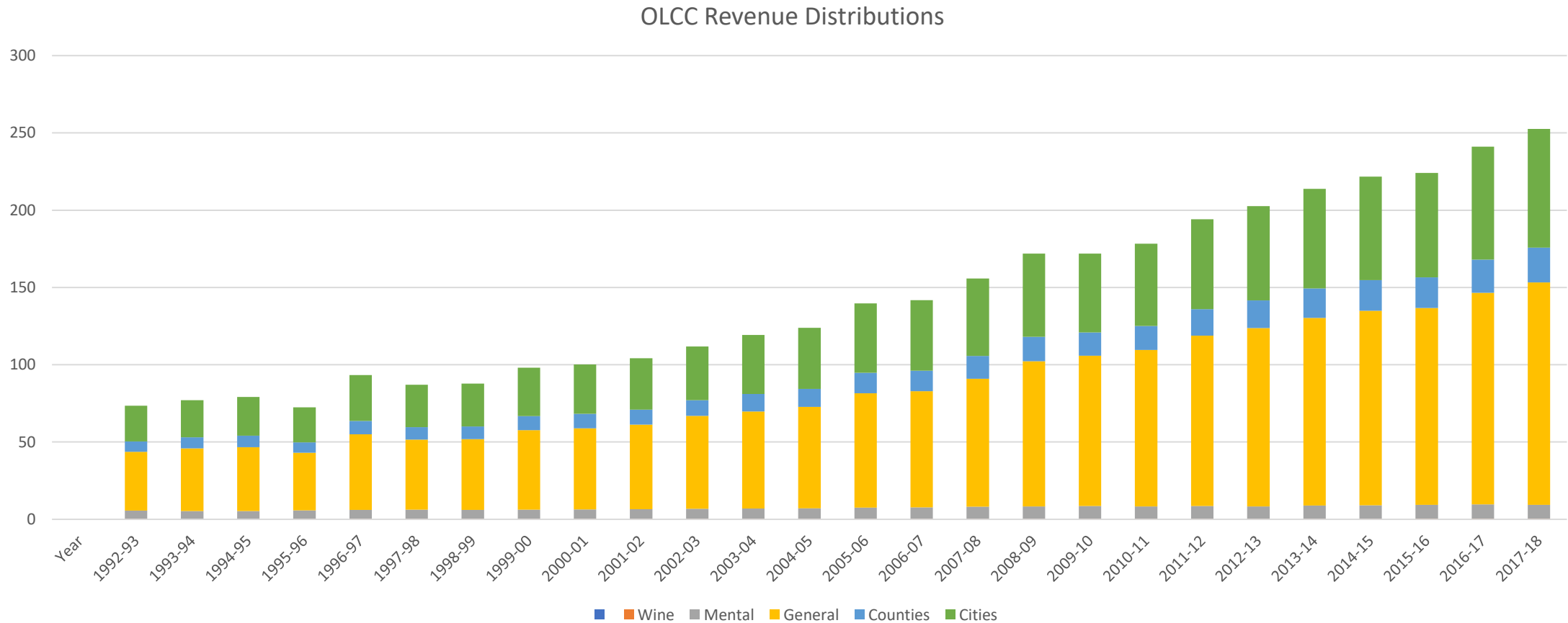
Current rates are \$2.60 per 31-gallon barrel (8.4¢ per gallon) of beer, tax on wine is 67¢ per gallon, and 77¢ per gallon for dessert wine (14% to 21% alcohol content). Two cents of the wine tax go to the Wine Board, 50% of the remaining beer and wine taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the OLCC Account.



# Liquor Sales and Net Revenue



Revenue in the OLCC account is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula.



Ranked by Sum of Excise and State Sales Tax (Dollars)

Rank	Malt Liquor (Beer) per Gallon			Table Wine (14% alcohol) per Gallon			State Tax Rates On Distilled Spirits		
	State	Excise	Sales	State	Excise	Sales	State	Excise	Sales
1	Tennessee	1.290	0.875	Florida	2.25	2.70	Alabama	note (1)	Yes
2	South Carolina	0.770	0.750	Rhode Island	1.40	3.15	Alaska	12.80	n.a.
3	Hawaii	0.930	0.500	Iowa	1.75	2.70	Arizona	3.00	Yes
4	Mississippi	0.427	0.875	Tennessee	1.21	3.15	Arkansas	2.50	Yes
5	Florida	0.480	0.750	Illinois	1.39	2.81	California	3.30	Yes
6	North Carolina	0.617	0.594	New Jersey	0.88	3.15	Colorado	2.28	Yes
7	Utah	0.413	0.744	New Mexico	1.70	2.31	Connecticut	5.40	Yes
8	California	0.200	0.906	Virginia	1.51	2.39	Delaware	4.50	n.a.
9	Washington	0.260	0.813	Washington	0.87	2.93	Florida	6.50	Yes
10	Alaska	1.070	0.000	Nevada	0.70	3.08	Georgia	3.79	Yes
11	New Mexico	0.410	0.641	West Virginia	1.00	2.70	Hawaii	5.98	Yes
12	Arkansas	0.230	0.813	Arkansas	0.75	2.93	Idaho	note (1)	Yes
13	Maine	0.350	0.688	Indiana	0.47	3.15	Illinois	8.55	Yes
14	Connecticut	0.240	0.794	South Carolina	0.90	2.70	Indiana	2.68	Yes
15	Alabama	0.530	0.500	Connecticut	0.72	2.86	Iowa	note (1)	Yes
16	Nevada	0.160	0.856	Mississippi	0.35	3.15	Kansas	2.50	--
17	Illinois	0.231	0.781	Alabama	1.70	1.80	Kentucky	1.92	Yes
18	Minnesota	0.150	0.859	California	0.20	3.26	Louisiana	3.03	Yes
19	Nebraska	0.310	0.688	Nebraska	0.95	2.48	Maine	note (1)	Yes
20	New Jersey	0.120	0.875	Minnesota	0.30	3.09	Maryland	1.50	Yes
21	Kansas	0.180	0.813	Arizona	0.84	2.52	Massachusetts	4.05	--
22	Indiana	0.115	0.875	Georgia	1.51	1.80	Michigan	note (1)	Yes
23	Rhode Island	0.110	0.875	Vermont	0.55	2.70	Minnesota	5.03	--
24	Texas	0.194	0.781	Michigan	0.51	2.70	Mississippi	note (1)	Yes
25	Oklahoma	0.400	0.563	Hawaii	1.38	1.80	Missouri	2.00	Yes
26	Michigan	0.200	0.750	Idaho	0.45	2.70	Montana	note (1)	n.a.
27	Iowa	0.190	0.750	North Carolina	1.00	2.14	Nebraska	3.75	Yes
28	West Virginia	0.180	0.750	Maryland	0.40	2.70	Nevada	3.60	Yes
29	Virginia	0.257	0.663	Maine	0.60	2.48	New Hampshire	note (1)	n.a.
30	Idaho	0.150	0.750	Texas	0.20	2.81	New Jersey	5.50	Yes
31	Louisiana	0.400	0.500	Ohio	0.32	2.59	New Mexico	6.06	Yes
32	Ohio	0.180	0.719	Dist. of Columbia	0.30	2.59	New York	6.44	Yes
33	Arizona	0.160	0.700	North Dakota	0.50	2.25	North Carolina	note (1)	Yes (2)
34	Maryland	0.090	0.750	Oklahoma	0.72	2.03	North Dakota	2.50	--
35	Pennsylvania	0.080	0.750	South Dakota	0.93	1.80	Ohio	note (1)	Yes
36	Georgia	0.320	0.500	Pennsylvania	0.00	2.70	Oklahoma	5.56	Yes
37	Dist. of Columbia	0.090	0.719	Utah		2.68	Oregon	note (1)	n.a.
38	North Dakota	0.160	0.625	Louisiana	0.76	1.80	Pennsylvania	note (1)	Yes
39	South Dakota	0.270	0.500	Alaska	2.50	0.00	Rhode Island	5.40	Yes
40	Wisconsin	0.060	0.625	Wisconsin	0.25	2.25	South Carolina	2.72	Yes
41	New York	0.140	0.500	Missouri	0.42	1.90	South Dakota	3.93	Yes
42	Missouri	0.060	0.528	New York	0.30	1.80	Tennessee	4.40	Yes
43	Wyoming	0.020	0.500	Wyoming	0.00	1.80	Texas	2.40	Yes
44	Colorado	0.080	0.363	Delaware	1.63	0.00	Utah	note (1)	Yes
45	New Hampshire	0.300	0.000	Colorado	0.28	1.31	Vermont	note (1)	no
46	Vermont	0.265	0.000	Montana	1.02	0.00	Virginia	note (1)	Yes
47	Delaware	0.260	0.000	<b>Oregon</b>	<b>0.67</b>	<b>0.00</b>	Washington (3)	14.27	--
48	Montana	0.140	0.000	Massachusetts	0.55	0.00	West Virginia	note (1)	Yes
49	Massachusetts	0.110	0.000	Kentucky	0.50	0.00	Wisconsin	3.25	Yes
50	Kentucky	0.080	0.000	Kansas	0.30	0.00	Wyoming	note (1)	Yes
51	<b>Oregon</b>	<b>0.080</b>	<b>0.000</b>	New Hampshire	0.30	0.00	Dist. of Columbia	1.50	--

Source: Excise tax rates from Federation of Tax Administrators (web).

State Sales Tax from Washington State DOR 2016 (no local rates)

Sales tax rates assume \$12.5 per gallon for beer, \$45 a gallon for wine.

n.a. = not applicable. These 5 states do not have a general sales tax.

(1) In 17 states, the government directly controls the sales of distilled spirits.

Revenue in these states is generated from

various taxes, fees, price mark-ups, and net liquor profits.

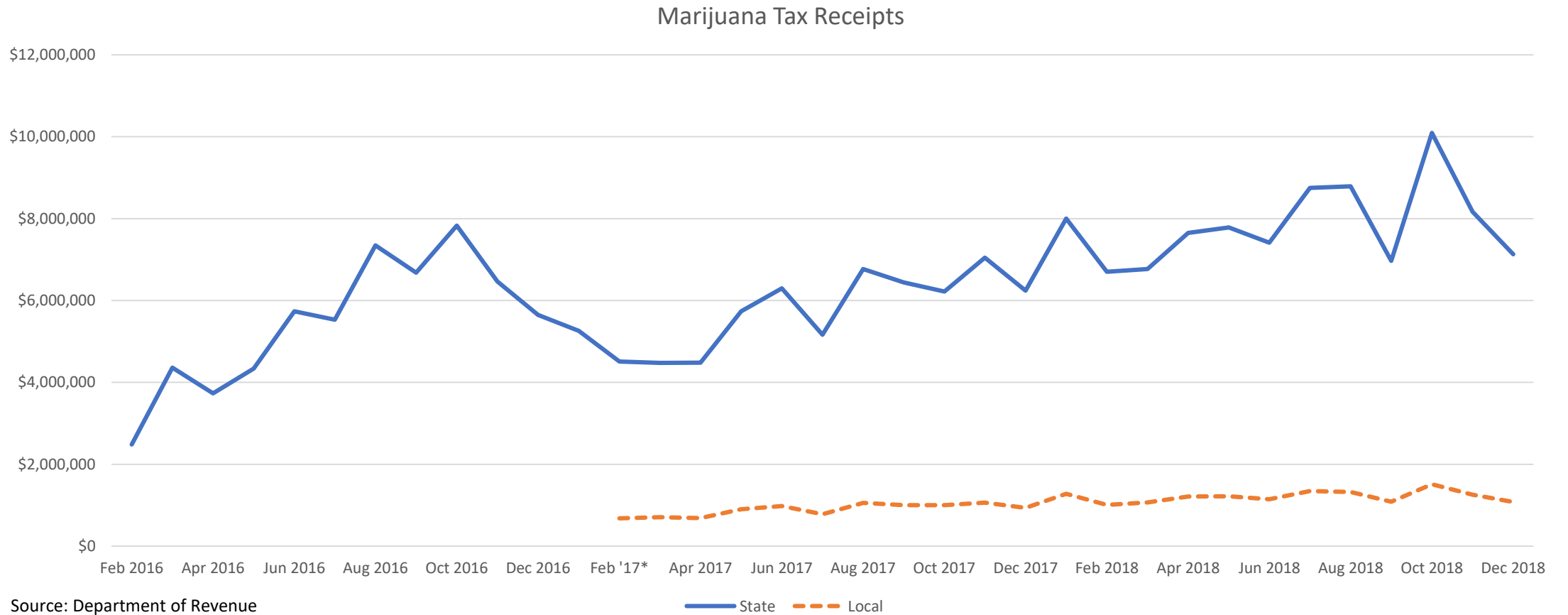
(2) General sales tax applies to on-premise sales only.

(3) Washington privatized liquor sales effective June 1, 2012.

# Marijuana Revenue

- **Marijuana** legalization initiative (Measure 91) passed in 2014.
- Implementation was redesigned by HB3400 of the 2015 session.
- The tax was changed to a 17% point of sale with 3% optional tax for local governments starting in 2017.
- The OLCC is tasked to implement, while DOR collects revenue.
- M-91 expectations were \$22 million a year under the Harvest tax. HB3400 was projected to bring \$35 million a year as a point of sale.
- The early start program allowed for marijuana to be sold and taxed during the 2016 calendar year. Early start allowed medical dispensaries to sell to the public with a 25% tax rate. The early start program brought in about \$65 million in tax proceeds.
- Revenue collection was \$74 million (\$70 State) in 2017, \$95 million(\$82.2 State) in 2018 fiscal year.
- After deductions for collection and administration costs, marijuana revenue will be divided among six statutorily specified distributions.
- Drug abuse and prevention will get 5% of funds, cities and counties will each get 10% and then distributed among different cities and counties that don't prohibit marijuana based on statutory specified formula, 15% goes the state police, 20% to mental health account, and 40% to the state school fund.

# Marijuana Revenue





# TRANSIENT LODGING (HOTEL/MOTEL) TAX

- 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 (no budget through W&M).
- The same legislative action established a statewide 1% transient lodging tax to help fund the tourism commission. Tax Collected by DOR
- 80 % of lodging tax net receipts must be spent on state tourism marketing programs
- 15 % of net receipts on regional tourism marketing programs.
- The 2003 law: no increases or new lodging taxes by local governments.
- new or increased local taxes after 2003 requires that 70 % of net revenue be spent to fund tourism promotion or tourism-related facilities.
- 84 cities and 15 counties in Oregon levy a locally administered transient lodging tax and are also included in that definition

# TRANSIENT LODGING TAX (TLT)

- (HB 2197) In 2005 expanded the definition of transient lodging to include dwelling units used for temporary (less than 30 days) human occupancy.
- It also explicitly exempted hospitals and nonprofit summer camps.
- (HB 2656) of 2013 clarified that an intermediary rather than a lodging provider would be the entity responsible for collecting and remitting taxes. Intermediaries include Online Travel Companies (OTC), travel agents, and tour outfitter companies, among others.
- The entity charging the payment to the customer is the one required to collect and remit the tax based on the total retail price paid by the customer.
- (HB 4146) of the 2016 session increased the tax rate from 1% to 1.8% for the period July 1, 2016 to July 1, 2020. The increased rate is expected to generate an additional \$12.7 million in the 2015-17 biennium and \$27.4 million in the 2017-19 biennium.
- On July 1, 2020, the rate goes down to the permanent rate of 1.5%.
- After collection costs. 65% goes to fund State tourism programs (including Sports Events). 20% of revenue 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.

# TLT collections

## Transient Lodging Tax Receipts

