

State Lodging Tax Update

Presentation to
Joint Committee on Ways and Means
Subcommittee On General Government

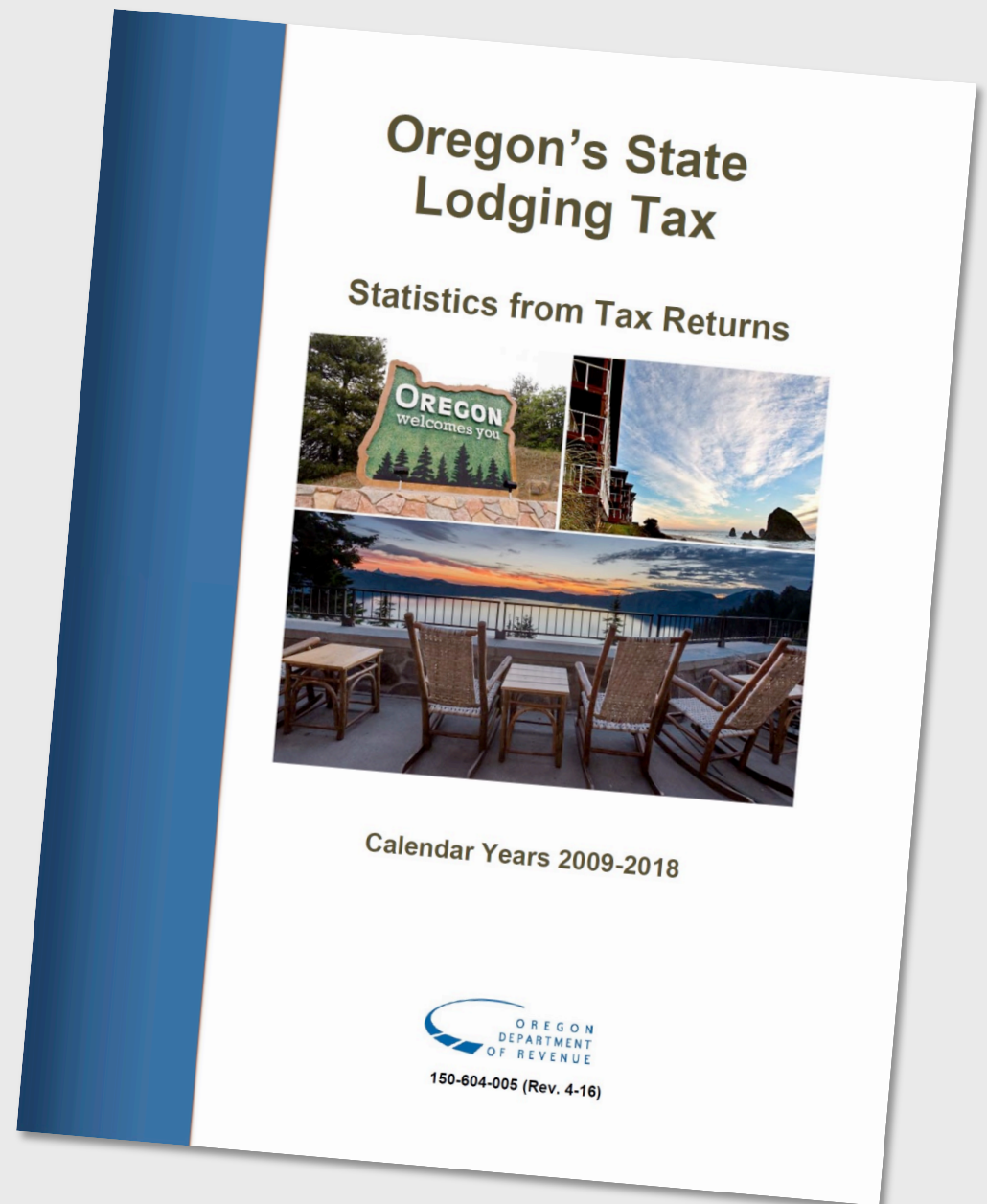
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April 18, 2019

State Lodging Tax Statistics Publication

- Available later this month.



Recent lodging tax changes

2016—HB 4146

- Increased state lodging tax rate from 1 percent to 1.8 percent until July 2020, then reduces rate to 1.5 percent going forward. Also changed distribution.

2017—HB 2400

- Authorized DOR to enter into agreements to administer local lodging taxes.

Recent changes continued

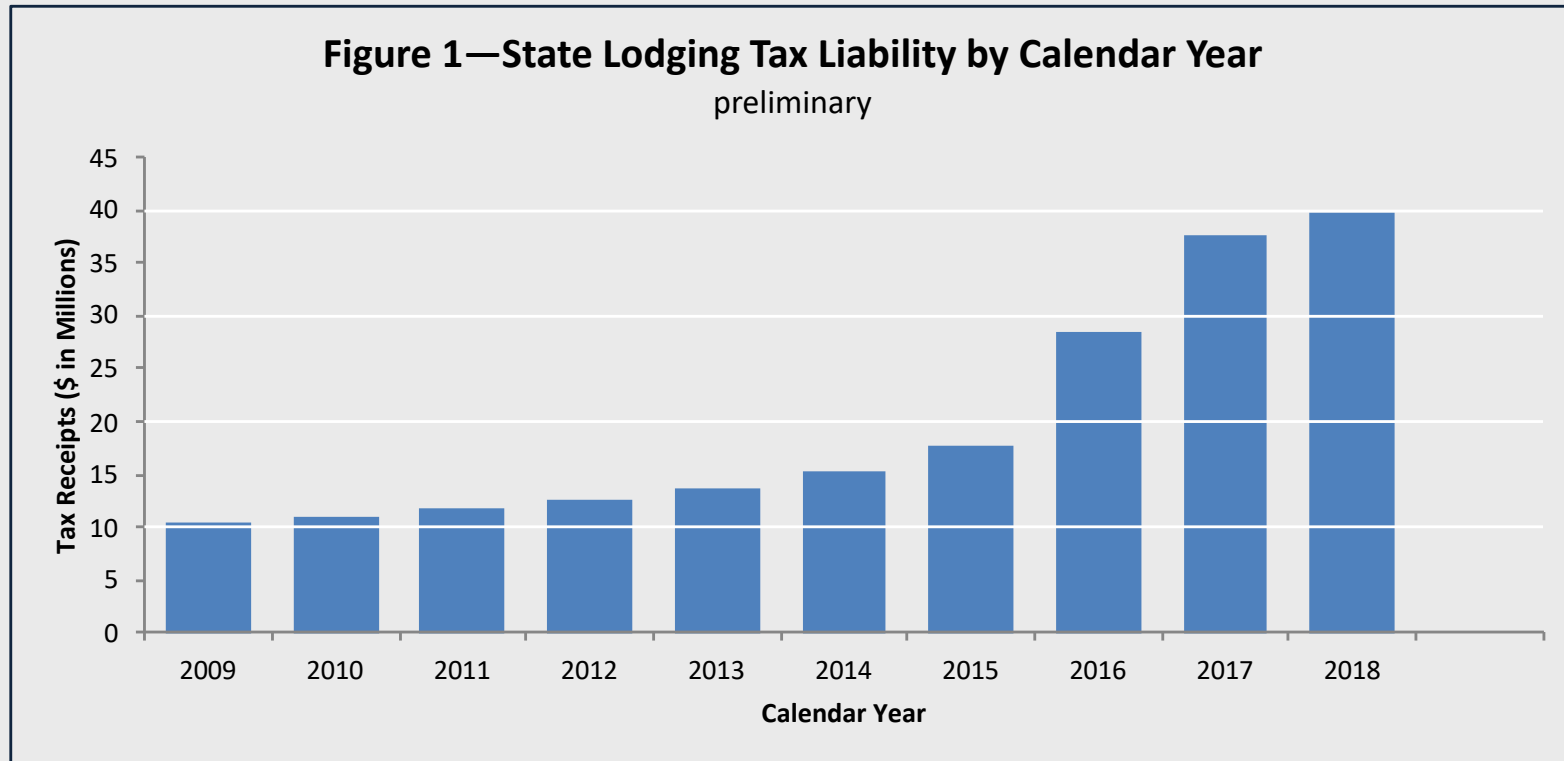
2017—HB 3180

- Authorized data sharing between DOR and local jurisdictions that impose a lodging tax.

2018—HB 4120

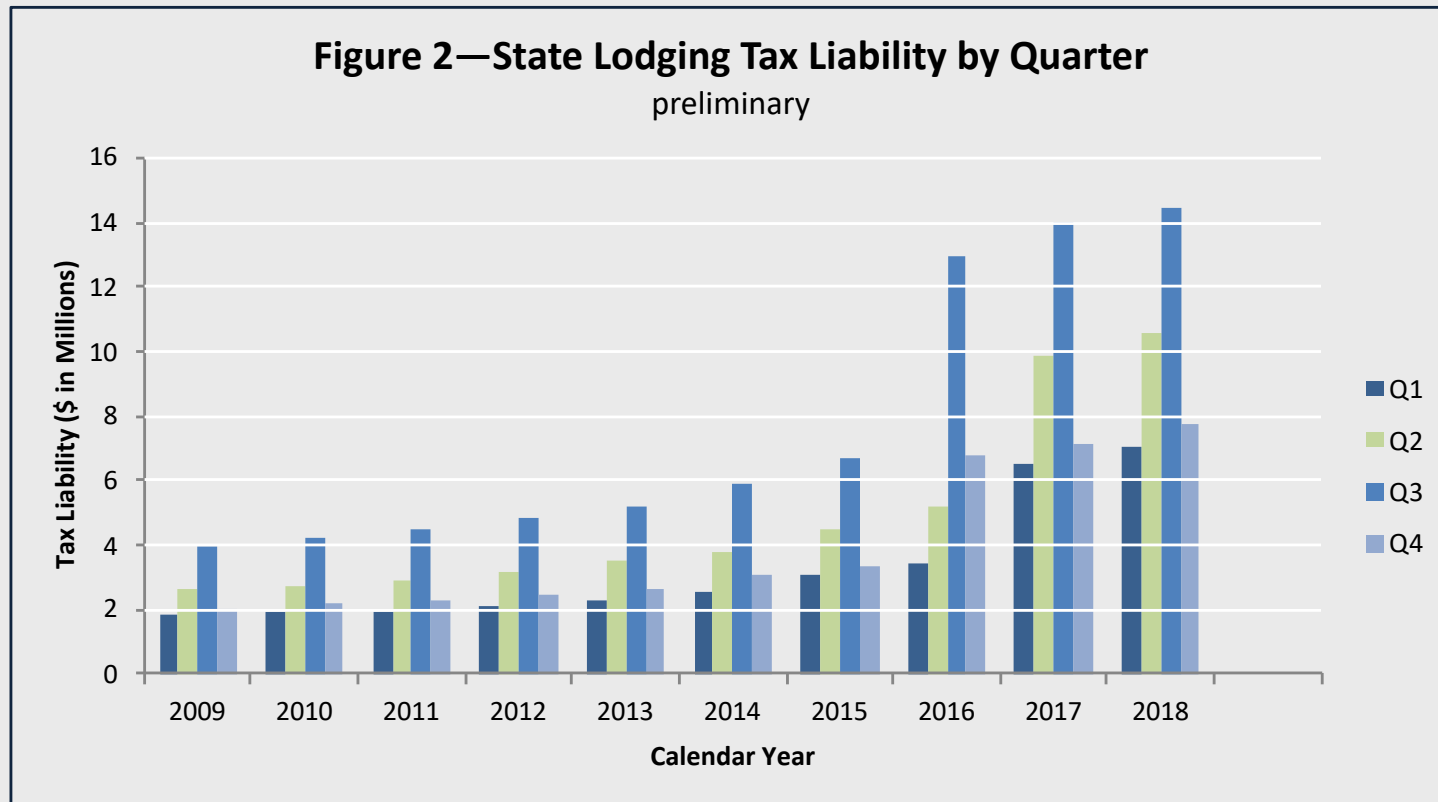
- Expanded definition of “transient lodging intermediary.”
- Enhanced enforcement tools and clarified responsibilities for collection.

Lodging tax liabilities are increasing



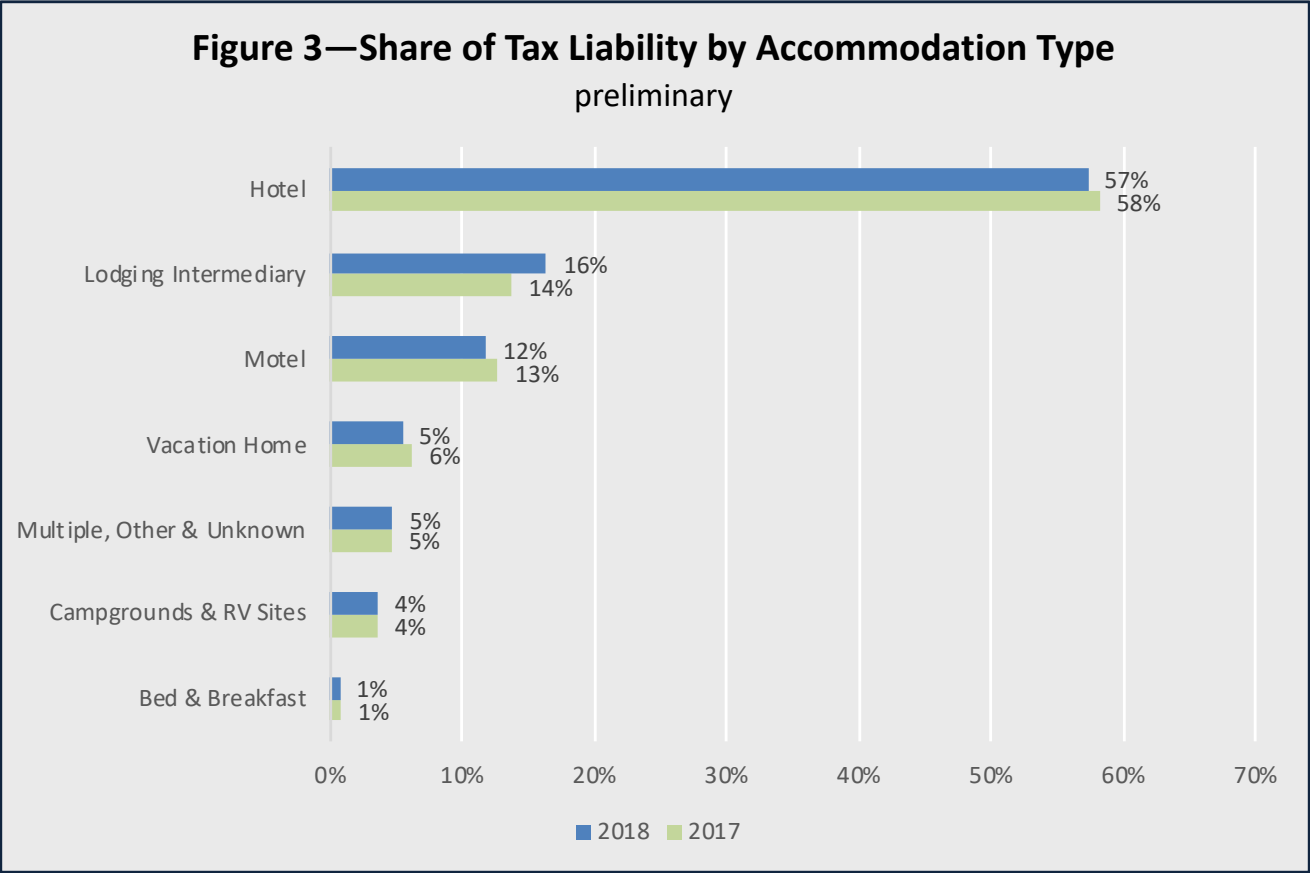
Source: *Oregon's Lodging Tax Statistics, 2019*

Lodging tax liabilities are seasonal



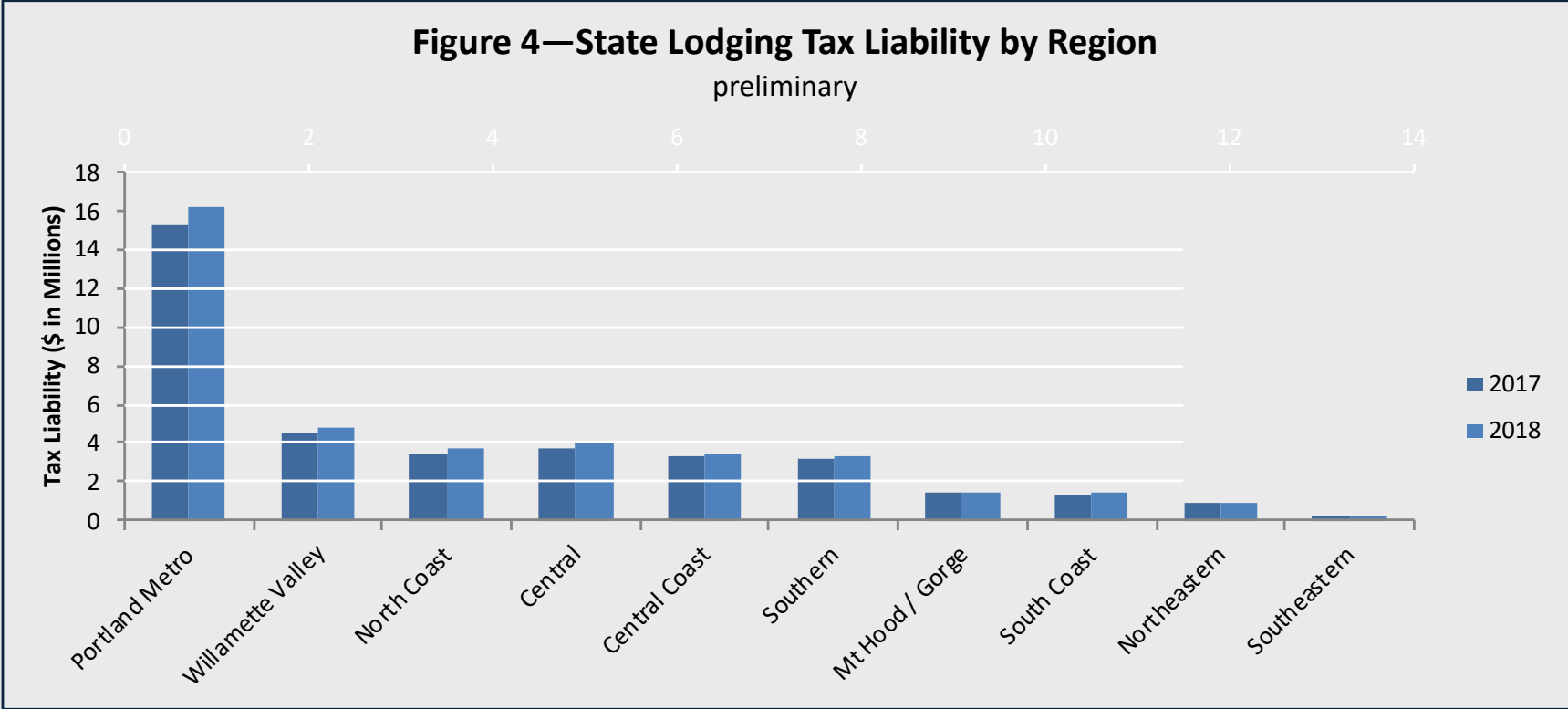
Source: *Oregon's Lodging Tax Statistics, 2019*

Hotels still more than half of liability



Source: Oregon’s Lodging Tax Statistics, 2019

Liabilities by region



Source: Oregon’s Lodging Tax Statistics, 2019

State lodging tax rate, receipts, and cost to administer

Biennium	Tax rate	Tax receipts	Admin. costs
2011-13	1%	\$24,731,554	\$420,529
2013-15	1%	\$29,965,680	\$538,204
2015-17	1%/1.8%	\$50,368,998	\$856,102
2017-19 <i>(through Feb. 28, 2019)</i>	1.8%	\$72,199,747	\$595,628

Source: Oregon's Lodging Tax Statistics, 2019

Administration of local lodging taxes

Use marijuana local administration agreement as a model for any local lodging tax agreements.

- DOR responsible for all aspects of administration for localities who enter into an agreement.
- Flat fee or minimal percentage for DOR administration.
- Collateral audits—Results of state lodging tax audits will inform administration of local lodging account.

Transient lodging tax data share

HB 3180 (2017) authorized data sharing between DOR and local jurisdictions imposing a lodging tax.

- Administrative rules adopted.
- IT project to establish online data exchange portal is underway and on-track to be completed in June 2019.
- DOR coordinating with local governments to determine data templates.
- The data sharing is an optional reciprocal agreement between DOR and local governments.

Current compliance and enforcement

- State lodging tax program relies heavily on voluntary compliance.
- Current compliance activities are largely focused on filing enforcement and collection of delinquent debt.
- Following significant statutory changes to the state lodging tax, DOR has identified an increasing number of compliance issues:
 - Calculation of exemptions.
 - Under-reporting.
 - Potential nonfilers.

Options for improved compliance

Policy Option Package 106: Dedicated Tax Auditor 2 for the state lodging tax program.

- Funded by state lodging tax revenues, within 2-percent limitation allowed for agency costs.
 - \$220,871 Other Funds (SLT) per biennium.
 - 1.0 additional FTE.
- Risk-based audit plan.
- Improve overall compliance.
- Potential increase in revenue.

2019 state lodging tax legislation

- HB 2117—LRO study of state/local lodging tax.
- HB 2751—DOR study of state lodging tax compliance.
- HB 3135—Appropriation for DOR data scraping software.
- HB 3136—Loan to DOR to implement local lodging tax administration.
- HB 3137—Clarifies due date of taxes.
- HB 3138—Revises 30-day exemption.
- HB 3358—Increase state rate and dedicates money for housing.

Questions?

If you have additional questions after today, please contact:

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