

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3135 - 1

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires Department of Revenue, for purpose of enforcing state and local transient lodging taxes, to purchase software that scrapes online data relating to transient lodging rentals.

Government Unit(s) Affected:

Cities, Counties, Department of Revenue (DOR), Oregon Tourism Commission (Travel Oregon)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

Department of Revenue

Other Funds	2019-21 Biennium	2021-23 Biennium
Services and Supplies	224,328	0
Total Funds	\$224,328	\$0

Analysis:

The measure would require the Department of Revenue (DOR) to purchase access to raw metadata scraped from the Internet relating to the sale, service, or furnishing of transient lodging. DOR would be required to implement an enhanced data-scraping pilot program, for purposes of enforcing the state and local transient lodging taxes, including at least two and not more than four units of local government for which DOR enforces the local transient lodging tax. The measure would require DOR to withhold distributions of state transient lodging tax collections to the Oregon Tourism Commission to pay for the purchase of the raw metadata and the enhanced data-scraping pilot program. The measure would take effect 91 days after the Legislative Assembly adjourns *sine die*.

Cities and Counties

A few Cities and Counties would contract with DOR to have DOR enforce their local transient lodging taxes in a pilot program. While Cities and Counties would need to negotiate and draft these contracts and transfer the administration of their local transient lodging tax to DOR, they anticipate being able to do so at minimal cost. Since the measure’s pilot program would be paid for from state lodging tax receipts, DOR would not charge Cities or Counties for the pilot program. For that reason, the measure would have a minimal fiscal impact on Cities and Counties.

Oregon Tourism Commission (Travel Oregon)

Passage of this bill is anticipated to have a minimal fiscal impact on the Oregon Tourism Commission. Under current law and practice, DOR is authorized to collect and retain up to two percent (2%) of the gross transient lodging tax collections for its administrative expenses. This fiscal impact statement assumes that the cost of

purchasing the raw metadata and implementing the pilot program charged to the Oregon Tourism Commission would be within this two percent (2%) range.

Department of Revenue

To purchase the raw metadata and implement the pilot program, DOR would incur \$215,000 to purchase two years of raw metadata, including one year of up to two local governments. DOR would issue a request for proposal through the Department of Administrative Services Procurement Services, which would charge DOR a four percent (4%) fee on the total contract price, totaling \$8,600. Assuming the purchase of raw metadata and implementation of the pilot program would expire after the 2019-21 biennium, DOR would incur an estimated \$224,328 Other Funds expenditures in the 2019-21 biennium.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on DOR.