

HB 3136 -2, -3 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 3/27, 5/21

WHAT THE MEASURE DOES:

Requires Oregon Tourism Commission to transfer moneys to Department of Revenue for department's use in collecting local transient lodging taxes on local, rather than regional, level on behalf of units of local government. Requires department to reimburse commission, without interest, from reimbursement charges that would be withheld from state transient lodging tax revenues by transient lodging intermediaries but for disallowance of such charges under Act. Provides that reimbursement of commission shall be made pursuant to repayment schedule agreed to by department and commission prior to transfer of moneys to department. Requires department to notify Legislative Counsel after department has fully reimbursed commission. Provides for refunds by department to transient lodging intermediaries of amounts received in excess of \$900,000 that would otherwise have been withheld by intermediaries as collection reimbursement charge.

ISSUES DISCUSSED:

- The local tax collections.
- DOR collections of the state tax.
- Agreements between DOR and locals to collect taxes and information.
- Locals need for more accurate information.

EFFECT OF AMENDMENT:

-2 changes the funding process for the software from a loan to be funded off the top of the State TLT collections, and be paid form OTC portion of the collection allowance for state and local. The Department of Revenue shall collect the local transient lodging taxes that the department collects for units of local government, pursuant to agreements entered into under ORS 305.620, on a local level rather than a regional level.

-3 The same as the "-2" but adds the concept from HB 3135 into this measure.

BACKGROUND:

In 2003, the Legislative Assembly (HB 2267) decided to designate the Oregon Tourism Commission a stand-alone 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 same bill restricted any local TLT taxes (after 2003) to be spent 70% on tourism and 30% to general uses.

The 2005 Legislative Assembly (HB 2197) expanded the definition of transient lodging to include dwelling units used for temporary human occupancy. Temporary is defined as fewer than 30 days at a time. Most recently, the 2013 Legislative Assembly (HB 2656) clarified circumstances under which a transient lodging intermediary rather than a lodging provider would be the entity responsible for collecting and remitting transient lodging taxes. A transient lodging intermediary is defined as "a person other than a transient lodging provider that facilitates the

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retail sale of transient lodging and charges for occupancy of the transient lodging.” Transient lodging intermediaries include online travel companies, travel agents, and tour outfitter companies, among others. Eighty four cities and fifteen counties in Oregon levy a locally administered transient lodging tax and are also included in that definition. Online Travel Companies (OTC) will have to collect the tax based on the final price that the consumer pays. HB 4146 of the 2016 session Increased state transient lodging tax rate from the current 1 percent to 1.8% till end of June 2020, then it goes down to 1.5% from that date on. the bill also Changed the distribution of revenue from a discretionary amount with a ceiling of 15% to two categories for regional development. Allocates 20% of revenue to the first category for regional development, and 10 % to the second category consisting of grants to regional tourism efforts. Requires reports and established a study group led by LRO.