

HB 4047 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Mazen Malik, Senior Economist

Meeting Dates: 2/4

WHAT THE MEASURE DOES:

Makes the 1.8% rate of state transient lodging tax as increased by Enrolled House Bill 4146 (2016) permanent. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

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.

The 2016 session (HB 4146) increased the tax rate from 1% to 1.8% for the period extending from July 1, 2016 to July 1, 2020. On July 1, 2020, the rate is scheduled to go down to 1.5%. The higher rate of 1.8% generated 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.

For FY 2019 The State Transient Lodging Tax (TLT) collection reached \$41 million. Total collections are expected to go down by about \$6.8 million a year when the rate is reduced to 1.5% after July 2020.