



## **HB 2500: A first step in addressing tourism taxes**

House Revenue Committee – Bennett Minton – 2.9.2021

Madam Chair and members of the committee:

Tax Fairness Oregon is a network of volunteers who support a rational and equitable tax code.

TFO supports permanent extension of the 0.3% transient lodging tax.

The committee approved a similar extension bill a year ago, but the legislature was unable to act on it because of the walk-out. Back in the same spot now, we submit the same statement: We urge the legislature to study the taxes imposed on tourism, with an eye to compensating Oregon for state goods and services tourists consume and to sharing equitably the tax tourists pay for lodging.

Attached to my statement are listings for cities in every state of sales and lodging tax rates, prepared a year ago. Then Oregon ranked last in taxation of tourists. The state has no general sales tax, the primary way 46 states (and Washington D.C.) tax visitors. Because Oregon does not, we wonder whether our lodging rates should be among the highest and at least above the national average of 13.5%. Making permanent the 0.3% should be only a start.

As in other states, our cities and counties impose much of the lodging tax. Oregon's city average is 7.5%, according to a Pamplin Media survey. Localities have authority to impose their own taxes, and they do, but with restrictions on uses if they raise them.

Part of the problem is that in Oregon, this narrow tax is mostly used narrowly, and is not seen as part of the state's taxing authority.

The power to impose taxes and spend them is a government function. But in this case, the legislature has surrendered spending authority over the permanent 1.5% lodging tax to Travel Oregon. Most agencies come before the legislature to justify their budgets. But Travel Oregon has a direct funding line. Tourism associations should not have a siphon in state and local treasuries. Our representatives, state and local, should appropriate from their budgets, using the power of the state we the taxpayers entrust in you.

We understand that the tourist industry has been hammered for almost a year, in Oregon, the nation and the world. The drop in demand has nothing to do with this tax. We assume demand will rebound. And when it does, Travel Oregon will once again have unimpeded access to a slush fund. Time to pull out the siphon and let the agency compete for funding like every other that goes before the Ways and Means Committee.

The information on the following pages reflects our 2020 testimony and the 1.8% state tax.

**We read the bills and follow the money**

**Taxes in 51 Jurisdictions, Ranked by Lodging Rate**

<b>State</b>	<b>City</b>	<b>Sales</b>	<b>Lodging</b>
Oregon	Pendleton	0.0%	\$1.50+9.8%
Oregon	Medford	0.0%	10.8%
Oregon	Portland	0.0%	11.5%
Oregon	Newport	0.0%	11.8%
Oregon	Beaverton	0.0%	15.4%
Minnesota	St. Paul	7.9%	7.3%
Colorado	Denver	8.3%	7.4%
Louisiana	New Orleans	9.5%	7.9%
Alaska	Fairbanks	0%	8.0%
Idaho	Twin Falls	6.0%	8.0%
Montana	Missoula	0%	8.9%
New Hampshire	North Conway	0%	9.0%
Michigan	Detroit	6.0%	9.5%
North Dakota	Bismarck	5.0%	10.0%
Wyoming	Cheyenne	6.0%	10.0%
Delaware	Rehoboth Beach	0%	11.0%
Maryland	Frederick	6.0%	11.0%
Pennsylvania	Gettysburg	6.0%	11.0%
Vermont	Burlington	7.0%	11.3%
Iowa	Des Moines	7.0%	12.0%
Virginia	Fairfax	5.3%	12.0%
Mississippi	Jackson	7.0%	12.4%
Florida	West Palm Beach	6.5%	12.5%
Arizona	Tucson	8.7%	13.0%
Illinois	Champaign	9.0%	13.0%
Rhode Island	Providence	7.5%	13.0%
West Virginia	Charleston	7.0%	13.0%
New Mexico	Albuquerque	5.1%	13.1%
North Carolina	Raleigh	4.8%	13.3%
Utah	Salt Lake City	7.8%	13.8%
New York	Buffalo	8.8%	14.0%
Nevada	Las Vegas	8.4%	14.1%
Georgia	Dekalb	4.0%	14.5%
New Jersey	Princeton	6.6%	14.6%
Wisconsin	Madison	5.6%	14.6%
Massachusetts	Boston	6.3%	15.0%
Connecticut	Hartford	6.4%	15.0%
Hawaii	Honolulu	4.5%	15.0%
Arkansas	Little Rock	9.0%	15.0%
District of Columbia	--	6.0%	15.0%

South Carolina	Charleston	9.0%	15.2%
Maine	Portland	5.5%	15.3%
Indiana	Indianapolis	7.0%	16.0%
Kentucky	Louisville	6.0%	16.1%
Oklahoma	Tulsa	4.5%	16.5%
California	Anaheim	7.8%	17.2%
Washington	Seattle	10.1%	17.4%
Alabama	Birmingham	10.0%	17.5%
Missouri	Kansas City	8.6%	17.5%
Ohio	Cincinnati	5.8%	17.5%
Texas	Austin	8.3%	17.7%
Kansas	Overland Park	9.6%	18.1%
Nebraska	Omaha	7.0%	18.3%
South Dakota	Rapid City	6.5%	19.0%
Tennessee	Memphis	9.8%	19.1%

Sources: State revenue departments, sale-tax.com, Avalara.com, Marriott.com, Hilton.com

#### Washington County tax: 9%

- 5% returned to the lodging operators as a service fee for the collection.
- Remainder distributed as follows:
  - 28% General Fund of Washington County
  - 11% Washington County Fair Grounds
  - 28% Cities within Washington County
  - 26% Washington County Visitors Association
  - 7% Event Center project

**Beaverton** has a 4% city-wide lodging tax used to promote tourism in connection with the [Patricia Reser Center for the Arts](#). Beaverton's lodging tax partially finances both the capital and operating costs of the Beaverton Center for the Arts. The Beaverton Center for the Arts is proposed as a 450 seat theatre with galleries, studios and a plaza along Beaverton Creek serving a regional and local audience. <https://www.beavertonoregon.gov/1829/4-Lodging-Tax>

I called a hotel in Beaverton to ask about the breakdown on the 15.4% tax it collects on a room. Of that, 1.8% goes to the state lodging tax and 0.57%, rounded to 0.6%, goes to the CAT. (Is it legal to pass that on?) That leaves 13%. Beaverton takes 4%. Washington County takes 9%. It's not clear from the Washington County website whether 5% of the 9% tax, or 5/9ths of the 9%, is returned to the hotel, according to the Washington County website. Either way, it seems a generous payment for tax collection. Let's assume it's 5% of the amount collected. The remainder is distributed as follows:

- 28% General Fund of Washington County
- 11% Washington County Fair Grounds
- 28% Cities within Washington County
- 26% Washington County Visitors Association
- 7% Event Center project

The 4% Beaverton tax goes entirely to the same event center to which the county is contributing, the Patricia Reser Center for the Arts.

**Pendleton** lodging facilities are required to collect a Lodging Room Tax (LRT) and a Tourism Promotion Assessment Charge (TPAC) from patrons. The LRT rate for the City of Pendleton is 8% and the TPAC rate is \$1.50 per night per paid room of occupancy and \$0.50 per night per paid space for mobile home or trailer park spaces. The LRT and TPAC taxes are collected by all lodging facility owners located within Pendleton City limits and is due to the City within 30 days following the close of each calendar quarter.

Lodging establishments are required under [Portland](#) and [Multnomah County](#) Transient Lodgings Tax Laws to collect a total of 11.5% occupancy taxes from guests. Lodging establishments send reports with the taxes collected to the Revenue Division. Of the 11.5% tax collected, 6% goes to the City of Portland: 5% to the General Fund and 1% to Travel Portland. The remaining 5.5% goes to Multnomah County: 2.5% to the Convention Center Phase II, 0.275% to hotel/motel operators, and 2.725% to Convention Center Phase I and related operations.

**Selected City Taxes, Ranked by Sales Rate**

<b>State</b>	<b>City</b>	<b>Sales</b>	<b>Lodging</b>
Oregon	--	0.0%	--
Alaska	Fairbanks	0.0%	8.0%
Montana	Missoula	0.0%	8.9%
*New Hampshire	North Conway	0.0%	9.0%
Delaware	Rehoboth Beach	0.0%	11.0%
Georgia	Dekalb	4.0%	14.5%
Hawaii	Honolulu	4.5%	15.0%
Oklahoma	Tulsa	4.5%	16.5%
North Carolina	Raleigh	4.8%	13.3%
North Dakota	Bismarck	5.0%	10.0%
New Mexico	Albuquerque	5.1%	13.1%
Virginia	Fairfax	5.3%	12.0%
Maine	Portland	5.5%	15.3%
Wisconsin	Madison	5.6%	14.6%
Ohio	Cincinnati	5.8%	17.5%
Idaho	Twin Falls	6.0%	8.0%
Michigan	Detroit	6.0%	9.5%
Wyoming	Cheyenne	6.0%	10.0%
Maryland	Frederick	6.0%	11.0%
Pennsylvania	Gettysburg	6.0%	11.0%
District of Columbia	--	6.0%	15.0%
Kentucky	Louisville	6.0%	16.1%
Massachusetts	Boston	6.3%	15.0%
Connecticut	Hartford	6.4%	15.0%
Florida	West Palm Beach	6.5%	12.5%
South Dakota	Rapid City	6.5%	19.0%

New Jersey	Princeton	6.6%	14.6%
Vermont	Burlington	7.0%	11.3%
Iowa	Des Moines	7.0%	12.0%
Mississippi	Jackson	7.0%	12.4%
West Virginia	Charleston	7.0%	13.0%
Indiana	Indianapolis	7.0%	16.0%
Nebraska	Omaha	7.0%	18.3%
Rhode Island	Providence	7.5%	13.0%
Utah	Salt Lake City	7.8%	13.8%
California	Anaheim	7.8%	17.2%
Minnesota	St. Paul	7.9%	7.3%
Texas	Austin	8.3%	17.7%
Colorado	Denver	8.3%	7.4%
Nevada	Las Vegas	8.4%	14.1%
Missouri	Kansas City	8.6%	17.5%
Arizona	Tucson	8.7%	13.0%
New York	Buffalo	8.8%	14.0%
Illinois	Champaign	9.0%	13.0%
Arkansas	Little Rock	9.0%	15.0%
South Carolina	Charleston	9.0%	15.2%
Louisiana	New Orleans	9.5%	7.9%
Kansas	Overland Park	9.6%	18.1%
Tennessee	Memphis	9.8%	19.1%
Alabama	Birmingham	10.0%	17.5%
Washington	Seattle	10.1%	17.4%