

# House Bill 4148

Sponsored by Representative WALTERS, Senators NERON MISSLIN, WEBER, Representative JAVADI; Representatives GAMBA, GRAYBER, HELM, MCDONALD, Senator CAMPOS (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest:** The Act would let local transient lodging tax money be used for city or county services provided by a special district in lieu of the city or county. The Act would change the split of tax uses from at least 70 percent for tourism and no more than 30 percent for local services to at least 40 percent and no more than 60 percent. The Act would let local governments with grandfathered tax laws use the new provisions of the Act. The Act would make local governments file a tax revenue report every other year. (Flesch Readability Score: 60.7).

Allows city and county services for which net local transient lodging tax revenue may be used to be provided either directly by the city or county or indirectly by a special district. Changes the division of allowable uses of net local transient lodging tax revenue from at least 70 percent for tourism-related expenses and no more than 30 percent for city or county services, to at least 40 percent and no more than 60 percent, respectively. Allows units of local government with restricted grandfathered local transient lodging tax regimes to take advantage of the new provisions of the Act. Establishes biennial reporting by local governments of amounts and uses of local transient lodging tax revenue.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1 Relating to local taxation; creating new provisions; amending ORS 320.350; and prescribing an ef-  
2 fective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 320.350 is amended to read:

5 320.350. (1) A unit of local government that did not impose a local transient lodging tax on July  
6 1, 2003, may not impose a local transient lodging tax on or after July 2, 2003, unless the imposition  
7 of the local transient lodging tax was approved on or before July 1, 2003.

8 (2) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may  
9 not increase the rate of the local transient lodging tax on or after July 2, 2003, to a rate that is  
10 greater than the rate in effect on July 1, 2003, unless the increase was approved on or before July  
11 1, 2003.

12 (3) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may  
13 not decrease the percentage of total local transient lodging tax revenues that are actually expended  
14 to fund tourism promotion or tourism-related facilities on or after July 2, 2003. A unit of local gov-  
15 ernment that agreed, on or before July 1, 2003, to increase the percentage of total local transient  
16 lodging tax revenues that are to be expended to fund tourism promotion or tourism-related facilities,  
17 must increase the percentage as agreed.

18 (4) Notwithstanding subsections (1) and (2) of this section, a unit of local government that is fi-  
19 nancing debt with local transient lodging tax revenues on November 26, 2003, must continue to fi-  
20 nance the debt until the retirement of the debt, including any refinancing of that debt. If the tax is  
21 not otherwise permitted under subsection (1) or (2) of this section, at the time of the debt retirement:

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1       (a) The local transient lodging tax revenue that financed the debt shall be used as provided in  
 2 subsection (5) of this section; or

3       (b) The unit of local government shall thereafter eliminate the new tax or increase in tax oth-  
 4 erwise described in subsection (1) or (2) of this section.

5       (5) Subsections (1) and (2) of this section do not apply to a new or increased local transient  
 6 lodging tax if all of the net revenue from the new or increased tax, following reductions attributed  
 7 to collection reimbursement charges, is used consistently with subsection (6) of this section to:

8       (a) Fund tourism promotion or tourism-related facilities;

9       (b) Fund city or county services, **whether emergency or nonemergency services, provided**  
 10 **directly by the city or county or by a special district in lieu of the city or county;** or

11       (c) Finance or refinance the debt of tourism-related facilities and pay reasonable administrative  
 12 costs incurred in financing or refinancing that debt, provided that:

13       (A) The net revenue may be used for administrative costs only if the unit of local government  
 14 provides a collection reimbursement charge; and

15       (B) Upon retirement of the debt, the unit of local government reduces the tax by the amount  
 16 by which the tax was increased to finance or refinance the debt.

17       (6) At least [70] **40** percent of net revenue from a new or increased local transient lodging tax  
 18 shall be used for the purposes described in subsection (5)(a) or (c) of this section. No more than  
 19 [30] **60** percent of net revenue from a new or increased local transient lodging tax may be used for  
 20 the purpose described in subsection (5)(b) of this section.

21       (7)(a) **Notwithstanding subsection (1) of this section, a unit of local government may use**  
 22 **unexpended net revenue collected before the effective date of this 2026 Act from a new tax**  
 23 **described in subsection (1) of this section in accordance with subsection (6) of this section.**

24       (b) **Notwithstanding subsection (2) of this section, a unit of local government may use**  
 25 **unexpended net revenue collected before the effective date of this 2026 Act that is attribut-**  
 26 **able to the rate of the local transient lodging tax in effect on July 1, 2003, and to any increase**  
 27 **in the rate made on or after July 2, 2003, in accordance with subsection (6) of this section.**

28       (c) **Notwithstanding subsection (3) of this section, a unit of local government may, in**  
 29 **accordance with subsection (6) of this section, decrease the percentage of total local trans-**  
 30 **ient lodging tax revenues that are actually expended to fund tourism promotion or**  
 31 **tourism-related facilities regardless of when the percentage went into effect.**

32       **SECTION 2.** The amendments to ORS 320.350 by section 1 of this 2026 Act become oper-  
 33 ative on January 1, 2027.

34       **SECTION 3.** The amendments to ORS 320.350 by section 1 of this 2026 Act apply to net  
 35 revenue collected by units of local government before, on or after the effective date of this  
 36 2026 Act.

37       **SECTION 4.** (1)(a) A unit of local government that imposes a local transient lodging tax  
 38 under ORS 320.345 to 320.365 shall file a biennial report with the Department of Revenue no  
 39 later than September 1 of each odd-numbered year, beginning in 2027.

40       (b) Upon request by one or more cities or counties, the League of Oregon Cities or the  
 41 Association of Oregon Counties, respectively, may file the report on behalf of the cities or  
 42 counties.

43       (2) The report must include the following information with respect to total transient  
 44 lodging tax revenue:

45       (a) For the preceding two fiscal years:

1       (A) The rates imposed;  
2       (B) Total revenue collected;  
3       (C) The amount and percentage of revenue used to fund tourism promotion, including  
4       revenue expended under agreements with destination management organizations;  
5       (D) The amount and percentage of revenue used to fund tourism-related facilities; and  
6       (E) The amount and percentage of revenue used to fund city or county services;  
7       (b) The amount of revenue held in capital reserves, with a description of its intended  
8       purpose;  
9       (c) Any changes to allocation methods or use definitions, including those approved by the  
10      voters or unit of local government; and  
11      (d) A summary of advisory board meetings or oversight actions, if applicable.

12      (3)(a) Any destination management organization or other entity receiving local transient  
13      lodging tax revenue under an agreement entered into with a unit of local government shall  
14      submit a biennial report to the unit of local government for inclusion in the biennial report  
15      required under subsection (1) of this section.

16      (b) A report required under paragraph (a) of this subsection shall include a description  
17      of:  
18       (A) The uses of the local transient lodging tax revenue received under the terms of the  
19       agreement, including, but not limited to, marketing, staffing and grants;  
20       (B) Performance metrics of tourism promotion, including campaigns executed and audi-  
21       ences reached; and  
22       (C) Compliance with the terms of the agreement and key deliverables satisfied.

23      (4)(a) The Department of Revenue shall publish reports received under subsection (1) of  
24      this section in a publicly accessible database.  
25      (b) The department may submit an aggregate summary of reports received under sub-  
26      section (1) of this section for each biennium, in the manner provided in ORS 192.245, to the  
27      interim committees of the Legislative Assembly related to revenue, economic development  
28      and local government.

29      SECTION 5. Section 4 of this 2026 Act is repealed on January 2, 2041.

30      SECTION 6. This 2026 Act takes effect on the 91st day after the date on which the 2026  
31      regular session of the Eighty-third Legislative Assembly adjourns sine die.

32