

Minority Report
B-Engrossed
House Bill 4148

Ordered by the Senate March 3
Including House Amendments dated February 23 and Senate Minority
Report Amendments dated March 3

Sponsored by nonconcurring members of the Senate Committee on Finance and Revenue: Senators ANDERSON,
MCLANE

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. 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 services provided by a special district in lieu of a 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 50 percent and no more than 50 percent. The Act would let local governments with grandfathered tax laws use the tax money in the new split ratios. The Act would make local governments file a tax revenue report every other year for LRO to combine and turn in to the legislature. The Act would have LRO study the uses of the revenue as allowed under the Act and turn its findings in to the legislature. (Flesch Readability Score: 60.5).

[Digest: The Act would let local transient lodging tax money be used for grants to small dining and lodging businesses. The Act would also let the tax money be used for services provided by a special district in lieu of a 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 50 percent and no more than 50 percent. The Act would let local governments with grandfathered tax laws use the tax money in the new split ratios. The Act would make local governments file a tax revenue report every other year for LRO to combine and submit to the legislature. The Act would have LRO study the uses of the net revenue as allowed under the Act and turn its findings in to the legislature. (Flesch Readability Score: 61.6).]

[Allows net local transient lodging tax revenue to be used for resiliency grants for small businesses in the restaurant and lodging industry.] 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 50 percent and no more than 50 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, the reported information to be aggregated by the Legislative Revenue Officer and submitted to the Legislative Assembly. Directs the Legislative Revenue Officer to conduct a study of the percentage requirements for allowable uses of local transient lodging tax revenue as amended by the Act and to submit the findings to the Legislative Assembly.

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

A BILL FOR AN ACT

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

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

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

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

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 (2) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may
2 not increase the rate of the local transient lodging tax on or after July 2, 2003, to a rate that is
3 greater than the rate in effect on July 1, 2003, unless the increase was approved on or before July
4 1, 2003.

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

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

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

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

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

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

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

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

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

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

31 (6)(a) At least [70] **50** percent of net revenue from a new or increased local transient lodging
32 tax shall be used for the purposes described in subsection (5)(a) or (c) of this section.

33 (b) No more than [30] **50** percent of net revenue from a new or increased local transient lodging
34 tax may be used for the purpose described in subsection (5)(b) of this section.

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

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

42 (c) **Notwithstanding subsection (3) of this section, a unit of local government may, in**
43 **accordance with subsection (6) of this section, decrease the percentage of total local tran-**
44 **sient lodging tax revenues that are actually expended to fund tourism promotion or**
45 **tourism-related facilities regardless of when the percentage went into effect.**

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

3 **SECTION 3.** The amendments to ORS 320.350 by section 1 of this 2026 Act apply to net
4 revenue collected by units of local government before, on or after the effective date of this
5 2026 Act.

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

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

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

14 (a) For the preceding two fiscal years:

15 (A) The tax rates imposed, setting forth separately those rates that were imposed or in-
16 creased on or before July 1, 2003, and those rates that were imposed or increased on or after
17 July 2, 2003;

18 (B) Total revenue collected;

19 (C) The amount and percentage of revenue used to fund tourism promotion, including
20 revenue expended under agreements with destination management organizations;

21 (D) The amount and percentage of revenue used to fund tourism-related facilities; and

22 (E) The amount and percentage of revenue used to fund city or county services;

23 (b) The amount of revenue held in capital reserves, with a description of its intended
24 purpose;

25 (c) Any changes to allocation methods or use definitions, including those approved by the
26 voters or unit of local government; and

27 (d) A summary of advisory board meetings or oversight actions, if applicable.

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

32 (b) A report required under paragraph (a) of this subsection shall include a description
33 of:

34 (A) The uses of the local transient lodging tax revenue received under the terms of the
35 agreement, including, but not limited to, marketing and staffing;

36 (B) Performance metrics of tourism promotion, including campaigns executed and audi-
37 ences reached; and

38 (C) Compliance with the terms of the agreement and key deliverables satisfied.

39 (4) The Legislative Revenue Officer shall submit an aggregate summary of reports re-
40 ceived under subsection (1) of this section for each biennium, in the manner provided in ORS
41 192.245, to the interim committees of the Legislative Assembly related to revenue, economic
42 development and local government.

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

44 **SECTION 6.** (1) The Legislative Revenue Officer shall conduct a study of the percentage
45 requirements for allowable uses of local transient lodging tax revenue under ORS 320.350 (6),

1 as amended by section 1 of this 2026 Act.

2 (2) The study shall discuss the following, separately and under such further detailed
3 headings as the Legislative Revenue Officer considers useful:

4 (a) The amount and percentage of revenue used to fund tourism promotion, including
5 revenue expended under agreements with destination management organizations;

6 (b) The amount and percentage of revenue used to fund tourism-related facilities; and

7 (c) The amount and percentage of revenue used to fund city or county services.

8 (3)(a) In conducting the study, the Legislative Revenue Officer may consult with inter-
9 ested stakeholders.

10 (b) Units of local governments shall provide the Legislative Revenue Officer with the data
11 and other information necessary to conduct the study, including tax collections and expen-
12 ditures.

13 (c) The Legislative Revenue Officer may use any information received under section 4
14 of this 2026 Act for purposes of the study required under this section.

15 (4) Not later than September 15, 2034, the Legislative Revenue Officer shall submit, in the
16 manner provided by ORS 192.245, to the interim committees of the Legislative Assembly re-
17 lated to revenue, a report of the findings of the study.

18 SECTION 7. Section 6 of this 2026 Act is repealed on January 2, 2036.

19 SECTION 8. This 2026 Act takes effect on the 91st day after the date on which the 2026
20 regular session of the Eighty-third Legislative Assembly adjourns sine die.

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