

Local Lodging Taxes



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Local Lodging Tax...Basic Facts

- Lodging taxes are a local option & rate is set by city/county
- Approximately 91 cities and 16 counties have a tax
- Tax rate ranges are 2% to 13.5%. (Most are 6-9%.)
- Cities and counties have imposed lodging taxes since at least 1930s.
- State tax began with 2003 legislation and 2016 legislation raised tax from 1% to 1.8% via HB 4146.



State Tax Stats (don't have local tax
break down by accommodation type)

Lodging Statistics by Accommodation Type

Table 1.1 - Annual Lodging Tax Receipts by Accommodation Type (Dollars)								
Calendar Year	Bed & Breakfast	Campgrounds & RV Sites	Hotel	Motel	Vacation Home	Lodging Intermediary	Multiple ¹ & Other	Total
2005	165,577	266,056	4,722,575	3,054,408	268,347	N/A	612,573	9,089,536
2006	185,931	335,455	5,180,700	3,417,539	797,932	N/A	813,491	10,731,048
2007	206,764	349,773	5,703,323	3,671,511	904,703	N/A	870,570	11,706,644
2008	217,132	326,391	5,935,295	3,450,981	999,525	N/A	802,464	11,731,788
2009	191,207	333,024	5,262,565	3,089,753	963,954	N/A	693,885	10,534,389
2010	200,669	387,310	5,742,810	3,205,390	1,048,333	N/A	581,948	11,166,460
2011	200,859	361,438	6,237,208	3,277,140	1,131,626	N/A	607,507	11,815,778
2012	237,287	380,415	6,762,564	3,363,655	1,274,219	N/A	653,086	12,671,227
2013	252,920	432,088	7,456,848	3,584,728	1,283,448	64,592	704,972	13,779,597
2014	257,757	452,411	8,296,419	3,863,329	1,474,344	410,578	754,089	15,508,927
2015	276,343	491,958	9,403,850	4,039,527	1,669,100	1,153,382	763,642	17,797,802

Source: DOR Report (rev. April 2016)

https://www.oregon.gov/DOR/programs/gov-research/Documents/state-lodging-report_604-005.pdf

Intermediary category is seeing largest growth.

Intermediaries, OTCs & home rentals– not just hotels anymore

Definitions: (Apply to State and Local TLT):

“**Transient lodging intermediary**” means a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging. ORS 320.300(12)

“**Transient lodging provider**” means a person that furnishes transient lodging. ORS 320.300(13)

“**Transient lodging tax collector**” means a transient lodging provider or a transient lodging intermediary. ORS 320.300(14)

State TLT:

“The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for the occupancy of the transient lodging.” ORS 320.305(1)(c)

“Every transient lodging tax collector is responsible for collecting the tax imposed under ORS 320.305 **and** shall file a return with the Department of Revenue, ...” ORS 320.315(1)

Local TLT:

“The tax shall be collected by the transient lodging tax collector *that receives the consideration* rendered for the occupancy of the transient lodging.” ORS 320.350(7)(b)

Goal: If you collect/facilitate payment for transient lodging from customers, than you must collect and file/remit the taxes. (Includes OTCs and intermediaries)

State regulation of local government: 2003

- Moratorium on use of local transient lodging tax revenues: may not decrease percentage of total TLT revenues that were actually expended or agreed to be expended to fund “tourism promotion” or “tourism-related facilities” as of July 2, 2003. (ORS 320.350)

Frozen at 2003 percentage
dedicated to tourism!



State regulation of local government: 70/30 split

If local government increases lodging tax or imposes a new tax (post-2003):

- 70% of net revenue from the new or increased tax shall be used for: “**tourism promotion**” or “**tourism-related facilities**” or finance/refinance debt of “tourism-related facilities”
- No more than 30% may used to fund **city or county services**

Thus, total percentage of local tax revenues that are restricted to tourism is highly variable around the state. (Need pre and post- 2003 percentages to figure out number.)

3 Key Definitions (ORS 320.300):

#1

(7) “**Tourism promotion** ” means any of the following activities:

- (a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming **tourists**;
- (b) Conducting strategic planning and research necessary to stimulate future **tourism** development;
- (c) Operating tourism promotion agencies; and
- (d) Marketing special events and festivals designed to attract tourists.

3 Key Definitions: (ORS 320.300)

#2

(9) **“Tourism-related facility ” means:**

- (a) A **conference center, convention center or visitor information center**; and
- (b) Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting **tourism** or accommodating **tourist** activities.

Many cities and counties don't have a facility as defined by (9)(a)

Subsection (b) is the catch-all for permitted use of revenues in the 70% category. It was intended to provide flexibility to cover roads, sewers, restrooms, etc. associated with tourism support.

Still, it isn't clear or flexible. It has 3 components to qualify: 1) real property; 2) useful life of 10 or more years; and 3) substantial purpose of supporting tourism or accommodating tourist activities.

3 Key Definitions: (ORS 320.300)

#3

(10) **“Tourist” means** a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the person’s community of residence, and that trip:

- (a) Requires the person to travel more than 50 miles from the community of residence; or
- (b) Includes an overnight stay.

Change NEEDED:

Local lodging tax revenue restrictions need to be made more flexible to allow more local control— one size doesn't fit all.

Options:

- Eliminate or revise the pre-2003 frozen percentage dedicated back to tourism
- Eliminate or lower the 70/30% revenue split on new/increased taxes
- Expand the definitions of “tourism promotion” and/or “tourism-related facility” that apply the 70/30% definitions to make less marketing/ facility focused and still tourism-related



Goal: continue to invest in tourism and grow tourism sector of economy, but allow local flexibility to address local tourism needs and costs

HB 2064 (2017) -1 language **WIN!!** (ORLA agreement for 2019 bill)

11 “(7) ‘Tourism promotion’ means any of the following activities:

12 “(a) Advertising, **marketing**, publicizing or distributing information for
13 the purpose of attracting and welcoming tourists;

14 “(b) Conducting strategic planning and research necessary to stimulate
15 future tourism development;

16 “(c) Operating tourism promotion agencies; *[and]*

17 “(d) *[Marketing special events and festivals designed to attract tourists.]*

18 **Providing for a tourism program, including tourism activities,**
19 **tourism-generating special events, sporting events and festivals de-**
20 **signed to encourage tourism or accommodate tourists; and**

21 “(e) **Developing or improving the tourist industry by enhancing**
22 **tourist attractions, tourism-related facilities or tourism-generating**
23 **special events, including, but not limited to, beautification projects**
24 **and constructing or improving tourist amenities, such as benches.**

What can you do?

- Make sure your ordinances are up to date:
 - Registration Requirements—zoning, limits, etc.
 - Definitions/exemptions: for lodging tax coverage
 - Forms updated
 - Intermediaries— agreements, ordinances
 - Sharing info with state
 - Audits
 - Enforcement Software
 - Communicate with ORLA early and often
 - Be visionary with lodging tax funds
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- Assist League with Advocacy in 2019!
 - Funding mechanism for optional state collection (\$900K)
 - Definition expansion

Thank You!

- **Questions??**