



HB 4047: A first step in addressing tourism taxes

House Revenue Committee – Bennett Minton – 3.4.2020

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

We urge the legislature to study comprehensively the taxes imposed on tourism, with an eye to compensating Oregon for state goods and services tourists consume and to sharing more equitably the tax tourists pay for lodging.

Attached to my statement are listings for cities in every state of sales and lodging tax rates. Oregon is at the bottom of its taxation of tourists. The state has no sales tax, the primary way 46 states (and Washington D.C) tax visitors. Because Oregon does not, we suggest that 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. The city average is 7.5%, according to a Pamplin Media survey. Oregon localities have authority to impose their own taxes, and they do, but with restrictions on uses if they raise them.

Two years ago, Umatilla County abandoned plans to impose a lodging tax after receiving criticism from hotels in Pendleton. They were concerned that the taxes they pass along would drive away customers. They complained that they are the only sector of the tourist industry that gets taxed – restaurants don't. And they feared that the revenue would be used for projects that wouldn't boost tourism in Pendleton.

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 the legislature has surrendered spending authority to others. In the case of the state, as you know, the permanent 1.5% state lodging tax goes to tourism promotion. Travel Oregon appears to have enough money for an endless variety of slick promotional pamphlets. I enjoy picking them up as much as the next taxpayer. But the quantity is excessive, which tells me that its budget is excessive. Most agencies come before the legislature to justify their budgets. But Travel Oregon has a direct funding line.

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.

We read the bills and follow the money

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.

We don't oppose Oregon localities imposing taxes. We are in favor of vigorous budgeting. But at both the state and local level, we urge policymakers – that's you – to pass this bill, but then also to step back and review these tourism-related expenditures in light of the state's other needs, particularly as lodging workers are among the lowest paid. What's being done to ensure they can afford to live in the communities they serve, and that they have the municipal services to which they are entitled?

Tourism associations should not have a direct line to 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.

Taxes in 51 Jurisdictions, Ranked by Lodging Rate

State	City	Sales	Lodging
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>

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 tax is 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 [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

State	City	Sales	Lodging
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%
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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%
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