CHAPTER 16. LODGING TAX

The 2003 Oregon Legislature passed into law House Bill 2267 to establish a state lodging tax. The revenue this tax generates funds Oregon Tourism Commission programs. House Bill 2197, passed in 2005, expanded the definition of "transient lodging," and also expanded the list of those who must pay the tax. The tax is one percent of the fee charged to the customer for overnight lodging.

The lodging tax was designed to be a tourism/travel-related tax, with a tax base that encompassed tourism/travel-related transient lodging. The statutory implementation of the lodging tax encompasses a wider base of transient lodging, and then excludes certain non-travel/tourism lodging. For example, was it not for a specific statutory exemption, overnight stays in hospitals and other medical facilities would be subject to the tax.

16.001 EXEMPT DWELLING UNITS

Oregon Statute: 320.308
Sunset Date: None
Year Enacted: 2003, Modified in 2005 (HB 2197)

	Lodging Tax
2005–07 Revenue Impact:	Not Available
2007–09 Revenue Impact:	Not Available

DESCRIPTION: Certain facilities and dwelling units used for temporary lodging are exempt from the state lodging taxation. Exempt facilities/units include:

- Healthcare facilities licensed by the Department of Human Services;
- Mental health and substance abuse treatment facilities;
- Units used for temporary occupancy for less than 30 days per year;
- Emergency shelters funded through a government agency;
- Nonprofit facilities;
- Units occupied by the same person for over 30 consecutive days.

The exclusion of nonprofit facilities represents a small expenditure, though revenue impact estimates are not available.

The lodging tax was enacted with the intent for the tax base to comprise tourism/travel related transient lodging providers. Its statutory implementation included all transient lodging, and provided for the exclusion of non-travel/tourism related lodging. For this report, these exclusions are considered to be a definition of the base, thus were not considered in revenue impact estimates.

PURPOSE: To implement a tourism/travel-related lodging tax program that does not apply to the exempted facilities.

WHO BENEFITS: Individuals who make use of exempt lodging facilities and the organizations that operate such facilities.

EVALUATION: This expenditure is effective in ensuring that the lodging tax is not applied to facilities which are not tourism/travel-related. *[Evaluated by the Department of Revenue.]*