

## 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/non-tourism lodging. For example, overnight stays in hospitals and other medical facilities would be subject to the tax if statutory exemption did not exist. Lodging tax receipts are forecast to be \$22.6 million for the 2007-09 biennium and \$24.8 million for the 2009-11 biennium.

## 16.001 EXEMPT DWELLING UNITS

Oregon Statute: 320.308

Sunset Date: None

Year Enacted: 2003

	Total
2007–09 Revenue Impact:	Not Available
2009–11 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:

- Health care 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/non-tourism related lodging.

**PURPOSE:** The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is 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:** Not evaluated.

**16.002 FEDERAL EMPLOYEES ON FEDERAL BUSINESS**

Oregon Administrative Rule: 150-320.305

Sunset Date: None

Year Enacted: 2006

	Total
2007–09 Revenue Impact:	Less than \$50,000
2009–11 Revenue Impact:	Less than \$50,000

**DESCRIPTION:** Federal employees on federal business who pay for lodging with a credit card billed directly to a federal government agency are exempt from the lodging tax.

**PURPOSE:** To comply with federal law that prohibits states from taxing the federal government.

**WHO BENEFITS:** The federal government.

**EVALUATION:** *by the Department of Revenue*

This expenditure achieves its purpose of compliance with federal law.