

Transient Lodging Taxes on the Oregon Coast

Tourism is a significant economic driver in Oregon. In 2015, this industry attracted \$10.8 billion in visitor spending, employed 105,000 people, and generated \$466 million in state and local tax revenue. Every \$1 invested in tourism advertising results in \$237 in visitor spending.

This publication provides information about transient lodging taxes (TLTs) to tourism-industry stakeholders and community decision-makers such as hotels, restaurants, tour operators, resource managers, county commissioners, city councils, chambers of commerce, visitor centers, and local citizens and elected officials. TLTs are one form of local revenue generated through the tourism industry that can be used to invest in related community-development efforts and promote quality management and further growth in the tourism sector in communities large and small.

About Transient Lodging Taxes

Transient lodging taxes are taxes for temporary lodging at hotels, motels, campgrounds, and similar facilities. TLTs provide an important source of revenue for tourism promotion purposes. Lawmakers in Oregon established a statewide TLT of 1 percent in 2003 to provide core funding for the Oregon Tourism Commission, also known as Travel Oregon. At the time, 80 percent of the net receipts of this tax were to be spent on state tourism marketing programs, and no more than 15 percent of net receipts were to be spent on regional tourism marketing programs. Travel Oregon also uses a portion of the lodging tax revenue to pay for operations.

In 2016, Oregon lawmakers passed HB 4146, which increased the state TLT from 1 to 1.8 percent for four years, effective July 1, 2016. The tax then decreases to 1.5 percent, effective July 1, 2020. This legislation also changed how Travel Oregon must spend lodging tax revenue. Sixty-five percent of net revenue is to be spent on state tourism programs, 20 percent on regional tourism programs, and 10 percent on a competitive grant program.

Since the statewide TLT went into effect, on January 1, 2004, the program has generated approximately \$145 million in revenue.

In addition to the statewide program, many cities and counties in Oregon have established local TLTs. A state



Coastal lodges such as Astoria's Hotel Elliott collect TLTs to help fund community-development efforts, promote quality management, and further growth in the tourism sector. (Photo by Christian Heeb)

law passed in 2003 requires that local governments with existing TLTs maintain the percentage of lodging tax used for tourism promotion or related facilities. In addition, this law requires that 70 percent of revenue from new or increased local TLTs be used to fund tourism promotion or to pay for tourism-related facilities.

Oregon's Tourism Regions

Oregon is divided into seven tourism regions (listed geographically, northwest to southeast): Oregon Coast, Greater Portland, Mt. Hood/The Gorge, Willamette Valley, Southern Oregon, Central Oregon, and Eastern Oregon. Each region has identified one Destination

Rep. Nancy Nathanson, chief sponsor of HB 4146, stated the following about this legislation:

"The bill increases resources for the Oregon Tourism Commission to invest in furthering the state's tourism industry, to promote all of Oregon. And we know that investing in tourism pays off, big time. Since the state lodging tax passed in 2003, there's been an 84% increase in local taxes from visitor activity. Every \$1 invested in Travel Oregon's advertising campaigns generates \$11 in state and local tax revenue. Since Travel Oregon started doing statewide marketing, there has been significant growth in out-of-state and international visitors. For example: international visitation to Oregon in 2014 increased 9% over 2013."

Management Organization (DMO) to act as its Regional Destination Management Organization (RDMO). Each RDMO partners with Travel Oregon to attract visitors to its specific region.

For more information on each region’s designated DMO, please see the list below or [download the PDF](#). If you’re uncertain which tourism region your town falls under, [search with your zipcode](#). Within each region, some communities have established a local transient lodging tax and a local DMO. This document describes the structure of these local DMOs’ transient lodging tax and tourism investment.

Table 1 summarizes the impact of TLTs on the Oregon Coast on a region-by-region basis. Table 2 summarizes the tax rate and tourism-related purposes for which

revenue is used in communities on the Oregon Coast. More-detailed descriptions of local TLTs follow.

Table 1. Regional Impact of TLTs on the Oregon Coast (data provided by Oregon Department of Revenue [Chrisinger, 2016])

	Number of Lodging Providers (calendar year average)	Net Taxable Lodging Sales	Annual Lodging Tax Receipts
2015			
Total	1,036	\$396,121,000	\$3,776,106
North Coast	427	\$168,994,000	\$1,600,985
Central Coast	410	\$157,632,000	\$1,510,977
South Coast	199	\$69,495,000	\$664,144

Table 2. Local TLT Rate and Description of Use for a Sample of Oregon Coast Communities

Municipality	Transient Lodging Tax (TLT) as Percent of Taxable Lodging Revenue	Percent of the TLT Funds Used Specifically for Tourism	Percent of Taxable Lodging Revenue Used for Tourism	Tourism-Related Uses of TLT Revenue
Tillamook	10.0%	24.0%	2.40%	Tourism promotion and tourism-related facilities; city beautification; Tillamook Area Chamber of Commerce
Lincoln City	9.5%	32.1%	3.05%	City Visitor and Convention Bureau for tourism marketing purposes; park and recreation facility construction and maintenance; community celebrations
Astoria	9.0%	46.1%	4.15%	Promote Astoria Fund for tourism promotion and tourism-related facilities
Coquille Indian Tribe	8.8%	60.0%	5.28%	Coos Bay/North Bend Visitor and Convention Bureau
Lakeside	7.5%	0.0%	0.00%	\$5,000 for tourism promotion, \$6,000 for annual fireworks display
North Bend	7.0%	14.8%	1.04%	Calculated based on 2016 budget allocation \$37,500/\$253,031. Coos Bay/North Bend Visitor and Convention Bureau; tourism promotion.
Coos Bay	7.0%	28.6%	2.00%	Coos Bay/North Bend Visitor and Convention Bureau; tourist and cultural organizations (e.g., Visitor Information Center, Coos Art Museum, Egyptian Theater)
Coquille	7.0%	70.0%	4.90%	Tourism promotion, tourism-related facilities
Port Orford	7.0%	14.3%	1.00%	City Parks Fund; TLT Grants for tourism development and beautification; tourism promotion through Port Orford and North Curry County Chamber of Commerce
Gold Beach	7.0%	77.9%	5.45%	Community Advertising and Promotion Fund; Event Center/ Fairgrounds Building Maintenance Fund
Reedsport	7.0%	92.9%	6.50%	Tourism promotion; Umpqua Discovery Center
Bandon	6.0%	20.7%	1.24%	City Visitor Center, tourism promotion
Brookings	6.0%	25.0%	1.50%	Maintenance of Azalea City Park; tourism promotion
Florence	4.0%	40.0%	1.60%	Tourism promotion; Florence Chamber of Commerce tourism marketing program

**Many communities have a complex formula for allocating TLT revenue. See below for a more-detailed explanation of how this revenue is allocated for tourism-related purposes.*

Table 3. Transient Lodging Tax Receipts for Oregon Coastal Communities

30 Coastal Entities with TLT	TLT%	2016 TLT Revenue	County
Astoria	9.0%	\$1,667,000	Clatsop
Bandon	6.0%	\$462,000**	Coos
Brookings	6.0%	\$199,000	Curry
Cannon Beach	8.0%	\$3,536,000	Clatsop
Coos Bay	7.0%	\$652,000	Coos
Coquille Indian Tribe	8.0%	\$337,000	Coos
Depoe Bay	8.0%	\$609,000	Lincoln
Dunes City	8.0%	\$41,000	Lane
Florence	9.0%	\$786,000	Lane
Garibaldi	9.0%	\$165,000	Tillamook
Gearhart	7.0%	\$199,000	Clatsop
Gold Beach	6.0%	\$410,000	Curry
Lakeside	7.5%	\$56,000	Coos
Lincoln City	9.5%	\$6,337,000	Lincoln
Manzanita	9.0%	\$721,000	Tillamook
Newport	9.5%	\$3,537,000	Lincoln
North Bend	7.0%	\$158,000	Coos
Port Orford	7.0%	\$69,000	Curry
Reedsport*	7.0%	\$213,000	Douglas
Rockaway Beach	9.0%	\$675,000	Tillamook
Seaside	8.0%	\$4,476.00	Clatsop
Tillamook	10.0%	\$360,000	Tillamook
Unincorporated Lane County	8.0%	\$669,000	Lane
Unincorporated Clatsop County	9.5%	\$408.00	Clatsop
Unincorporated Lincoln County	9.0%	\$2,134,000	Lincoln
Unincorporated Tillamook County	10.0%	\$2,806,000	Tillamook
Waldport	7.0%	\$61,000	Lincoln
Warrenton	12.0%	\$720.00	Clatsop
Wheeler	9.0%	\$29,000	Tillamook
Yachats	7.0%	\$605,000 ***	Lincoln

* Area around Reedsport has varying TLT rate.

** Data from 2014

*** Data from 2015

Source: OREGON TRAVEL IMPACTS, 1992–2016P, May 2017, by Dean Runyan Associates: Table: Local Lodging Tax Receipts by Jurisdiction, pp. 213–218.

Note: During 2016, 91 cities and 16 counties in Oregon levied a locally administered transient lodging tax. This tax, ranging from 2 percent to 13.5 percent, is collected on the sale (i.e., rental) of a room at a lodging establishment such as a hotel, motel, or bed & breakfast, or at a campground site or RV park.



A fish sculpture made from hundreds of pieces of beach litter is among the many unusual sights one might see when visiting the Oregon coast. (Photo by Miles Phillips)



The cost of maintaining some coastal parks and trails is covered by revenue from transient lodging taxes. (Photo by Miles Phillips)

An In-Depth Look at the Southern Oregon Coast

Counties

Coos and Curry Counties have not adopted countywide TLTs. A 2015 Coos County ballot measure to establish a countywide TLT of 10 percent failed. A similar measure to establish a 6 percent TLT in Curry County also failed in 2015.

Municipalities in Coos County

Lakeside

The City of Lakeside has a TLT of 7.5 percent (Oregon Department of Revenue). Because the city has no property tax, the TLT is the largest source of revenue in the city's general fund. In the city's 2016–2017 budget, \$5,000 is earmarked for tourism promotion and \$6,000 for the city's annual fireworks display.

North Bend

The City of North Bend has a TLT of 7 percent. Per city ordinance, revenue generated by this tax is to be used for promoting or advertising the City of North Bend or the community of which it is a part, for paying the costs of administering the tax and for "such other purposes that the council may budget or authorize." The FY 2016–17 proposed budget provides more details about how this revenue is typically spent. The transient room tax fund amounts to \$253,031 for this budget year. The proposed budget anticipates receiving \$105,000 in room tax revenue, of which \$37,500 is to be transferred to the Bay Area Visitor and Convention Bureau per intergovernmental agreement. In addition, \$20,342 is allocated for personal services (staff) and \$83,144 is allocated for materials and services, which includes funding for the Festival of Sail event, city flower baskets, and the July Jubilee Celebration.

Coos Bay

The City of Coos Bay has a TLT of 7 percent. City ordinance does not specify how TLT revenues are to be spent. Per an intergovernmental agreement between the City of Coos Bay, City of North Bend and Coquille Indian Tribe, two-sevenths of TLT revenue (referred to as the Hotel/Motel Tax Fund in city documents) is to be contributed to the Coos Bay/North Bend Visitor and Convention Bureau. According to the City of Coos Bay Approved Budget FY 2016/2017, the Hotel/Motel Tax Fund provides funding for a variety of other tourist and cultural organizations, including the Visitor Information



Deciding where to go on the Oregon coast is half the fun. (Photo courtesy of Wild Rivers Coast Alliance)

Center, Coos Art Museum, Historic Rail Museum, and Egyptian Theater. Of the \$715,111 in the Hotel/Motel Tax Fund in the 2016/2017 Approved Budget, \$190,616 is budgeted for personnel services.

Bandon

The City of Bandon has a TLT of 6 percent. The city allocates 20.7 percent of receipts from this tax to tourism promotion, as required by state law (TLT established prior to 2003). Based on an agreement between the city and the Chamber of Commerce, the city contributes this money to the Chamber for operation of the City Visitor Center and to engage in tourism-promotion activities on behalf of the city. In FY 2014–15, the amount used for this purpose was \$90,580.

Coquille

The City of Coquille established a TLT of 7 percent in 2015. In accordance with state law and specified in city ordinance, 70 percent of proceeds are to be used for tourism promotion or tourism-related facilities. Thirty percent is unrestricted in its use.

Coquille Indian Tribe

The Coquille Indian Tribe has a TLT of 8.8 percent. Per tribal code, revenue from this tax is to be deposited in the Tribal General Fund and used for payments to the Coos Bay/North Bend Visitors and Convention Bureau, as specified by intergovernmental agreement. This revenue is also used to support several tribal programs. Specific appropriations include: 10 percent to the Coquille Indian Housing Authority, 10 percent to Education Programs, 15 percent to Tribal Elders Trust Fund, and 5 percent to Tribal Subsistence Programs.



Wherever one stays on the Oregon coast, a day pack can come in handy for short or long hikes. (Photo courtesy of Wild Rivers Coast Alliance)

Municipalities in Curry County

Port Orford

The City of Port Orford has a TLT of 7 percent. Per city ordinance, funds collected are to be retained by the city and allocated to the Parks Fund. The city council may appropriate a portion of the funds for TLT Grants for City Area tourism development and City Area beautification. In addition, one-seventh of TLT revenue must be used for tourism promotion through the Port Orford & North Curry County Chamber of Commerce. City ordinance also provides for the appointment of a “transient lodging tax expenditure committee” to advise the council on the expenditure of these funds.

Gold Beach

The City of Gold Beach has a TLT of 7 percent. This is an increase from the original TLT of 6 percent. Per city ordinance, 75 percent of the original 6 percent tax is to be deposited into the “Community Advertising and Promotion Fund.” This fund shall be completely separate from any other special or general funds of the City of Gold Beach. Twenty percent of the original 6 percent tax shall be deposited into the General Fund. Ninety-five percent of the 1 percent increase in TLT shall be collected and deposited into a special fund known as the “Event Center/Fairgrounds Building Maintenance Fund,” controlled and administered by the City of Gold Beach. City ordinance also provides for the establishment of a “Community Promotions Committee” that is responsible for formulating a long-range strategy and plan for community promotion and advertising for the greater Gold Beach area.

Brookings

The City of Brookings has a TLT of 6 percent. Per city ordinance, all proceeds derived from this tax are deposited in the general fund except for 75 percent of the TLT collected from the Oregon State Park System, which is dedicated to maintenance of Azalea City Park. The city shall use 25 percent of TLT revenue each year to promote tourism (Brookings Municipal Code).

TLTs in Other Coastal Communities

For purposes of comparison, the following section provides information about TLTs in one city in each of the remaining five coastal counties.

Reedsport

The City of Reedsport has a TLT of 7 percent. Per city ordinance, all revenue from the tax is to be deposited in the general fund and allocated in the following manner (Reedsport Municipal Code):

- Five-sevenths of the tax: 90 percent tourism promotion; 10 percent city administration
- Two-sevenths of the tax: 100 percent design, construction, and operation of the Umpqua Discovery Center and its supporting grounds and public works infrastructure

Florence

The City of Florence has a TLT of 4 percent. According to the city’s website, revenue is to be used for the promotion and development of tourism and visitor programs for Florence (City of Florence). The city’s most recent budget document specifies that 40 percent of the Room Tax Fund is to be used for the tourism marketing program with the Florence Chamber of Commerce, and 60 percent is to be used to fund the Florence Events Center (City of Florence, Oregon). The amount of revenue generated by the tax is typically \$250,000 annually (City of Florence).

Lincoln City

The City of Lincoln City has a TLT of 9.5 percent (an increase from the city’s original TLT of 8 percent). The City’s Charter specifies how funds generated by this tax are to be allocated (Lincoln City Charter):

- One-eighth of the revenue from the 8 percent tax shall be used for the repayment of general obligation bonds issued for the acquisition or construction of a Library and Civic Center at Lincoln Square. After these bonds are repaid, this revenue shall be used for other capital construction needs of the city.

- Two-eighths of the revenue from the 8 percent tax shall be deposited in the City’s Visitors and Convention Bureau Fund for the purpose of marketing Lincoln City as a tourist destination.
- One-eighth of the revenue from the 8 percent tax shall be allocated to the public safety needs of the city.
- Four-eighths of the revenue from the 8 percent tax shall be retained by the city to be used for street construction and maintenance and other infrastructure needs. This may also be used for park and recreation facilities construction and maintenance, for community celebrations, and for the provision and maintenance of visitor-oriented outdoor signs and facilities.
- Beginning July 1, 2008, the revenue from the increase of 1.5 percent transient room tax shall be allocated in the following proportion: 30 percent to public safety needs, and 70 percent to tourism promotion or tourism-related facilities.

Tillamook

The City of Tillamook has a TLT of 10 percent. Revenue from this tax is allocated to the Transient Hotel/Motel Tax Fund. One-half of this revenue shall be a General Fund resource. The remaining one-half of TLT revenue is to be used for the following activities: operation/maintenance of public parking, parking lot purchase/construction, tourism promotion and advertising, economic development, public police protection, and beautification.

In 2004, the City of Tillamook increased its TLT from 7 to 9 percent. The 2 percent increase shall be used in the following manner: 70 percent for tourism promotion and tourism-related facilities, and 30 percent for city services



Mountain biking is one of many popular activities enjoyed by visitors to the Oregon coast. (Photo by Dylan VanWeelden, @dylanvanweelden)

and/or the maintenance and repair of tourism-related facilities.

In 2010, the City of Tillamook increased its TLT from 9 to 10 percent. One-hundred percent of this additional 1 percent increase shall be used to support the Tillamook Area Chamber of Commerce (City of Tillamook Code of Ordinances).

Astoria

The City of Astoria has a TLT of 9 percent. Per city ordinance, revenue generated by this tax is to be used as follows: 53.9 percent is deposited into the General Fund to fund city services, and 46.1 percent is deposited into the Promote Astoria Fund for tourism promotion and tourism-related facilities (City of Astoria City Code).

Note: Each local government was contacted in an effort to ensure the information reported here is accurate and up to date.

For additional information and support with tourism development, please refer to the following online resources. **Travel Oregon:** industry.traveloregon.com

Oregon State University Extension Tourism Program: tourism.oregonstate.edu

Resources

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A surfer heads home after an afternoon of surf and sun. (Photo courtesy of TravelOregon.com)

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Published by Oregon Sea Grant, 1600 SW Western Blvd., Suite 350, Corvallis, OR 97333. Phone: 541-737-2714. Web: seagrant.oregonstate.edu/

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This report was prepared by Oregon Sea Grant under award number NA14OAR4170064 (project number M/A-21) from the National Oceanic and Atmospheric Administration (NOAA), U.S. Department of Commerce, and by appropriations made by the Oregon State Legislature. The statements, findings, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of these funders.



ORESUG-17-004



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