

Explanatory Statement (up to 500 words)

The “Transient Lodgings Tax” is the tax a guest pays when they stay in a hotel, motel, vacation rental or any other short-term rental in the City of Portland.

This measure amends Portland’s City Charter (Section 7-113 Transient Lodging Tax) to clarify that City Council, by adopting an ordinance, can ensure that transient lodging taxes are collected and remitted from all short-term lodging rentals in the City of Portland.

City Charter Section 7-113 was enacted in 1971 to impose a Transient Lodgings Tax on amounts paid “for lodging” to the “owner or operator” of any hotel or other space in Portland that is intended for short-term lodging. At that time, the only way to make a reservation at a lodging establishment was by phone or in person and the types of spaces designed for short-term lodging did not include the technologies available today.

A federal court recently ruled that the City Charter does not currently authorize the City Council to require online businesses to collect and remit Transient Lodgings Taxes because they are not the “owner or operator” of lodging space, as those terms were understood in 1971. And, the Charter does not apply to new technologies that help travelers book and pay for lodging.

Technology changes over the past 45 years have increased the number of ways a guest can reserve and pay for a hotel, motel or other short-term rental. Additionally, the types of lodging structures and locations that now offer transient lodging occupancy have changed over this time period. Both reservations and payments for transient lodging are no longer required to be done directly with the owner or traditional operator of the hotel or space intended for lodging occupancy as in the past. Today, there are dozens of online companies that advertise a variety of lodging types and locations and are able to accept both room reservations and deposits or full payments for a variety of lodging options. Some online businesses collect and remit the Transient Lodgings Tax. Others do not.

Adding this provision allows the City Council, through legislative action following a public hearing, to define terms to match the current ways transient lodging occupancy is offered and reserved. It would ensure that transient lodging taxes are properly collected from guests in the same manner for all types of transient lodging rentals.

The Measure does not increase the tax rates. Revenues from the city’s 5% Transient Lodgings Tax are credited to the city’s General Fund and used for fire, police and other basic City services. Additionally, revenues from a 1% Transient Lodgings Tax are credited to a non-profit corporation dedicated to the promotion, solicitation, procurement, and service of convention business and tourism in the City.

Submitted by:

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