



## AGENDA REQUEST & STAFF REPORT

**MEETING DATE:** March 18, 2024

**SUBJECT:** Discussion of Transient Room Tax Funding Options

**RECOMMENDED MOTION:**

There is no recommended motion. This item is for consideration by the Board of County Commissioners. Potential options include, but are not limited to:

1. Continue funding programs and services as currently allocated.
2. Consider updates to both the required tourism-related and discretionary-related funding levels.
3. Consider revisions to the Visit Central Oregon contract for tourism-related funding.
4. Any combination of the above, or providing additional information as requested, including convening a facilitator of interest to stakeholders.

**BACKGROUND AND POLICY IMPLICATIONS:**

Deschutes County Code Chapter 4.08, Transient Room Tax (TRT), requires the collection and submission of an eight percent (8%) lodging tax for overnight lodging establishments/transient lodging for a period of up to 30 consecutive calendar days in unincorporated areas (outside the city limits of Bend, Redmond, Sisters, and La Pine).

The 8% Transient Room Tax revenues are currently allocated as follows:

Current Transient Room Tax Allocations		Year Enacted*
<b>First 6%</b>	20% to VCO (tourism promotion) 80% to General County Operations (discretionary)	5% - 1975 and 1% - 1980
<b>Next 1%</b>	100% to VCO	1988
<b>Newest 1%</b>	70% Fair & Expo 30% F&E Capital Reserves or General County Operations	2014

\* The 2003 Oregon Legislature passed House Bill 2267, requiring that preexisting local levels of support for tourism continue, and requiring new or increased local transient lodging taxes must direct at least 70% of the new or expanded tax revenue to support the tourism industry.

The current contract with Visit Central Oregon (VCO), formerly Central Oregon Visitors Association (COVA), dedicates all of the tourism funding portion to VCO as the sole tourism promotion agency receiving funds from TRT.

### Visit Central Oregon Contract Terms

The agreement with VCO, last updated May 2014, includes the following terms: *"The term of this Agreement shall automatically renew each year, unless terminated sooner as provided herein. No less than (30) days prior to the beginning of the fiscal year for which funding is or would be offered, COUNTY will provide written notice to COVA of its intent to reduce the funding amount from the immediately preceding fiscal year. County will provide (90) days notice if the County Administrator's recommended budget includes a reduction to the funding amount."*

### Oregon Revised Statutes Definitions (ORS 320.300)

"Tourism promotion" means any of the following activities: (a) advertising, publicizing, or distributing information for the purpose of attracting and welcoming tourists; (b) Conducting strategic planning and research necessary to stimulate future tourism development; (c) Operating tourism promotion agencies; and (d) Marketing special events and festivals designed to attract tourists.

"Tourism promotion agency" includes: (a) an incorporated nonprofit organization or governmental unit that is responsible for the tourism promotion of a destination on a year-round basis; (b) a nonprofit entity that manages tourism-related economic development plans, programs and projects; (c) a regional or statewide association that represents entities that rely on tourism-related business for more than 50 percent of their total income.

"Tourism-related facility" means: (a) a conference center, convention center or visitor information center; and (b) other improved real property that has useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.

### **BUDGET IMPACTS:**

Reallocating a portion of the tourism promotion funding of approximately \$3.3 million, currently dedicated to VCO, will not have a direct impact to Deschutes County. If allocation changes are requested for discretionary TRT funding, currently dedicated to County services and courthouse debt funding, alternate sources of revenue would need to be identified to continue at the current level of service or find areas to reduce expenditures.

Attached to this staff report is a memorandum prepared for the Board in January 2024 providing an update on Transient Room Tax funding, allocations, and forecast.

### **ATTENDANCE:**

Robert Tintle, Chief Financial Officer

Dan Emerson, Budget & Financial Planning Manager