



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: April 6, 2026

SUBJECT: Discussion on Transient Lodging Tax History, Legislative Update, and Tourism Promotion Allocations

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. Consider updates to both the required tourism-related and discretionary-related funding levels.
2. Consider revisions to the Visit Central Oregon contract for tourism-related funding.
3. Any combination of the above or providing additional information as requested.

BACKGROUND AND POLICY IMPLICATIONS:

Deschutes County Code Chapter 4.08, Transient Lodging Tax (TLT), requires the collection and submission of an eight percent (8%) lodging tax on the rent for occupancy of space in a transient lodging facility for a period of less than 30 consecutive calendar days in unincorporated areas (outside the city limits of Bend, Redmond, Sisters, and La Pine).

TLT Approved Ballot Measures

1975: 5%	100% General Fund, discretionary
1980: 1%	To promote tourism and pay for public services to persons the County generally does not tax otherwise
1987: 1%	100% tourism - To promote tourism and to pay for the construction of a welcome center complex
2013: 1%	70% to promote tourism at Deschutes County Fair & Expo, 30% is available to fund other County services such as public safety, health and human services and county infrastructure (though the County has allocated the 30% to the Fair & Expo Reserve Fund since approval)

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

Current Transient Lodging Tax Allocations		Year Effective*
First 6%	20% to VCO (tourism promotion) 80% to General County Operations (discretionary)	5% - 1975 and 1% - 1980
Next 1%	100% to VCO	1988
Newest 1%	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.

Visit Central Oregon Contract Terms

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

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.”*

House Bill 4148 (2026)

The Oregon Legislature passed House Bill 4148 (2026) effective January 1, 2027. Per the bill's digest, “The Act would let local transient lodging tax money be used for grants to small dining and lodging businesses. The Act would also let the tax money be used for services provided by a special district in lieu of a city or county. The Act would change the split of tax uses from at least 70 percent for tourism and no more than 30 percent for local services to at least 50 percent and no more than 50 percent. The Act would let local governments with grandfathered tax laws use the tax money in the new split ratios. The Act would make local governments file a tax revenue report every other year for LRO to combine and submit to the legislature. The Act would have LRO study the uses of the net revenue as allowed under the Act and turn its findings in to the legislature.”

In summary:

- Effective January 1, 2027
- 50/50 split
- The percentage changes may also be used by local governments who had local Transient Lodging Taxes in place on or before July 1, 2003; allows a decrease in percentage regardless of when the percentage went into effect
- Allows for funding city or county services, whether emergency or nonemergency services, provided directly by the city or county or by a special district in lieu of the city or county

- Allows revenue used for tourism or tourism-related facilities to also fund resiliency grants for small businesses in the restaurant and lodging industries
- Reporting requirements with the Legislative Revenue Office no later than September 1 of odd-numbered years beginning in 2027

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:

Maintaining or reallocating a portion of the tourism promotion funding of approximately \$3.4 million, currently dedicated solely to VCO, will not have a direct financial impact to Deschutes County. If allocation changes are requested for discretionary TLT 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. If changes were made to the current split of tax uses to a combination up to a 50/50 percent split, the additional revenue would be available for general County services.

ATTENDANCE:

Nick Lelack, County Administrator
Robert Tintle, Chief Financial Officer
Cam Sparks, Budget & Financial Planning Manager