



# STAFF REPORT

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**Meeting Type:** City Council  
**Meeting Date:** April 7, 2025  
**From:** Tyler Wallace, Finance Director  
**Subject:** PUBLIC HEARING: Ordinance 2025-12: Amending Sandy Municipal Code Chapter 3.28 – Hotel/Motel Tax

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## DECISION TO BE MADE:

Whether to adopt Ordinance 2025-12, amending Sandy Municipal Code Chapter 3.28 – Transient Lodging Tax.

## APPLICABLE COUNCIL GOAL:

[2025-27 City Council Goal #6.6](#): “Develop Short Term Rental Regulations and Pursue flexibility for usage of associated revenue.”

## BACKGROUND / CONTEXT:

[Sandy Municipal Chapter 3.28](#) lays out the City of Sandy’s transient lodging tax (currently referred to as a hotel/motel tax). This Chapter was last revised in 1996.

The City assesses a 3% Transient Lodging Tax on rent for periods of 30 days or less. This tax has historically applied primarily to hotel and motel rents. In recent years, short terms rentals have risen in popularity.

Generally, the term Short Term Rental refers to a whole house, a portion of a house, condo, or other dwelling unit where an owner rents their property for periods of 30 days or less. Rent for these types of properties is subject to the Transient Lodging Tax. Taxing jurisdictions have had to adjust their tax collection and regulatory policies to keep up with the changing industry.

Ordinance 2025-12 proposes updates and changes to Chapter 3.28 to reflect industry changes, most notably the increasing prominence of Short Term Rentals. The focus of these changes is primarily on tax collection and remittance. Staff are continuing to evaluate further code changes centered around regulatory requirements. The proposed code changes in this ordinance are substantially derived from the model Transient Lodging Tax Code promulgated by the League of Oregon Cities.

The proposed Code changes in this ordinance change the name of code chapter 3.28 from Hotel/Motel Tax to Transient Lodging Tax.

## **KEY CONSIDERATIONS / ANALYSIS:**

Current City code assesses a 3% transient lodging tax on rent for periods of 30 days or less. Although short term rentals are not explicitly named or discussed, rent for these types of stays is generally included because it is for 30 days or less. This proposed amendment adds a definition for Short Term Rental to make it explicit that short term rentals are subject to the Transient Lodging Tax.

### Booking Platforms

Many Short Term Rentals are listed for rent on travel booking platforms, for example, Expedia, Airbnb, VRBO, etc. These platforms allow travelers to search for accommodation options and make reservations online. Generally, these booking platforms collect rent and fees from the customer and then remit those rents to the owner of the property.

Many taxing jurisdictions require that these platforms collect lodging taxes at the time of booking and remit those taxes to the taxing jurisdiction(s). Like other transient lodging tax codes that pre-date the current era of short-term rentals, the current Sandy City Code does not clearly state that it requires platforms to collect and remit lodging tax to the City, because this industry practice didn't exist in 1996 when this Code chapter was last updated.

The Code changes proposed in this Ordinance includes updates which make it clear and explicit that booking platforms are required to collect and remit lodging taxes to the City when they are collecting rent and fees from the customer. Many other jurisdictions, including the State of Oregon, have adopted similar language in recent years to address tax collection from short-term rental platforms.

### Definition Changes

These proposed changes delete the definition of Hotel and Motel and replaces them with a defined term of "Transient Lodging or Transient Lodging Facilities" which includes, hotels, motels, houses, condos, etc. that are intended for temporary occupancy.

The proposed changes also add definitions for Short Terms Rental Hosting Platform and Transient Lodging Tax Collector. The proposed changes make it explicit that Hosting Platforms are lodging intermediaries. Intermediaries are considered Transient Lodging Tax Collectors. Transient Lodging Tax Collectors are required to collect and remit Transient Lodging Taxes to the taxing jurisdiction.

These proposed changes also add a number of exemptions from lodging subject to the tax. Examples of these are health care facilities, drug and alcohol abuse facilities, mental health facilities, emergency temporary shelters, etc.

### Other Updates

The proposed code changes include a number of other updates which are boilerplate for a taxing jurisdiction but that Sandy's Code was lacking. These are modeled after the League of Oregon Cities model code language.

- Addition of Section 3.28.100 – Penalties and Interest
  - Establishes interest and penalty for failure to file or failure pay.
- Addition of Section 3.28.110 – Deficiency Determination
  - Establishes provision to audit tax returns and issue deficiencies
  - Establishes provision for tax administrator to assess presumptive tax

- Addition of Section 3.28.120 – Redeterminations
  - Establishes provision for appeal of deficiency determinations
- Addition of Section 3.28.130 – Collections
  - Establishes provision for City to bring legal action to collect taxes
- Addition of Section 3.28.140 – Liens
  - Establishes provision for the City to record a lien to collect taxes
- Addition of Section 3.28.150 – Refunds
  - Establishes provisions for refunds on overpaid tax
- Addition of Section 3.28.160 – Administration
- Addition of Section 3.28.170 – Appeals to the City Manager
  - Establishes appeal process to City Manager

The proposed changes also include other minor housekeeping updates and additions, in part due to this chapter not having been updated since 1996.

#### **BUDGET IMPACT:**

The proposed changes should result in additional Transient Lodging Taxes being paid to the City. The use of Transient Lodging Tax Revenue is restricted by law and must be used on expenditures related to tourism and economic development. The use of this revenue is being built into the City's budget.

#### **RECOMMENDATION:**

Staff recommends adoption of Ordinance 2025-12 amending Sandy Municipal Code Chapter 3.28.

#### **SUGGESTED MOTION LANGUAGE:**

"I move to approve the first reading of Ordinance 2025-12."

#### **LIST OF ATTACHMENTS / EXHIBITS:**

- Ordinance No. 2025-12
  - Exhibit A – Proposed amendments to Municipal Code Chapter 3.28