



# STAFF REPORT

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**Meeting Type:** City Council  
**Meeting Date:** July 21, 2025  
**From:** Tyler Wallace, Finance Director  
**Subject:** Second Reading: Ordinance 2025-22 – Amending SMC Chapter 3.28 Transient Lodging Tax Rate

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## DECISION TO BE MADE:

Whether to adopt changes to Sandy Municipal Code Chapter 3.28, amending the Transient Lodging Tax rate from 3% to 6%.

## APPLICABLE COUNCIL GOAL:

- **Goal 6.6:** Develop Short-Term Rental Regulations and Pursue Flexibility for Usage of Associated Revenue.

## BACKGROUND / CONTEXT:

The first reading for Ordinance 2025-22 was approved by the Council on [June 16, 2025](#). The vote to approve was not unanimous, therefore it moved to a second reading. Additional information was requested regarding the cumulative impact of transient lodging tax rates assessed by the State, Counties, and local municipalities, particularly for jurisdictions in close proximity that may be direct competitors. Additional information regarding rates is included in this revised staff report under the Key Considerations/Analysis section.

[Sandy Municipal Code Chapter 3.28](#) lays out the City of Sandy's transient lodging tax. This chapter was last amended in April 2025 to update the code to reflect industry changes, specifically the advent and prevalence of short-term rentals.

The City assesses a 3% Transient Lodging Tax on rent for periods of 30 days or less. 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.

## KEY CONSIDERATIONS / ANALYSIS:

Many jurisdictions charge a transient lodging tax. When compared to other jurisdictions in Oregon, Sandy's Transient Lodging Tax of 3% is relatively low. The following is a table showing what some other Oregon municipalities assess:

Lincoln City	12.0%
Salem	
Hotels	11.0%
STRs	9.0%
Corvallis	9.0%
Silverton	9.0%
Gresham	8.0%
Portland	6.0%
Fairview	6.0%
Canby	6.0%
Eugene	4.5%
Beaverton	4.0%
Sandy	3%
Hillsboro	3.0%

\* list is not comprehensive

The State of Oregon assesses a 1.5% transient lodging tax on all transient lodging stays in Oregon. Counties also charge transient lodging taxes. Clackamas County's rate is 6%, Washington County's rate is 9% and Multnomah County's rate is 11.5% for unincorporated areas and 5.5% in incorporated areas like Portland and Gresham.

There was discussion and questions at the first reading of this ordinance about the cumulative impact of transient lodging taxes and how the total TLT rate charged in Sandy compared with nearby jurisdictions, specifically Gresham and Mt Hood.

Cumulative TLT Rate				
	State	County	City	Total
Sandy*	1.5%	6.0%	6.0%	13.5%
Gresham	1.5%	5.5%	8.0%	15.0%
Mt Hood	1.5%	6.0%	0.0%	7.5%
Silverton	1.5%	0.0%	9.0%	10.5%
Canby	1.5%	6.0%	6.0%	13.5%
Fairview	1.5%	5.5%	6.0%	13.0%

\* Sandy's new proposed rate

Because transient lodging taxes are on stays at hotels/motels and short-term rentals, and paid by the visitor, these taxes will generally be paid by people visiting Sandy, not by residents. This modest increase to a rate of 6%, a rate in line with what many other local jurisdictions charge, will likely not have any measurable impact on tourism.

The tax is remitted quarterly. Since ordinances become effective 30 days after adoption, that would implement the new tax rate in the middle of a quarter. If adopted, the Ordinance will become effective October 1, 2025, to align with the quarterly filing period.

**BUDGET IMPACT:**

The proposed changes result in additional Transient Lodging Taxes being paid to the City. The estimated additional revenue is \$100,000. The use of Transient Lodging Tax Revenue is restricted by law. The existing 3% is exempt from ORS 320.350 and is required to be used for tourism and economic development. The marginal 3% generated from the tax rate increase is subject to the requirements of ORS 320.350. The marginal revenues are to be used 70% for tourism promotion or tourism related facilities, and 30% general City Services.

The use of this revenue is included in the City's budget for 2025-2027.

**RECOMMENDATION:**

Staff recommends adoption of Ordinance 2025-22 amending Sandy Municipal Code Chapter 3.28.

**SUGGESTED MOTION LANGUAGE:**

"I move to approve the second reading of Ordinance 2025-22."

**LIST OF ATTACHMENTS / EXHIBITS:**

- Ordinance No. 2025-22
  - Exhibit A – Proposed amendments to Municipal Code Chapter 3.28