REQUEST FOR COUNCIL ACTION

Title:	Request for Council Action – Adopting an Intergovernmental Agreement with the Oregon Department of Revenue for Transient Lodging Tax Collection
Preferred Agenda:	July 14, 2026
Submitted By:	Cecily Hope Pretty, Deputy City Manager
Reviewed By:	Jason Ogden, City Manager
Type of Action:	Motion ☐ Resolution ☒ Reading ☐ Roll Call ☐
Relevant Code/Policy:	SHMC Chapter 3.24
Towards Council Goal:	Efficient Government, Economic Strength
Attachments:	Transient Lodging Tax Intergovernmental Agreement

Purpose of this RCA:
The purpose of this RCA is to request City Council approval of an intergovernmental agreement (IGA) with the Oregon Department of Revenue (DOR) to collect Transient Lodging Taxes (TLT) on behalf of the City of Sweet Home.

Background/Context:
The City of Sweet Home has collected a 6% TLT since 1990, most of which is utilized to support tourism in Sweet Home.

In June 2025, the City Council adopted changes to Sweet Home Municipal Code (SHMC) that would allow it to pursue an IGA with the DOR for TLT collection. Following that adoption, staff conducted additional due diligence before returning to City Council with a recommendation on the IGA.

The Challenge/Problem:
Historically, the City has struggled to collect TLT from short-term rental companies (such as Airbnb) as hosts are not required to register with the City directly and are often unaware of the requirement, and the companies are not required by law to ensure everyone registered on their sites are compliant with local TLT regulations.

After investigating the potential administrative charges that would be collected by the DOR and speaking with other municipalities who have a similar arrangement with the DOR, staff has determined that the IGA is likely to bring more revenue to the City while reducing administrative burden. Entering into this IGA will simplify the reporting process for operators and the State will distribute funds owed to the City of Sweet Home similar to the way marijuana funds are distributed.

<u>Issues and Financial Impacts:</u>
This IGA will create efficiency for staff and likely provide greater revenue opportunities for the City through State-run collection of TLT. While the State will require that its own administrative costs are covered, it is anticipated that the improved revenue collection will offset the costs. In the event that the administrative fees charged up front exceed revenues, the City will receive a refund. While it is not possible to estimate the additional revenue resulting from the IGA, last year the TLT collected totaled approximately $40,000 and it will be simple for staff to assess the impacts of entering into the IGA based on future revenues.

The City has historically collected Linn County's TLT on their behalf; staff contacted the Linn County Treasurer and there is no issue foreseen with ending that arrangement. Collection by the DOR for the City of Sweet Home would begin on October 1, 2026 and the City would also end its collection for Linn County on that date.

<u>Elements of a Stable Solution:</u>
Compliance with regulations that maximizes the City's financial benefit while reducing administrative cost and burden.

<u>Options:</u>

1. *<u>Move to deny the agreement</u>*: The City could choose not to adopt the IGA and current collection practices will remain in place.
2. *<u>Move to adopt the agreement as proposed:</u>* Adoption of the IGA will trigger a process to begin DOR collection effective October 1, 2026.
3. *<u>Move to adopt the agreement with amendments:</u>* Staff will need specific direction from Council on proposed amendments and will need to renegotiate with the DOR and return to Council for adoption of those amendments.

<u>Recommendation:</u>
Staff recommends option #2: <u>Move to adopt the agreement as proposed.</u>