



# REQUEST FOR COUNCIL ACTION

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**Title:** Request for Council Action – Ordinance No. 6 for 2025 – Amending SHMC Chapter 3.24 Transient Lodging Tax

**Preferred Agenda:** June 24, 2025

**Submitted By:** Cecily Hope Pretty, Deputy City Manager

**Reviewed By:** Blair Larsen, City Attorney

**Type of Action:** Resolution ☐ Motion ☒ Roll Call ☐ Other ☐

**Relevant Code/Policy:** SHMC Chapter 3.24

**Towards Council Goal:** Efficient Government, Economic Strength

**Attachments:** Ordinance Bill No. 6 for 2025 – Amending SHMC Chapter 3.24, Transient Lodging Tax (markup version, clean version)

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## **Purpose of this RCA:**

The purpose of this RCA is to request approval and first reading of a proposed ordinance to update Sweet Home Municipal Code (SHMC) Chapter 3.24, Transient Lodging Tax, for the purposes of entering into an intergovernmental agreement (IGA) with the Oregon Department of Revenue (DOR) to collect Transient Lodging Tax (TLT) on the City's behalf.

## **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. The Sweet Home Chamber of Commerce is partially funded through this revenue source annually via the City.

Historically, the City has struggled to collect TLT from short-term rental companies as hosts are not required to register with the City 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.

Sweet Home last updated Sweet Home Municipal Code (SHMC) Chapter 3.24 in 2017.

At the City Council meeting on June 10, 2025, a first and second reading by title only were conducted and City Council moved to conduct a third reading at the following City Council meeting. Minor formatting revisions were also made by the City Attorney with no substantive changes to the content of the ordinance.

## **The Challenge/Problem:**

Currently, operators must complete two reports in order to pay the TLT they collect. While the State reports are typically filed, the local reports are not and the City of Sweet Home does not have the resources to determine when this discrepancy occurs and to collect the outstanding tax.

Entering into an IGA with DOR will simplify the process so that a single report can be filed with the State as the single tax collector, and the State will distribute the funds to the City similar to the way marijuana funds are distributed.

Further amendments to SHMC Chapter 3.24 are required in order to enter into an IGA with the DOR and allow them to collect TLT on behalf of the City. The State is better equipped to ensure taxes are collected from all applicable entities, including short-term rentals. Currently, 27 cities and counties in Oregon utilize an IGA with the DOR to collect TLT.

**Issues and Financial Impacts:**

This ordinance and an associated IGA with the DOR will create efficiency for staff and provide greater revenue opportunities for the City through State-run collection of TLT. While the State will require that its administrative costs are covered, it is anticipated that the improved revenue collection will offset those costs.

**Elements of a Stable Solution:**

A stable solution includes an ordinance that complies with ORS §195.500.

**Options:**

1. Do Nothing – If the Council chooses to do nothing, then the City will not enter into an agreement with the DOR and will continue to lose potential short-term rental income.
2. Move to approve the proposed ordinance as presented – Adopt the ordinance with no modifications.
3. Move to approve the proposed ordinance with changes – The Council may make changes to the proposed ordinance before final approval.
4. Direct staff to research other ways to accomplish the same goals.

**Recommendation:**

Staff recommends option 2: Move to approve the ordinance as presented.