

## IMPACT STATEMENT

**Legislation title:** Amend Chapter 6.04 to clarify definitions, administrative authority and make housekeeping changes to the Transient Lodgings Tax Code (Ordinance; amend Code Chapter 6.04)

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**Presenter name:** Thomas Lannom, Revenue Division Director, BRFS

**Purpose of proposed legislation and background information:**

- During the proceedings in US District Court against HomeAway Inc., ambiguities in Portland's City Code were identified that makes it difficult to apply older language to newer economies, such as the "sharing economy" and the changing technologies that allow new ways to access transient lodgings by the traveling public. Since much of the code was written before 1990, it does not adequately capture Council's intent to include that all accommodations within Portland, no matter how they are booked or where they are located, be subject to City Code for regulatory and tax purposes.
- The Revenue Division has found that some Operators are confused about the due dates and delinquency dates by Operators. Many penalty assessments are the result of personnel turnover in an Operator's accounting department. It is understandable to "assume" that having the return/payment postmarked by the last day of the month would be okay. As the code is now written, the last day of the month is the delinquency date. Moving the delinquency date by a single day will increase compliance and save the Operator's thousands of dollars for an inadvertent misunderstanding.
- Numerous housekeeping changes are needed to make the code easier to read and understand, clearly identify defined terms and to use gender neutral terminology as required by recent Council action.
- Finally, to increase collections and reduce administrative burdens, clarification of presumptive tax definitions and procedures, certain penalty and interest calculations and other general administrative procedures are needed.

**Financial and budgetary impacts:**

- As a result of the change in the due dates/delinquency dates, it is expected that revenues from penalty and assessments will decrease approximately \$75,000 annually. This reduction will likely be offset by increased compliance with the Transient Lodgings Tax law following clarification of terms.

**Community impacts and community involvement:**

Changing the due/delinquency dates will positively impact Operators. The requirement for short-term rental platforms and their local hosts to comply with City ordinances related to tax and regulatory compliance are not changing.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

YES: Please complete the information below.

NO: Skip this section

Impact Statement for Requested Council Action

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<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>