2016 Legislative Report

Oregon Destination Marketing Organizations

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GENERAL SUMMARY

Never before has the short legislative session been so acrimonious. The 2016 Legislative Session adjourned Sine Die at 1:07 p.m. on Thursday, March 3rd. Interestingly, by the time the end was in sight, you would have had a hard time telling that for the 32 days prior rancor and mistrust prevailed. Complete with the passage of a minimum wage increase, a limitation on the use of coal power, affordable housing solutions and a re-balance for the budget, it is no wonder that Republicans felt that they were merely along for the ride. Upset with the Majority Democrats expansive agenda for the short session, the Republicans resorted to stall tactics that included requiring the bills to be read in full on the chamber floor and refusing to show up for evening or weekend floor sessions.

The 2016 Legislative short session produced more far reaching policies on the economy and the environment than did the 2015 long session. Session highlights included:

- Multi-year increase in the state's minimum wage which will top out at $14.75 an hour in the Portland area, $13.50 in midsize counties such as Marion and Lane and $12.50 in rural areas by July, 2022. This makes Oregon's minimum wage the highest nationally.
- Eliminating the use of coal power in the state by 2040 and requiring the state to get at least 50% of its power from renewable energy.
- Affordable housing package that included protections for renters, removing the ban on inclusionary zoning and construction excise taxes and additional funds for affordable housing and homelessness relief programs.
- State budget adjustments of $300 million.

ODMO PRIORITIES

With only five weeks to move a bill through both chambers, the ODMO Legislative Committee and advocacy team worked to stay ahead of the deadlines - essentially one at the end of each week! While there were less than 300 bills introduced (compared with nearly 3,000 during the longer session), we continued our vigilance regarding issues of concern to DMOs.

Here are the highlights of the 2016 Legislative Session:

- **HB 4146C: Increases State TRT Rate**
  The measure increases the statewide Transient Lodging Tax from 1% to 1.8% after July 1, 2016, and then reduces the tax to 1.5% after July 1, 2020. For the 2017/2019 budget period, the 80% tax increase will raise approximately $27.4 million in tax revenue. The bill requires that the Oregon Tourism Commission spend 20% of the tax revenue to implement the regional cooperative tourism program and that 10% be used for a competitive grant program that may include tourism-related facilities or tourism-generating events.

  Previously, the Commission could spend as much as 15% to implement the regional cooperative tourism program though in recent years it's been averaging around 12%. The decrease in the originally proposed 2% tax rate along with the mandate that the state allocate 20% of the money to regional tourism program and 10% to competitive grants was made by the Legislature in response to criticism from tourism officials and lodging owners who did not believe their areas would benefit from the tax revenues. The bill requires the Commission to consider demonstrated return on investment, geographic equity and community to support funding state tourism programs and awarding competitive grants.

  State law requires the Oregon Tourism Commission to spend at least 80% of lodging tax revenues on tourism marketing. HB 4146C will allow the state to spend that money on any "tourism programs" including to subsidize the costs of events such as the 2021 World Track and Field Championships in Eugene. Track Town USA was one of the major sponsors of the bill as it hopes to receive $5 million over the next five years to help cover the costs of the event in 2021.

  HB 4146C includes a work group lead by the Legislative Revenue Office to study polices related to the distribution of revenue for the regional cooperative tourism program. Issues to be reviewed include: the establishment of regional tourism boundaries and the distribution of the state tax revenue within each region according to the proportion of total revenue collected in the counties within the region; the optimal frequency for distribution; barriers to expansion and maintenance of recreational tourism in each region; and, the feasibility of exempting homeless individuals from liability for the tax. The work group must include members of the Legislative Assembly and submit a report to the interim committees related to revenue no later than September 23, 2016. The measure also includes a requirement that the Commission send to the Legislative Fiscal Office no later than October 1 of each year, a report on funds received and awards and commitments approved by the commission.

  ODMO monitored the bill.

- **SB 1543A: Revises Oregon Wine Country License Plate Program**
  The Oregon Legislature established the wine country registration plate in 2011 with the passage of SB 442. The proceeds of the sale of wine country plates, which cost an

additional $30 at issuance and at each two-year renewal, are distributed through the Oregon Tourism Commission. The Commission uses surcharge proceeds for two programs: general tourism that is disbursed through local tourism agencies representing wine regions; and wine and culinary tourism competitive matching grants. Revenues for the first three years of the program have provided approximately $240,000 to each of these two programs.

Sponsored at the request of the Oregon Winegrowers Association, SB 1543 initially would have stripped the funds from the Oregon Tourism Commission and transferred them to the Oregon Wine Board. These monies are intended to build continuity in the regional tourism promotional efforts – all of which have important wine and culinary assets. SB 1543 would have also converted the program into an all grant program thereby eliminating the half that goes to the four regions to ensure that tourism programs throughout the state would benefit from the WCLP program. ODMO opposed the bill and contended that the Oregon Tourism Commission has the expertise and experience to administer funds that the Legislature dedicated to "general tourism" and "wine and culinary tourism" promotion. ODMO also argued for the need to maintain funding for general tourism contracts as those monies were intended to build continuity in the regional tourism promotional efforts – all of which have important wine and culinary assets.

As finally passed by the Oregon Legislature, the measure keeps the program with the Oregon Tourism Commission and maintains the current two funding programs. However, the half of the revenue that went to tourism promotion agencies for tourism promotion is now to be used for wine and culinary tourism promotion. Additionally, it directs the Oregon Tourism Commission to require, by rule, tourism promotion agencies to collaborate with the Oregon Wine Board and relevant regional wine industry associations when developing their expenditure plans for their portion of the funds.

The bill also permits the Oregon Department of Transportation to issue wine country plates to vehicles operated by the Oregon Wine Board. The bill goes into effect immediately upon its passage.

ODMO opposed the bill.

- **SB 1507A**: **Increases the Film & Video Tax Credit**
  The bill addressed tax credits that were subject to Legislative review in 2015. The changes included clarifications or corrections to the policies that were adopted at that time. Of interest to ODMO was the Film & Video tax credit was extended to January 1, 2024 during the 2015 legislative session. The annual cap was last increased to $10 million in 2013. As amended, SB 1507 increases the annual cap on the film & video tax credit to $12M in 2016 and then to $14M in 2017. It also changes the allocation of funds raised from the tax credit auction to filmmakers and media production services. Lastly, it provides for increased payments to filmmakers for filming outside the Portland metropolitan area.

  ODMO supported the bill.

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