

BOARD OF COUNTY COMMISSIONERS

Counsel

KLAMATH COUNTY, OREGON

IN THE MATTER OF AMENDING CHAPTER 603,)
TRANSIENT ROOM TAX, OF THE KLAMATH) ORDINANCE NO. 38.06
COUNTY CODE)
_____)

WHEREAS, the Support Museums Promote Tourism Political Action Committee requested that the Board of County Commissioners support amending Klamath County Code, Chapter 603, in lieu of following the petition process, to place a ballot measure on the November ballot to increase the Transient Room Tax by two percent (2%); and

WHEREAS, after taking public comment and testimony at the April 18, 2006 public meeting, the Klamath County Board of Commissioners determined the ordinance process would allow for greater public comment and testimony regarding the proposed increase in tax prior to placing it on the ballot; and

WHEREAS, the Klamath County Board of Commissioners held three public hearings, the first on June 13, 2006 with a continuation of the first hearing being held on July 18, 2006 and the second on August 1, 2006 and determined that it is in the best interest of Klamath County to amend the Transient Room Tax ordinance, which will increase the Transient Room Tax by two percent (2%); and

WHEREAS, the Klamath County Board of Commissioners placed Ballot Measure 18-58 on the November 7, 2006 ballot; and

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WHEREAS, the Klamath County Clerk certified that 23,373 electors voted and the number of votes were 12,191 in favor and 11,182 against the Measure;

NOW, THEREFORE, the People of Klamath County ordain that Chapter 603, Transient Room Tax, of the Klamath County Code is amended to read as follows and will be effective January 1, 2007¹:

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**CHAPTER 603
TRANSIENT ROOM TAX**

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¹ Portions deleted from the old Code are placed in brackets and lined out and portions to be added are boldface and underlined.

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- Ordinance No. 38.00 - 04/03/78
- Ordinance No. 38.01 - 06/01/88
- Ordinance No. 38.02 - 03/01/89
- Ordinance No. 38.03B - 11/28/2000
- Ordinance No. 38.05 - 10/05/2004
- Ordinance No. 38.06 -

**CHAPTER 603
TRANSIENT ROOM TAX**

603.005 Definitions. Except where the context otherwise requires, the definitions given in this section govern the construction of this Chapter.

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603.100 Tax Imposed. For the privilege of occupancy in any hotel, on and after the effective date of this Chapter, each transient shall pay a tax in the amount of [~~six~~] eight percent ([~~6~~]8%) of the rent charged by the operator. The tax constitutes a debt owed by the transient to the County which is extinguished only by payment to the operator. The transient shall pay the tax to the operator of the hotel at the time the rent is paid. The operator shall enter the tax on his records when rent is collected if the operator keeps his records on the cash accounting basis and when earned if the operator keeps his records on the accrual accounting basis. If rent is paid in installments, a proportionate share of the tax shall be paid by the transient to the operator with each installment.

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603.200 Collection of Tax by Operator; Rules for Collection.

(1) Every operator renting rooms in this County, the occupancy of which is not exempted under the terms of this Chapter, shall collect a tax from the occupant. The tax collected or accrued by the operator constitutes a debt owed by the operator to the County.

(2) In all cases of credit or deferred payment of rent, the payment of tax to the operator may be deferred until the rent is paid; and the operator shall not be liable for the tax until credits are paid or deferred payments are made.

~~[(3) For rent collected on portions of a dollar, the first one (1) cent of tax shall be collected on five (5) cents through twenty-one (21) cents inclusive; and the second one (1) cent of tax on twenty-two (22) cents through thirty-eight (38) cents; the third (1) cent of tax on thirty-nine (39) cents through fifty-five (55) cents; the fourth one (1) cent of tax on fifty-six (56) cents through seventy-two (72); the fifth one (1) cent of tax on seventy-three (73) cents through eighty-nine (89) cents and the sixth one (1) cent of tax on ninety (90) cents through the next one dollar and four cents (\$1.04) of rent.]~~

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603.300 Due Date, Returns and Payments.

(1) The tax imposed by this Chapter shall be paid by the transient to the operator at the time that rent is paid. All amounts of such taxes collected by any operator are due and payable to the Tax Administrator on a monthly basis on the fifteenth (15th) day of the month for the preceding month and are delinquent on the last day of the month in which they are due.

(2) On or before the fifteenth (15th) day of the month following each month of collection a return for the preceding month's tax collections shall be filed with the Tax Administrator. The return shall be filed in such form as the Tax Administrator may prescribe by every operator liable for payment of tax.

(3) Returns shall show the amount of tax collected or otherwise due for the related period. The Tax Administrator may require returns to show the total rentals upon which tax was collected or otherwise due, gross receipts of operator for such period, and an explanation in detail of any discrepancy between such amounts, and the amount of rents exempt, if any.

(4) The person required to file the return shall deliver the return together with the remittance of the amount of the tax due to the Tax Administrator at his office either by personal delivery or by mail. If the return is mailed, the postmark shall be considered the date of delivery for determining delinquencies.

(5) For good cause, the Tax Administrator may extend but not to exceed one month the time for making any return or payment of tax. No further extension shall be granted, except by the Board. Any operator to whom an extension is granted shall pay interest at the rate of one percent (1%) per month on the amount of tax due without proration for a fraction of a month. If a return is not filed and the tax interest due is not paid by the end of the extension granted, then the interest shall become a part of the tax for computation of penalties described elsewhere in this Chapter.

(6) If the operator has complied with the terms of this Chapter and particularly the provisions of this section relating to prompt payment of taxes due and payable to the Tax Administrator, he shall be permitted to deduct as a personal collection expense 5% of the amount of the taxes collected [~~but not to exceed \$100.00 per payment~~] as shown by the return mentioned in paragraph 3 of this section.

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603.610 Tax Revenue Sharing.

(1) Seventy-five percent (75%) of the total net transient room tax after collection and other administrative costs have been deducted, which administrative costs shall not exceed 1% of the gross Transient Room Tax Collection, shall be distributed by the Tax Administrator quarterly as follows:

([1]a) One-sixth (1/6) to Klamath County for use in the promotion of tourism and conventions in Klamath County.

([2]b) Fifty percent (50%) of the balance to participating incorporated cities located in whole or in part within Klamath County. This percentage shall be adjusted as set out in paragraph **([5]e)** herein.

([a]i) The administration and enforcement of such tax shall remain with the Tax Administrator.

([3]c) The amount to be distributed to a city shall be as follows:

([a]i) Each fifty percent (50%) of net collections of the Transient Room Tax shall be allocated to the cities by the Tax Administrator under a formula where the amount payable to each city shall be determined by the ratio the total transient room tax collections of each city bears to the total tax collections of all such cities times the distributive amount allocated to all such cities.

$$\text{FORMULA: CITY'S SHARE} = \frac{\text{TOTAL TAX COLLECTION OF INDIVIDUAL CITY}}{\text{TOTAL TAX COLLECTION OF ALL INCORPORATED CITIES IN KLAMATH COUNTY}} \times \frac{\text{TOTAL NET COLLECTION OF COUNTY}}{\text{TOTAL NET COLLECTION OF COUNTY}} \times 50\%$$

([4]d) The balance remaining of the ~~net~~ **seventy-five percent of the** Transient Room Tax deducting the sums allocated as provided in paragraphs **(1) (a)** and **(b)** [2] shall be retained by Klamath County for purposes of construction, operation, and maintenance of the Klamath County Fairgrounds.

([5]e) At the start of each fiscal year, the foregoing distribution formula shall be readjusted. Said readjustment shall be made to reflect the proportion which the total collection of the tax imposed from the operators within the corporate limits of

the respective cities bears to the total revenue collected from all sources within the County pursuant to this Chapter. This percentage figure shall be substituted for the figure of 50 percent shown in the formula set out in Subsection 3 (1) (c) of this Section and shall be used in computing the distribution share of the various governmental entities. The readjustment shall be based upon the four quarters of receipts prior to the readjustment which shall be calculated no later than March 31 of each year. The Tax Administrator shall notify each participating city and the County of the adjustment at that time.

([6]f) Any incorporated city desiring to obtain the revenue to which they may be entitled under this Chapter shall enter into an agreement with the Board of County Commissioners of Klamath County, agreeing that this Chapter shall be effective within the city limits of said city and shall be in lieu of enacting a separate transient room tax. Such agreement shall also provide for the distribution of the hotel/motel receipts as specified in this section.

(2) Twenty five percent (25%) of the net transient room tax shall be distributed by the Tax Administrator as follows:

- (a) Thirty percent (30%) to the Klamath County Museums;
- (b) Thirty-five percent (35%) to Klamath County to fund tourism and convention promotion or tourism-related facilities in Klamath County; and

(c) Thirty-five percent (35%) to Klamath County for deposit into a special revenue fund within Klamath County. The fund will be used for the Tourism Promotion Grants Program, which will establishment a competitive grants program for the promotion of tourism and conventions in Klamath County. The grants will be solicited competitively and the Board of County Commissioners will decide by application the disbursement of the grant funds.

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DONE and DATED this 12th day of December, 2006.

KLAMATH COUNTY BOARD OF COMMISSIONERS

William Brown
Abstains/Conflict of Interest
Chairman

John Elliott
Commissioner *by telephone*
by RM

[Signature]
Commissioner
ATTEST

APPROVED FOR LEGAL SUFFICIENCY:

[Signature]
W. Daniel Bunch
Klamath County

Rachel Murray
Recording Secretary