



March 19, 2019

The Honorable Mark Hass, Chairman
Senate Finance and Revenue Committee
900 Court Street, NE | Oregon State Capitol
Salem, OR

Dear Chairman Hass and Honorable Members of the Committee:

My name is Marcus Hinz, Director of the Oregon Coast Visitors Association and I thank you for the opportunity to represent Oregon Coast Visitors Association in opposition to SB595. We are

Our argument against this bill is two-fold, resting upon **1)** misplaced blame for the housing crisis and **2)** an equally misguided attempt to address the housing crisis.

Misplaced Blame

- Well before the housing crisis, **owners of high-value 2nd homes would not rent their properties on the residential rental market.** A great deal of housing development and existing housing stock along the Oregon Coast are very high value 2nd homes.
- Local governments allowed the development of these 2nd homes, while at the same time their development **ordinances discouraging or disallowing the development of affordable housing** option (varies county-by-county). They should instead examine and amend these ordinances.
- Local governments already receive at least 30% of gross Transient Lodging Tax (TLT) collections for their general funds and/or local funding priorities. **Local officials could invest this existing 30% of collections in housing** if housing in their area is a high priority for their community.

Misguided Solution

- Reductions in funding toward Destination Marketing Organizations (DMOs) will **cause unemployment to grow due** to a severe scaling back their marketing efforts. The tourism industry along the coast generated \$1.9 billion in 2017 and arguably continues to be the largest economic generator for most coastal communities. This means the tourism industry employs a substantial amount of the coastal workforce and **the immediate risk of unemployment from passing SB595 is very high.**

- In 1993, Colorado became the first state to eliminate its tourism marketing, cutting its \$12 million promotion budget to zero. As a result, **Colorado's domestic market share plunged 30 percent within two years**, representing a loss of more than \$1.4 billion in tourism revenue annually. Oregon and its rural communities cannot have healthy diversified economies without the investment we currently have in tourism.
- The resulting reductions in visitor spending will cause a reduction in overall TLT collections, **including an eventual reduction in the 30% local governments already collect toward their general funds**. If the TLT investment in marketing and development of tourism products is reduced, you will see a **diminished total return on dollars coming into the community**.

In sum, reducing the TLT investment is short-sighted and will harm local economies in every corner of the state. There are **other attainable solution to address housing issues** without the risk of damaging the economy and employment market.

Thank you for the opportunity to present this important position from my community with you today.

Sincerely,

Marcus Hinz

Executive Director,
Oregon Coast Visitors Association