

February 4, 2020  
House Committee on Revenue  
Oregon State Legislature  
900 Court St.  
Salem, OR 97301

Re: HB 4047

Honorable Chair Nathanson and Committee Members:

Good evening Chair Nathanson and committee members. My name is Nigel Francisco and I serve as the Vice-Chair of the Oregon Tourism Commission (OTC). I have been on the commission for more than six years. I work closely with Travel Oregon staff to review and approve the agency budget and strategic plan. For background, I have been in the beverage industry for more than 10 years, first serving as the Chief Financial Officer (CFO) for Ninkasi Brewing and am now the CFO for King Estate Winery. In my role as CFO, I understand the important economic impact the tourism industry has on local businesses, as well as serving as a mechanism to increase exposure of the state and its products in international markets.

#### **ABOUT TRAVEL OREGON**

The Oregon Tourism Commission (OTC), doing business as Travel Oregon, is a semi-independent state agency established in 2003 to serve as the state's destination marketing and management organization. Our mission is to inspire overnight travel that drives economic activity and community enhancement in all corners of Oregon.

The agency was established with a dedicated funding source of a 1% statewide lodging tax. This new fund, derived from visitors through the lodging tax, laid the foundation for a strategic and specific kind of economic development strategy for the tourism and lodging industry, and subsequently local communities. It has supported the development and implementation of a comprehensive strategy to establish Oregon as a premier destination for out-of-state visitors, as well as encourage Oregonians who want to explore unique parts of the state that make this beautiful place we live so special.

When HB4146 passed in 2016 it increased the state tax rate to 1.8% and allocated 30% of the revenue to the regional cooperative tourism program and competitive grants program. This statute helped local and regional tourism-related programs grow substantially, allowing local communities to develop attractions and tourism product that drive year-round visitation, thus building resilient and sustainable local economies for visitors and Oregonians alike.

This program has been a success and every region of the state is benefiting from this statewide strategy, to say the least.

Travel Oregon engages in work that is a specialized type of economic development. We achieve this through our programming, community engagement, and by collaborating with our regional partners. In addition, we work with other state agencies to leverage our campaigns to not only drive visitation to Oregon, but to also inspire them to seek out Oregon products before they visit, while they visit and when they return home.

The areas of focus include:

- Global Strategic Partnerships
- Global Marketing

- Global Sales
- Destination Development

It is through these programs, along with the regional destination marketing organizations that receive funding through Travel Oregon, that we can show a return of investment that is beyond what I think anyone imagined in 2003.

For example, every dollar we spend in advertising and strategic marketing results in \$157 dollars in direct tourism spending in communities throughout Oregon. That same dollar and spend by visitors translates to \$8 dollars toward state and local tax revenue.

### **IMPORTANCE OF SUNSET REMOVAL**

The simple reality is that the increase in the lodging tax in 2016 has accelerated the progress we were making under the original tax rate.

The acceleration of this progress is, in part, because we are seeing a steady increase in out-of-state visitors each year, which means our marketing efforts are working. Those new visitors are paying the increased lodging tax rate, allowing us to invest more into our seven regions and support local economic activity.

If the sunset were to go forward, this momentum would be decelerated.

A reduced tax rate means fewer resources to invest in strategic marketing for the state, which is directly tied to visitor spend and thus, much needed economic impact and jobs for communities both large and small throughout the state.

HB 4146 gave Travel Oregon the opportunity to award its first-ever large competitive grant to Oregon<sup>21</sup>. Keeping the 1.8% tax allows the large grant program to continue in perpetuity.

This rate also allows for additional funding opportunities outside of general fund monies for projects that enhance community livability and attract tourism activity. For example, as an agency, our grants help us to support potential projects like, the Salmonberry Trail, Gold Hill Whitewater Park, Willamette Locks, and the Oregon Coast Trail. These are projects that could otherwise be competing for state general fund money.

To close, Oregon's tourism industry is thriving. HB 4047 affords Oregon a tremendous opportunity to maintain our competitive edge, grow Oregon's share of global visitor spending and expand industry, community and business support across the state. 2018 saw the ninth year of consecutive growth in economic impact and job growth, generating record revenues for the state. Let's keep this going.

Thank you for your time and support.

Nigel Francisco  
Vice-Chair  
Oregon Tourism Commission