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House Committee on Agriculture, Land Use, Natural Resources, and Water
900 Court St. NE
Salem, Oregon 97301

February 22, 2025

Re: HB 2977 (Increases the state transient lodging tax)

Co-Chairs Helm and Owens, Vice Chair Finger McDonald, and Members of the Committee,

My name is Colin Reynolds. I am the Senior Advisor to the Northwest Program at Defenders of Wildlife (“Defenders”). Defenders is a national conservation organization dedicated to the protection of all native animals and plants in their natural communities, with over 40,000 members and supporters in Oregon. On behalf of Defenders, I am submitting the following comments in support of HB 2977. The bill would do the following:

- 1) Raise the state transient lodging tax by 1% - from 1.5% to 2.5%.
- 2) Funding received from this increase would be continuously appropriated to the Oregon Department of Fish and Wildlife (“ODFW”) for the implementation of the Oregon Conservation Strategy and the Oregon Nearshore Strategy (collectively the “Strategies”).

This bill would establish a sustainable funding mechanism that would allow ODFW to carry out these innovative Strategies. ODFW’s ability to effectively implement these Strategies is crucial for the long-term health of Oregon’s diverse ecosystems and wildlife populations – two key drivers of Oregon’s thriving outdoor tourism industry. Because Oregon’s iconic wildlife and diverse landscapes are bringing tourists to and around our state, Defenders supports increasing the transient lodging tax through HB 2977 to create a sustainable funding mechanism to support wildlife and wildlife habitat recovery.

The Problem and its Potential Impact

“As stewards of our air, water, and landscapes, we must rise to the challenge of fighting climate change, both by continuing our efforts to reduce carbon emissions and by taking strong action to enhance the resiliency of our natural resources and communities. Our most vulnerable communities, our working and natural lands, our wildlife, and our rivers, lakes and streams all face an existential threat, as the relentless march of climate change tests our resolve to protect that which sustains us.”

- Gov. Tina Kotek – 2025 State of State Addressⁱ

Oregon’s environment is under increasing stress from a number of natural and human-made stressors, including climate change, development, wildfires, and dramatic increases in outdoor recreation.ⁱⁱ In 2016, ODFW identified 294 species and 11 habitats needing

recovery and restoration throughout the state.ⁱⁱⁱ The degradation of Oregon’s environment is an immense problem for wildlife and for current and future Oregonians and visitors engaging in wildlife-watching, hunting, fishing, and other forms of wildlife-related tourism.¹ Moreover, this degradation is also a growing issue for associated industries supporting this tourism such as lodging, restaurants, and outdoor apparel outfitters.^{iv} As a result, harmful impacts to our iconic wildlife and wildlife habitat also threaten a key portion of Oregon’s economy.

In 2021, an analysis commissioned by Travel Oregon, the Office of Outdoor Recreation, and ODFW found that our outdoor economy contributed \$15.6 billion in total consumer spending in 2019, equaling 6% of Oregon’s economy.^v A different analysis conducted by Oregon State Parks and the Oregon State University College of Forestry in 2019 estimated the total net economic value of outdoor recreation is \$54 billion.^{vi} The authors of the study noted their analysis “[did] not represent the full suite of economic benefits that outdoor recreational spaces and activities generate.”^{vii}

Outdoor recreation also supports 224,000 full and part-time jobs in Oregon, constituting 8.6% of all state employment, with \$9.3 billion in wages and other compensation.^{viii} These economic benefits are felt throughout the state, from the southern coast^{ix} to the communities surrounding and doing business in our 12 National Forests.^x Overall, “the economic output of outdoor recreation expenditures totaled \$24.6 billion,”^{xi} and this positive economic impact “ripples throughout Oregon’s economy as businesses income and wages are re-spent, causing economic effects in sectors not directly tied to outdoor recreation.”^{xii2}

¹ Environmentally focused tourism is critical draw for international visitors. Per a 2024 report commissioned by Travel Oregon, the following percentages of overseas visitors come to Oregon for the following: Sightseeing – 84%; National parks/Monuments: 51%; Camping/Hiking – 18%; Environmental/Eco.Excursions – 8%. *Oregon’s International Tourism Recovery Outlook*, TRAVEL OREGON 33 (2024) <https://industry.traveloregon.com/wp-content/uploads/2024/08/2023-International-Analysis-Report.pdf>

² Travel Oregon CEO Todd Davidson recently posted this message about the connection between environmental stewardship and tourism:

“Tourism, at its best, improves the lives of both Oregonians and the guests we welcome. By nurturing destinations across the state, helping steward the natural environment and celebrating the diversity of Oregon’s communities and cultures, we will create a stronger, more equitable and future-ready economy.”

Message from the CEO, TRAVEL OREGON, <https://industry.traveloregon.com/about/message-from-the-ceo/>.

The Legislative History and Public Support for State-funded Conservation

Recognizing a concerning decline in wildlife populations and wildlife habitat in 2015, the Oregon Legislature passed HB 2402, establishing a task force to develop recommendations to strengthen ODFW's ability to carry out conservation programs.^{xiii} The legislation also recognized that it was in the state's interest to diversify and broaden ODFW's revenue stream sustainably, to ensure individuals benefiting from ODFW's conservation work contributed equitably.^{xiv}

The subsequent "2402 Joint Interim Task Force" published its findings in 2016 and wrote that:

- Oregonians expect the state government to fund environmental conservation and restoration.^{xv}
- It is in the state's interest to have a healthy and robust environment.^{xvi}
- The funding means for state environmental protection efforts need to be sustainable, holistic, diverse, and broad.^{xvii}

The Task Force also identified a funding need of \$86.9 million per biennium to support the implementation of ODFW's statutory mission, and adjusting for inflation, this estimate is closer to \$116 million per biennium today.^{xviii} The Task Force also examined more than 100 funding mechanisms and, in their final report, recommended the establishment of the Oregon Conservation and Recreation Fund ("OCRF"). In 2019, the Oregon Legislature responded and passed HB 2829, which established the OCRF.^{xix} The bill appropriated \$1 million in general fund money for the OCRF, which could only be accessed after ODFW provided another \$1 million in matching funds from non-state and non-federal sources.^{xx} Despite this legislative progress, ODFW is still drastically short of its \$116 million per biennium funding need for conservation and restoration.

The Solution: HB 2977 and the Transient Lodging Tax

HB 2877 provides a common-sense solution that allows ODFW to implement its Strategies and fulfill the task of finding a sustainable funding mechanism that is equitable, broad, and diverse. This bill would increase the statewide transient lodging tax ("TLT") from 1.5% to 2.5% and transfer the proceeds of the additional 1% tax to the "Recovering Oregon's Wildlife" subaccount of the Fish and Wildlife Account. This bill would not impact the existing percentage of funds transferred to the Oregon Tourism Commission ("OTC")^{xxi} nor alter the way the OTC currently spends this money.^{xxii} It simply increases the tax to an amount that is still lower than the vast majority of other U.S. states.

Since the Legislature created the 1% TLT in 2003,^{xxiii} "Oregon has been able to compete more effectively for visitor dollars," and Oregon tourism has grown significantly over the last 20 years.^{xxiv} In 2016, the Legislature raised the TLT to 1.8% to continue this "synergistic effect" of reinvestment in Oregon tourism.^{xxv} While the first two increases to the TLT helped attract visitors to our state, this increase new increase would help conserve and sustain

some of our state's greatest assets that we advertise when we encourage tourists to come to Oregon, our iconic wildlife, and the wild landscapes they call home. At first glance, raising the statewide TLT to 2.5% may seem daunting, but a 2.5% TLT would still have Oregon remaining as the state with the third lowest TLTs in the country.^{xxvi} Additionally, small businesses can pass this tax through to their customers, 75% of which are out-of-state visitors,^{xxvii} so Oregonians would not be paying the bulk of the tax. Tourism from outdoor recreation can have huge impacts on wildlife and wildlife habitat. Therefore, this tax is also equitable, as it charges those whose activities often result in the need to restore habitat and wildlife populations.

Importantly, increasing the TLT to fund conservation in Oregon also diversifies the sources of conservation funding and management, which hunters and anglers have been bearing the brunt of for most of the last century. These groups have historically been subject to increasing hunting and fishing licenses and federal excise taxes associated with the sales of firearms and ammunition. For years, these groups have called for support from non-consumptive users to help pay for wildlife and habitat restoration. This bill answers that call.

Conclusion

Increasing the statewide TLT from 1.5% to 2.5% would empower ODFW to efficiently implement the Strategies to conserve and recover Oregon's wildlife and habitat. Using the proceeds from this increase in the TLT would be in line with the Legislature's 2015 recognition that it is in the state's interest to diversify and broaden the base of the ODFW revenue stream in a sustainable manner that ensures that individual beneficiaries contribute equitably.

Defenders commends the Legislature for its previous foresight and action to strengthen ODFW's ability to carry out conservation programs, and we ask that it continue this work by passing HB 2977.

Thank you for your time and consideration of this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Reynolds', written in a cursive style.

Colin Reynolds

Senior Advisor, Northwest Program
Defenders of Wildlife

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- ⁱ 2025 State of the State Address, OFFICE OF OREGON GOVERNOR TINA KOTEK (Jan. 13, 2025) <https://www.oregon.gov/gov/speeches/Pages/2025-1-13-state-of-the-state-remarks.aspx/>.
- ⁱⁱ REPORT TO OREGON LEGISLATURE: HB 2402 JOINT INTERIM TASK FORCE FUNDING FOR FISH, WILDLIFE AND RELATED OUTDOOR RECREATION AND EDUCATION, at 5, *available at* <https://www.dfw.state.or.us/agency/budget/docs/HB%202402%20TASK%20FORCE%20--%20%20FINAL%20REPORT.pdf>.
- ⁱⁱⁱ *Oregon Conservation Strategy: Strategy Habitats*, ODFW, <https://www.oregonconservationstrategy.org/strategy-habitats/> (last visited Feb. 24, 2023).
- ^{iv} See EARTH ECONOMICS, ECONOMIC ANALYSIS OF OUTDOOR RECREATION IN OREGON (2021) https://issuu.com/traveloregon2019/docs/economicanalysisofoutdoorrecreationinoregon_otc-ea.
- ^v *Id.* 2, 21. (“Outdoor recreation is a major contributor to the state’s economy.”) *Id.* at 2.
- ^{vi} *Total Net Economic Value of Oregonian’s Participation in Outdoor Recreation*, OREGON STATE PARKS; OREGON STATE UNIVERSITY COLLEGE OF FORESTRY (2019), <https://extensiontourism.net/wp-content/uploads/2019/10/Rosenberger-Oregon-Net-Econ-Value.pdf> (Slide 12)
- ^{vii} *Id.* at 22.
- ^{viii} *Id.* at 2, 21. “122,000 of these jobs were a direct result of recreation expenditures, and the remaining 102,000 jobs resulted from indirect and induced effects.” *Id.* at 16. This estimate is similar to previous estimates. “In 2017, the Outdoor Industry Association estimated that \$16.4 billion was spent on outdoor recreation trips and gear purchases in Oregon, an estimate slightly higher than the one presented here. The U.S. Bureau of Economic Analysis (BEA) estimated that spending on outdoor recreation in Oregon in 2019 contributed \$7.2 billion to Oregon’s GDP and supported 88,000 jobs.” *Id.* at 3.
- ^{ix} Tourism to the Oregon coast is a boon to coastal counties such as Coos, Lane, and Lincoln, which “lead the state in consumer spending by county.” *Id.* at 16.
- ^x Tourism to Oregon’s National forests “supported the largest share of trip-related expenditures at \$3.4 billion; Mt. Hood National Forest contributed \$823 million to Oregon’s economy on its own.” *Id.*
- ^{xi} *Id.*
- ^{xii} *Id.* at 2.
- ^{xiii} HB 2402 (2015), <https://olis.oregonlegislature.gov/liz/2015R1/Downloads/MeasureDocument/HB2402/Enrolled>.
- ^{xiv} See *id.*
- ^{xv} REPORT TO OREGON LEGISLATURE, *supra* note 1, at 14, 20.
- ^{xvi} *Id.* at 15.
- ^{xvii} *Id.*
- ^{xviii} *Id.* at 23. Inflation calculations per December 2016 to January 2025 calculation via the U.S. Bureau of Labor Statists Consumer Price Index Inflation Calculator (https://www.bls.gov/data/inflation_calculator.htm).
- ^{xix} HB 2829 (2019), <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/HB2829/Enrolled>.
- ^{xx} *Id.* see also, *The Oregon Conservation & Recreation Fund Background Information*, ODFW, <https://www.dfw.state.or.us/conservationstrategy/OCRF/background.asp> (last visited Feb. 24, 2023).
- ^{xxi} See ORS 320.335.
- ^{xxii} See ORS 284.126.
- ^{xxiii} HB 2267 (2003), https://www.oregonlegislature.gov/bills_laws/archivebills/2003_EHB2267.pdf.

^{xxiv} Since the passage of the Oregon Tourism Investment Proposal in 2003, Travel Oregon has been able to compete more effectively for visitor dollars, resulting in incredibly positive impacts for the state. Since 2003: State and local taxes are up 89% (from \$246 million to \$466 million); Direct employment is up 25% (from 84,500 jobs to 105,500); Employee earnings are up 65% (from \$1.7 billion to \$2.8 billion); Visitor spending is up 66% (from \$6.5 billion to \$10.8 billion

^{xxv} HB 4146 (2016),

<https://olis.oregonlegislature.gov/liz/2016R1/Downloads/MeasureDocument/HB4146/Enrolled>.

On July 1, 2020, the TLT rate fell from 1.8% to 1.5%, where it is today, per HB 4146 § 2. *Id.* at §2. For further information see *State of Oregon Lodging Tax Program*, Oregon Dep't of Revenue,

https://www.oregon.gov/dor/programs/businesses/Documents/State_of_Oregon_Lodging_Tax_Program_150-604-401.pdf; Letter from Todd Davidson, CEO Travel Oregon to Senate Committee on Finance & Revenue, Oregon State Legislature (Feb. 26, 2016),

<https://olis.oregonlegislature.gov/liz/2016R1/Downloads/CommitteeMeetingDocument/89455>.

^{xxvi} See “States Ranked by Total Ad Valorem Tax Rates on Lodging Accommodations 2023.” Thomas A. Hazinski & Michael Ferguson, *2024 HVS Lodging Tax Report - USA*. HVS, (Sept. 23, 2024)

<https://www.hvs.com/article/10015-2024-hvs-lodging-tax-report-usa>.

^{xxvii} In 2021, visitors from out-of-state accounted for 62% of overnight spending (60% out of state, 2% international).

DEAN RUNYAN ASSOCIATES, *THE ECONOMIC IMPACT OF TRAVEL IN OREGON* (2021),

https://industry.traveloregon.com/wp-content/uploads/2022/05/OR_2021_Final.pdf, at 24. Prior to

Covid, visitors from out-of-state accounted for 76 % of overnight spending (64% out-of-state, 12% international). See *State Lodging Tax, TRAVEL OREGON*,

<https://industry.traveloregon.com/resources/tourism-in-oregon/lodging-tax/>