

February 24, 2025

To: House Committee on Agriculture, Land Use, Natural Resources, and Water

From: Paul White

Reference: HB 2977 Opposed to Oregon House Bill 2977

Understanding the Implications

Introduction

Oregon House Bill 2977 aims to introduce sweeping changes to various aspects of the state's regulatory framework. While proponents argue that it brings necessary reforms, there are several significant concerns that must be addressed and in its current form may not be in the best interest of Oregon's residents.

Economic Impact on Tourism: Increasing the transient lodging tax from 1.5% to 2.5%, a nearly 70% increase on one industry is exorbitant and does not consider the impact on our local lodging and restaurant small business owners that may depend on those visitors. While we have seen growth over the past 3 years, hotels and restaurants have barely recovered to match revenue from before 2020. In addition, for lodging specifically, the overnight visitor volume took a drop from approximately 200,000 room nights in the last completed yearly report.

Impact on small business: As a small business operation in Oregon, we work hard to support laws and contribute to the greater good of the community. We will continue to do that to the best of our ability. With each new state and local funding project, tax, or fee, we pay to keep the business moving forward. The idea that these costs will be covered completely by outside visitors is simply not correct. A large share of the cost must be absorbed by the businesses. There is simply a limit to what people will pay, how many nights they stay or where they decide to go based on the cost. In our restaurants, every price increase is accompanied by a drop in customer counts. During the past few years we simply cannot pass on all the increases thrust upon us. Consider current egg prices and how that is devastating for breakfast restaurants.

Perception of Unfairness: I understand the concept of taxing visitors, even though many hotel guests are in fact from Oregon. I also value species conservation, both in principle and practice. Is the solution to always look at one particular industry and find a way to tax them? Conservation of our wildlife and nature is a statewide concern, not simply the hospitality industries. Why not look at the solution holistically?

Conclusion: I understand the perception of the need for conservation causes. I understand the motivation to secure funds and the idea that the state lodging and hospitality industry is a great target. If only it was that simple. Whether the forecasted revenue for the bill is achieved or not, pulling the sector will be weaker as a result. I ask the committee to look at broader sources of funding, verses targeting a single industry.

Sincerely,

Paul White