



**The Office of
MAYOR**

March 18, 2025

House Committee on Emergency Management,
General Government, and Veterans
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

RE: Local Lodging Tax Flexibility

Dear Chair Tran and Members of the Committee,

The City of Lincoln City supports HB 3556, which adds “tourism-impacted services” as an allowable use in the restricted 70% portion of local lodging tax funds. These services include public safety (fire, EMS, and police) and community infrastructure (water, wastewater, transportation, parks, trails and public amenities). In 2003, the state passed a preemption on local transient lodging taxes that established restrictions around how local lodging tax dollars could be spent, requiring at least 70% of new or increased taxes to go toward tourism promotion and tourism-related facilities and reserving the remaining 30% for local discretionary spending.

Tourism is Lincoln City’s number one industry and primary economic engine, bringing hundreds of millions of dollars into our community on an annual basis. Because of room tax levels preexisting in 2003, 60% of lodging tax dollars (TLT) collected in Lincoln City goes directly to other areas including, but not limited to, public safety, facility improvements, streets & parks and the general fund, with the remaining 40% to funding tourism promotion and facilities. Lincoln City’s tourism TLT is put to powerful use in the promotion of visitation which maintains economic benefits that are vital to our community. Lincoln City also invests tourism-allocated TLT into innovative programming and services with co-benefits to both visitor and community, including accessibility initiatives, public safety and stewardship messaging, public art, community partnership grants, outdoor education programming, and a state-of-the-art welcome center to begin construction this year. Lincoln City is proud of the good work we do to promote and maintain sustainable tourism in our community.



However, under current court interpretations, existing definitions of tourism promotion and tourism-related facilities only leave local jurisdictions so much leeway to respond to the strains of tourism. Right now, communities bear the burden of maintaining, operating and improving things that directly benefit tourists which are primarily funded by community members, like public safety and community infrastructure. Tourism utilization of our public safety services and public infrastructure at the level of seasonal tourism influx that we have here in Lincoln City takes a toll on the level of public services and condition of the public infrastructure that we are able to provide and sustain. Without tourism funding to address these increased demands for public safety services and the more rapid deterioration of public infrastructure, everyone in Lincoln City will eventually experience a reduction in public safety service levels and less than ideal experiences utilizing existing infrastructure.

Opponents of this bill want a guarantee that a certain amount of lodging tax dollars will be spent on tourism promotion. Current law does not guarantee that. As stated earlier, tourism is Lincoln City's number one industry and major economic driver. We are committed to promoting Lincoln City as a destination. Due to the high number of rooms that generate lodging tax, lodging tax revenue is our city's largest source of revenue. Lincoln City is one of the most beautiful areas on the Oregon coast, people want to come here, and we want to encourage people to visit. Do we really need almost five million dollars every year to convince people to come here?

Public restrooms and beach accesses are used by our visitors and need to be maintained. Lodging tax dollars should be allowed to be used for these amenities, and including "tourism-impacted services" will allow that.

As such, we urge your support of HB 3556 and hope you will move the bill to the House Revenue Committee for more conversation.

Respectfully,

Susan Kay Wahlke

Lincoln City Mayor

