



March 19, 2025

The Honorable Thuy Tran
Chair, House Committee on Emergency Management, General Government, and Veterans
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Subject: Opposition to House Bill 3556 – Protecting Oregon’s Tourism and Hospitality Industry

Dear Chairman Tran:

On behalf of the American Hotel & Lodging Association (AHLA), the largest hotel association in the U.S. representing every segment of the industry nationwide, we urge you to oppose House Bill 3556. This bill would fundamentally alter Oregon’s long-standing local lodging tax law, diverting vital funds away from tourism promotion and tourism-related facilities. Such a change would have devastating consequences for Oregon’s hospitality industry and the state’s broader economy.

For over two decades, Oregon’s lodging tax laws have been carefully structured to ensure that a significant portion of lodging tax revenue is reinvested in tourism promotion and infrastructure that supports visitors. HB 3556 threatens to dismantle this framework by allowing local governments to use these funds for public safety and general infrastructure expenses—areas that should be funded through existing general revenue streams.

The purpose of Transient Lodging Tax (TLT) is to drive economic growth and job creation across the state, including in Oregon’s most rural areas, by generating visitor spending. Diverting TLT to other purposes jeopardizes these efforts. The partnership between local destination marketing and management organizations (DMOs), their community leaders, and Travel Oregon has proven TLT is an effective tool for economic development, supporting year-round employment, and providing economic security for communities. TLT funds are also used across the state to market local events, build tourism infrastructure, and support visitor services that enhance the economy and quality of life for residents.

Statewide, the return on investment from TLT is undeniable. Over the last 20 years, visitor spending in Oregon has more than doubled from \$6.5 billion in 2003 to \$14 billion in 2024. State and local TLT revenues have more than tripled, growing from \$200 million in 2003 to \$650 million today. Additionally, visitor demand has shifted significantly, with travelers

spending an additional 2.7 million nights in hotels compared to 2008 figures. Overnight visitors provide crucial economic support to restaurants, shops, and recreation businesses, further reinforcing the importance of dedicated tourism funding. The industry has demonstrated consistent annual growth, including 4% in visitor spending, 5% in earnings, 1.6% in employment, and 4.8% in tax revenue—outpacing inflation.



The consequences of HB 3556 would be catastrophic for local Chambers of Commerce and Destination Marketing Organizations (DMOs), which rely on this funding to attract these visitors, especially during the shoulder and off-seasons. Without this dedicated funding, the ability to market Oregon's unique destinations will be severely hampered, leading to declining visitor numbers, reduced revenue for local businesses, and job losses across the industry. Transient lodging tax funds are especially crucial for Oregon's rural communities as they transition from resource-based economies to those that include tourism. Maintaining tourism momentum across the state is essential right now and we cannot afford to hamper these vital initiatives.

Opposing HB 3556 will allow tourism destinations across Oregon to make long-term strategic investments and continue essential projects and partnerships that support economic prosperity statewide.

Rather than reallocating critical tourism funding, we urge the legislature to preserve the integrity of Oregon's lodging tax structure and maintain its commitment to tourism promotion and facility development. We strongly encourage you to oppose HB 3556 and work with local hospitality stakeholders to find sustainable solutions that support both public services and the continued success of Oregon's tourism industry.

Thank you for your time and consideration. We welcome the opportunity to discuss this issue further and collaborate on policies that foster economic growth and community well-being.

Sincerely,
Jason Riederer
Vice President, State & Local Government Affairs
American Hotel & Lodging Association