Date: 19 March 2025
Name: Travel Baker County
Bill Number and Committee: HB 3556 – Testimony to the House Committee on Emergency Management, General Government, and Veterans

Dear Chair Representative Thuy Tran, Vice-Chair Representative Dacia Grayber, Vice-Chair: Representative Rick Lewis, and members of the House Committee on Emergency Management, General Government, and Veterans.

My name is Jessica Hobson, I am the Tourism Marketing Director for Travel Baker County. I am writing today to express my strong opposition to House Bill 3556, which seeks to expand the allowable uses of transient lodging tax (TLT) revenue to include public safety and infrastructure costs. While I understand the financial challenges that many communities face in maintaining services, diverting tourism tax dollars away from tourism-related purposes is short-sighted and threatens the very industry that helps sustain our local economies.

Tourism is a major economic driver for communities across Oregon, generating jobs, revenue, and business growth. The intention behind TLT was always clear: reinvest in tourism promotion and tourism-related facilities to increase visitor spending and drive economic benefits. This reinvestment creates a multiplier effect—tourism dollars support local businesses, lodging establishments, restaurants, retail stores, and outdoor recreation. When these funds are spent appropriately, the economic impact is significant and sustainable.

Over the past three years, Baker County has strategically invested its TLT dollars into targeted marketing and promotions, resulting in a significant increase in visitor spending and lodging tax revenue. We have used these funds to promote local events, attract visitors to our historic downtowns, and help maintain and enhance tourism-related facilities such as visitor centers, recreation sites, and wayfinding signage. These investments have made Baker County a stronger, more attractive destination, benefiting both visitors and residents alike. The return on investment is clear—more tourism dollars mean more revenue for businesses, jobs for residents, and overall economic growth.

HB 3556 sets a dangerous precedent by allowing cities and counties to use TLT revenue for public safety and infrastructure projects that should be funded through general funds or other revenue sources. While public safety is essential, shifting tourism tax dollars away from their intended purpose would:

- Reduce funding for marketing and promotion efforts that attract visitors to our communities.

- Hinder event sponsorships and promotional partnerships that bring in new visitor spending.

- Discourage investment in tourism infrastructure, such as visitor centers, wayfinding signage, and destination development, which create long-term economic benefits.

- Ultimately lead to lower tourism revenue, as fewer marketing efforts result in fewer visitors.

The original purpose of TLT was to grow the tourism economy, not to serve as a band-aid solution for budget shortfalls in other areas. Expanding the allowable uses of TLT beyond tourism will significantly weaken Oregon's ability to compete with other destinations for visitor dollars.

At the state level, tourism has become a bedrock of Oregon's economy as a result of the Tourism Investment Proposal of 2003, which created Travel Oregon, established a dedicated funding source through the statewide transient lodging tax, and protected local funding investments in tourism.

During the recession of 2003, the Governor, legislature, and leaders across the state recognized that tourism was an untapped market and that strategic and sustained investment in tourism was needed to establish Oregon as a travel destination for business and leisure.

Statewide Economic Impacts:
Over the last 20 years, the return on the investments from statewide Transient Lodging Tax (TLTs) is clear:

- Visitor Spending in Oregon has more than doubled:
  $6.5 billion in 2003; Now = $14 billion
- State and Local TLT tax revenues have more than tripled:
  $200 million in 2003; Now = $650 million
- Demand has shifted:
  - Visitors to Oregon spend an additional 2.7 million nights in hotels alone compared to 2008 figures—overnight visitors spend more than residents while visiting restaurants, shops, and recreation businesses.
- Consistent growth in spending, earnings, employment, and tax revenue:

4% spending, 5% earnings, 1.6% employment, and 4.8% tax rev annually that outpaces inflation.

There are countless programs and stories from my community that have been galvanized by the state lodging tax investment to create sustainable product development and marketing programs. These opportunities are particularly vital to Oregon's rural communities as they continue to transition from resource-based economies to economies that include tourism marketing and management. We cannot afford to reduce or cease this momentum so critical to our rural partners.

To divert these funds now would not only jeopardize years of hard work and progress, but it would also undermine Oregon's position as a premier travel destination. I strongly urge you to reject HB 3556 and protect the integrity of transient lodging tax revenue for its intended purpose: supporting tourism and growing Oregon's economy.

Thank you for the privilege to submit this testimony for your consideration.

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