



April 18<sup>th</sup>, 2025

RE: HB 3962 – Opposition Testimony to the House Committee on Revenue

Dear Chair Nathanson, Vice Chairs Werner Reschke and Walters,

My name is Katharine Cato, and I am the Director of Travel Ashland. I also serve on the Board of Directors for Oregon Destination Association as well as Travel Southern Oregon and am Past-President of both organizations. I appreciate the opportunity to convey my opposition to HB 3566. Travel Ashland is the tourism branch of the Ashland Chamber of Commerce. Tourism has served as the front door to Ashland's economy. As we diversify our visitor base, we also work to diversify our economy through our economic development strategy and strategic marketing plan. Our goal is to bring visitors to Ashland year-round to foster a steady-visitor volume.

Destination Marketing Organizations (DMOs) prioritize tourism development and marketing efforts during non-peak travel seasons to ensure year-round job stability and economic security for communities. After serving nearly 20 years as Director of Travel Ashland, I've witnessed tourism's natural ebb and flow. I've also seen how natural disasters and health crises can abruptly slow tourism, immediately impacting the livelihoods of our residents.

As a Destination Organization, Travel Ashland leverages lodging tax grant dollars, that we help to generate to promote Ashland and diversify our visitor, by providing the furthest, effective market outreach and destination management that businesses and partners depend upon. We create fertile ground for growth for new things. We inspire visitors year-round to experience Ashland through our strategic marketing plan. We work with the tourism industry, media and partners on promotions and projects. We utilize research and technology to best guide our planning and decisions.

For the past 40 years, this investment has enabled Travel Ashland to generate lodging tax dollars with our industry partners and operators to fuel Ashland's economy. Visitors do pay their share with 10% City lodging tax + 1.5% State lodging tax totaling 11.5% along with the F&B 5% meals tax. These dollars and the impact of visitation also support our year-round workforce, enhance our quality of life, fund essential services and sustain amenities that residents value. Here is Ashland of the lodging tax generated: approximately 70% goes to the City's general fund; 30% are restricted tourism dollars. Ashland is unique to garner that high % to the general fund.

Tourism has become a cornerstone of Oregon's economy as a result of the 2003 Tourism Investment Proposal, which established Travel Oregon, secured a dedicated funding source through the statewide transient lodging tax, and safeguarded local tourism funding investments. 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: o 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.

My community has countless success stories where state lodging tax investments have provided opportunities for sustainable destination development and marketing programs, strengthening local tourism and economic growth. This is crucial for Oregon's rural communities as they shift from resource-based industries to tourism-driven economies. We must sustain this momentum to support their growth and long-term success.

Opposing HB 3962 will allow your constituents and businesses in our destination to consistently plan for strategic investments and to continue important projects and partnerships vital to Oregon's economic viability.

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

Katharine Cato

Director

Travel Ashland

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