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May 6, 2025

House Committee on Revenue

Subject: Opposition to HB 2977 – Statewide Lodging Tax Increase

Dear Chair Nathanson and Members of the Committee,

On behalf of the Springfield Area Chamber of Commerce, I write to express our strong opposition to HB 2977. The Springfield Chamber represents a diverse network of businesses that drive our local and regional economy. We support tax policies that stimulate economic growth, ensure fairness across all business sectors, and maintain transparency. House Bill 2977 directly contradicts these core advocacy principles.

Key Concerns:

1. **Competitive Disadvantage**

This tax increase stands to make Oregon less competitive compared to neighboring states. Higher lodging costs may deter visitors, particularly in a price-sensitive market. Oregon's lodging tax, when combined with local lodging taxes, results in total rates exceeding 10% in some areas, which could impact the state's competitiveness in attracting visitors.

2. **Increased Burden on Businesses and Visitors**

Lodging taxes were designed to support tourism promotion and industry growth, not fund unrelated agencies. The hospitality sector is still recovering from the pandemic, labor shortages, and inflation. A significant tax hike now would only add further strain.

3. **Misalignment with Tourism Funding Principles**

Lodging tax revenues should support tourism-related activities that generate economic impact. HB 2977 diverts tourism dollars to general government operations, undermining Oregon's successful tourism investments through Travel Oregon and local destination marketing organizations.

4. **Lack of Industry Consultation**

The hospitality industry has not been adequately involved in discussions about this tax increase. Policy changes should engage key stakeholders to ensure tax structures align with industry needs and economic development goals.

Alternative Solutions:

Rather than increasing the lodging tax, we urge the legislature to explore alternative funding mechanisms for ODFW that distribute costs equitably and align with the agency's beneficiaries.

The Springfield Area Chamber of Commerce urges you to oppose HB 2977 and seek solutions that support economic growth while maintaining fair tax policy. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'V. Mikkelsen'.

Vonnie Mikkelsen
President and CEO
Springfield Area Chamber of Commerce