



Date: May 7, 2025

Name: Oregon Destination Association

Bill Number and Committee: HB 2977 – Testimony to the House Committee on Revenue

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, and members of the House Committee on Revenue.

My name is Mackenzie Ballard, and I am the Managing Director for the Oregon Destination Association (ODA). ODA has been the unified industry voice for Oregon's Destination Management Organizations (DMOs) and regional tourism industry organizations for more than three decades. ODA's membership is comprised of nearly 100 DMOs representing all seven tourism regions in Oregon. Our DMO members represent every community in Oregon, from rural to urban, coast to the mountains to the high desert; with annual budgets of less than \$100,000 to more than \$35 million.

On behalf of our diverse statewide membership, I appreciate the opportunity to convey **our opposition to HB 2977.**

Recognizing there are important resource challenges facing Oregon, ODA wants to help ensure Oregon's state Transient Lodging Tax (TLT) is invested where it has the highest and best return for all Oregon residents.

As we've moved through this 2025 legislative session, the national economy has been a roller coaster of uncertainty. Sweeping policy changes over global tariffs have already negatively impacted visitor travel to Oregon from our largest international inbound partner, Canada. Many in our nation have faced widespread job loss, and fear of rising costs and inflation are impacting travel as people tighten their discretionary spending in a time of uncertainty. While we want to believe that travel is an American birthright, when times get tough, discretionary travel is understandably one of the first cuts to hit the family budget. Those who do travel tend to economize, choosing destinations they can drive to rather than fly, dining and shopping less, and booking fewer experiences to save money. HB 2977 is another tax on an industry and

constituency that has already been hit hard, and it is not a time to impose more taxes on travel.

ODA members are responsible, accountable tourism professionals and part of the nearly 120,000 Oregonians employed in tourism statewide; making tourism Oregon's largest traded sector employer and a leading contributor to our gross state product. Oregon's DMOs work to *level the seasonality of tourism visitation* to help ensure year-round employment and economic vitality for their communities. This takes the pressure off peak periods and focuses promotion in non-peak periods. Stability in visitation helps Oregon's communities build healthy tourism economies and local programs that are reflective of Oregon's values.

Tourism became 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 2003 recession, 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. Since 2003, tourism has continued to sustain Oregon's workforce, economic viability and livability for residents.

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

- Visitor Spending has more than *doubled*. \$6.5 billion in 2003; now \$14 billion
- State and Local TLT 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.
- Since 2003, Oregon has seen consistent growth in spending, earnings, employment, and tax revenue from tourism annually: 4% spending, 5% earnings, 1.6% employment, and 4.8% tax revenue that outpaces inflation.

Travel Oregon's leveraged Regional Cooperative Tourism Program (RCTP) partnerships created in 2003 between Travel Oregon and the RDMOs are numerous and span all seven tourism regions statewide. I'll share just a few project samples to showcase what the regional and local DMOs have been able to advance for Oregon because of this statewide collaboration:

- **Community Resilience:** We are all too aware of the destruction Oregon communities face due to wildfire and we are proud of the way tourism contributes to both wildfire prevention and recovery. Travel Lane County, Travel Oregon, and DMOs across the state invest their own tactical expertise and funding toward responsible recreation messaging during the high visitation season; including fire prevention advice and encouragement. Economic development becomes more important after a community faces destruction from fire. In recent years Travel Lane County has invested considerable resources in helping the McKenzie River Valley recover from the 2020 fires. Diversifying their recreation offerings by designating the Aufderheide as Oregon's first scenic bikeway in over a decade and supporting the development of new mountain bike trails in McKenzie River. Additionally, Travel Lane County has facilitated the signing of two additional Connect Lane segments. Connect Lane is a wayfinding project that aims to provide cyclists with amazing experiences while boosting the economies of our rural communities.
- In Central Oregon, state transient lodging tax (TLT) funds were leveraged with local tourism resources creating a Commercial Air Service Development and Marketing Fund. This led to the match necessary to apply for and secure a federal Small Community Air Service Development Program (SCASDP) grant, which expanded commercial air service. Expanded air service and flight connectivity have led to new business diversification throughout the region.
- The Portland region encompasses the cities of Portland and Gresham, the urban areas of Clackamas County, and the entirety of Washington and Columbia counties. Partnership investments have supported convention sales through Portland's Visitor Development Fund (VDF) and transformative local development projects, including the Women's National Basketball Association (WNBA), with play to begin in 2026. Preservation of the Willamette Falls Locks; Salmonberry Trail trailhead improvements; facility improvements at the Mt. Hood Community College Aquatic Center and bicycle tourism infrastructure along the Banks-Vernonia Trail have all been made possible with state TLT support.
- In Southern Oregon, the Regional Cooperative Tourism Partnership investment provided for mountain bike trails and events, including the Mountain of the Rogue Trail System, and the Ashland Watershed Trail Alliance. In addition, Travel Oregon worked with local partners to host the Klamath Basin Rural Tourism Studios. This program resulted in the Klamath Basin landing page, bicycle maps, and tourism-related products. To address the need for shoulder-season visitor experiences, Travel Oregon is working in partnership with Discover Klamath to develop content and structure for a stakeholder workshop this spring.

There are countless programs and stories from all seven regions, as they have been galvanized by the state lodging tax investment to create sustainable marketing and

product development 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.

Increasing state lodging tax to fund programs other than tourism penalizes leisure travelers and is a detriment to rebuilding Oregon's convention and meetings business. Convention business is essential to the industry because meetings and conferences are frequently held in non-peak travel seasons, helping to sustain year-round occupancy.

Lodging tax increases potentially lead to lost business for local economies that rely on large group events when competing directly with destinations with lower lodging taxes. This is particularly impactful because convention planners are price-sensitive and have destinations across the nation competing aggressively for their business.

Your opposition to HB 2977 will allow Oregon and the local tourism destinations to remain viable as destinations and continue their important community work. Defeating HB 2977 allows DMOs to consistently plan for strategic investments to continue the important projects and partnerships vital to Oregon's employment and economic stability.

Thank you for helping your tourism constituency remain stewards of Oregon's natural wonders. We will continue to support vibrant local communities fueled by tourism to improve livability for all residents of Oregon.

Sincerely,

A handwritten signature in cursive script that reads "Mackenzie Ballard".

Mackenzie Ballard
Managing Director
Oregon Destination Association