

Submitter: Erik Ostrander

On Behalf Of:

Committee: House Committee On Revenue

Measure, Appointment or Topic: HB3962

Dear Chair Nathanson and Members of the Committee,

I wanted to reach out and give my perspective and opposition on the legislative session and the proposed bill HB 3962-2 to modify the transient lodging tax under the title: "Requires the Legislative Revenue Officer to study issues of local taxation."

I am a hotelier, volunteer firefighter, chamber board member and a city councilor in Cannon Beach, so I see the city from multiple unique perspectives. Our city has both the highest per capita lodging tax collections and the lowest property tax rate for any coastal community. The reason for such a low property tax collection is due almost exclusively to high visitor taxes that cover the expenses of both large projects and city operations. For example, when the city wanted to build a new city hall and police station they sought to institute a Prepared Food Tax (PFT) which was marketed as visitors covering the majority of the cost, when that tax was implemented, it did not have large enough collections to accomplish the project so a 1.5% lodging tax increase was put into place as well.

Cannon Beach's budget is funded primarily by visitors to Cannon Beach. Recently the city council was presented a housing study which showed that approximately 69% of our residential units are considered 'vacant' without a full-time resident living in it, the property taxes for these homes are paid for by what would, realistically, be considered a visitor to our community. The City of Cannon Beach's general fund has one main overwhelming contributor, lodging tax.

Permitting local jurisdictions to broaden the use of the restricted TLT funds to pay for services like water and wastewater is disingenuous as those are enterprise funds which are paid for by the user fees. Cannon Beach pays for its police force through the general fund which is again funded almost entirely by visitors currently through the already unrestricted portion of lodging taxes collected. The proceeds from the PFT also went to cover the needed expansion of our local fire district to provide the funds to cover the shortfall that the fire chief and the fire board had identified. Other jurisdictions should seek these types of creative solutions to diversify the financing of their services instead of continuing to burden the same industry over and over.

Overall there needs to be guardrails put in place to protect this industry from additional exploitation. A maximum total realized revenue or percent of a jurisdictions budget should be set to ensure that visitors to a community are not paying more than their share of the resources that they use while visiting. I cannot support a change to

the restrictions on lodging tax without additional guardrails in place to protect visitors and businesses from exploitation.

I write this letter as a member of the Cannon Beach Community and small business Operator, and not in representation of the body of the Cannon Beach City Council.

Thank you,

Erik Ostrander