



House Committee on Revenue  
Oregon State Capitol  
900 Court Street NE  
Salem, Oregon 97301

Re: HB 3962 Relating to the use of local transient tax revenue

Chair Nathanson, Vice Chair Reschke, Vice Chair Walters, and Members of the Committee:

As President & CEO of the Grants Pass & Josephine County Chamber of Commerce, representing over 600 members in Southern Oregon, I write to express our opposition to House Bill 3962. This bill proposes to allow local government to divert Lodging Tax funds away from tourism promotion to fund “tourism impacted services” stripping away a key investment in our economic sustainability and growth.

Southern Oregon was once heavily dependent on the timber and logging industries as its primary economic drivers. However, with industry declines due to federal policies, market shifts, and environmental regulations, our region faced significant economic challenges. Over the past several decades, we have worked diligently to reinvent ourselves, with tourism emerging as a cornerstone of our regional economy. Today, it is a vital economic engine, significantly contributing to the financial health and community well-being of our area.

In 2023, direct travel spending in Southern Oregon reached approximately \$1.1 billion, marking a 4.2% increase from the previous year. This spending supported over 12,300 jobs, generating earnings of \$315 million for local workers. Additionally, travel-generated tax receipts amounted to \$55 million, benefiting both state and local governments.

Over the past decade, our tourism sector has demonstrated robust growth:

- Travel spending increased by 35% between 2013 and 2023, with an annual growth rate of approximately 3.5%.
- Employment in the tourism industry expanded by 20%, adding nearly 2,050 jobs.
- Earnings for employees in this sector rose by 28%, creating stronger income opportunities for residents.

The current statutory framework, that directs local transient lodging taxes to be dedicated to tourism promotion and tourism-related facilities has been and continues to be crucial to build and maintain this industry. It ensures that the taxes collected from visitors are reinvested into the tourism sector, fostering a cycle of growth and sustainability. This in turn continues to build on the portion of lodging tax revenues that are unrestricted.

HB 3962 proposes to divert these funds away to other services. While these services are essential, reallocating funds designated for tourism promotion could undermine the very industry that generates this revenue. Such a shift may result in reduced marketing efforts, diminished visitor experiences, and ultimately, a decline in tourism-related income and employment—jeopardizing the economic progress Southern Oregon has worked so hard to achieve.

We acknowledge the funding challenges faced by local governments in supporting critical services. However, expanding the use of transient lodging tax revenues beyond their intended purpose may have unintended consequences, including weakening the competitiveness and economic contributions of our tourism sector.

In conclusion, we urge the committee to reject HB 3962 and preserve the existing allocations of transient lodging tax revenues to ensure continued support for this vital economic sector. Southern Oregon's reinvention through tourism has taken decades, and we cannot afford to reverse course now.

Thank you for considering our perspective.

Sincerely,

Terry Hopkins  
President & CEO  
Grants Pass & Josephine County Chamber of Commerce