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May 8, 2025

House Committee on Revenue  
Oregon State Capitol  
900 Court Se. NE  
Salem, OR 97301

**RE: House Bill 3556**

Dear Chair Nathanson and Members of the Committee:

On behalf of the City of Lebanon, we respectfully submit this testimony in strong support of HB 3962-2. This bill provides much-needed flexibility in the use of local transient lodging tax (TLT) funds by adding "tourism-impacted services"—such as public safety (police) and community infrastructure (transportation, parks, trails, and public amenities)—to allowable use of the restricted 70% portion of TLT revenue.

Local lodging taxes are paid by visitors to hotels, motels, short-term rentals, and campgrounds. In 2003, the state passed a preemption on local transient lodging taxes that established restrictions around how local lodging tax dollars could be spent. The preemption required at least 70% of new or increased taxes to go toward tourism promotion and tourism-related facilities and reserved the remaining 30% for local discretionary spending.

Under current court interpretations, existing definitions of tourism promotion and tourism-related facilities only leave local jurisdictions so much leeway to respond to the strains of tourism. Right now, communities bear the burden of maintaining and operating things that directly benefit tourists that are primarily funded by and for community members, like public safety, and community infrastructure.

Like many Oregon cities, Lebanon experiences a significant influx of visitors throughout the year, particularly during major events and peak recreational seasons. For example, during the annual Strawberry Festival, the city incurred substantial costs for services, with the Police Department incurring \$13,910 in overtime costs, based on 2024 salary/benefit rates, to support public safety over the four-day event, and the Public Works Department providing 256 regular hours totaling \$23,664, plus 149 overtime hours amounting to \$19,614, for a total expenditure of \$43,278.

This surge in tourism places additional pressure on our community's infrastructure and public safety services:

- **Increased Public Safety Demands:** Our law enforcement agencies experience a noticeable rise in call volumes during peak tourism periods. Emergency response services are stretched thin, as incidents involving non-residents increase, diverting resources from local residents.

- **Infrastructure Strain:** Roads, trails, and public spaces endure heavier usage, leading to accelerated wear and tear. Maintaining these critical assets for both tourists and residents is a growing challenge with limited local funding.
- **Trail System Maintenance Needs:** The City's trail system is a significant tourism draw, yet it does not currently qualify as a tourism-related facility under existing funding restrictions. HB 3556 would provide the necessary flexibility to allocate funding for maintaining these vital community assets that attract visitors and support local economic growth.

HB 3962-2 is a pragmatic solution that ensures transient lodging tax revenue is used to sustain and enhance tourism while addressing its impacts on local communities.

- **Voter Support:** A 2024 public opinion poll found that over 70% of voters support changing the law to allow a greater portion of TLT revenue to fund vital city services. This change reflects a balanced approach to supporting tourism while protecting community well-being.
- **Enhancing Public Safety:** During peak tourism periods and events in Lebanon, public safety staffing needs face significant additional pressures. The influx of tourists greatly increases the demands placed on local law enforcement and emergency services. With many non-residents visiting, there is often a rise in incidents that require police attention, which can strain existing resources. Local authorities must carefully plan and allocate resources to ensure the safety of both residents and visitors. This challenge often necessitates increased staffing, additional training for personnel, and the implementation of proactive strategies to maintain order and responsiveness during busy times. Effectively managing these staffing needs is crucial for upholding public safety and enhancing the overall experience for tourists in Lebanon.
- **Adapting to Changing Tourism Patterns:** With the rise of vacation rentals through Airbnb and VRBO, tourism is spreading beyond traditional hotel districts and into residential neighborhoods. This shift increases strain on infrastructure and public safety services in areas that do not directly benefit from existing tourism-focused TLT spending.
- **Outdoor Recreation Pressures:** Parks are funded through the city's general funds, but property tax restrictions imposed by Measures 5 and 50 have created a structural deficit in the City of Lebanon's general fund. As a result, there have been cuts to the parks and maintenance staff, leading to an increase in deferred maintenance on our largest tourism-based assets—our parks and trails system. By providing more flexibility in the Transient Lodging Tax (TLT) fund, we could secure additional funding to support and maintain our tourism industry in Lebanon.

HB 962-2 offers a common-sense, fiscally responsible adjustment to the use of transient lodging tax revenue. By broadening the definition of allowable expenses to include “tourism-impacted services,” this bill ensures that local governments can maintain the essential services that make Oregon a welcoming destination while protecting the long-term sustainability of our communities.

We urge your support of HB 3962-2. Thank you for your time and consideration.

Respectfully,



Ron Whitlatch  
City Manager