



MAYOR ALEXANDER D. JOHNSON II

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May 7, 2025

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

RE: **Local Lodging Tax Flexibility**

Dear Chair Nathanson and Members of the Committee:

The City of Albany strongly supports HB 3962-2. This bill provides a much-needed solution for cities, where tourism impacts public services and infrastructure, yet current transient lodging tax restrictions leave local residents shouldering the financial burden.

Under existing state law, cities must allocate at least 70% of new or increased local lodging tax revenue to tourism promotion and tourism-related facilities, leaving just 30% for local discretionary use. However, the narrow definition of “tourism-related facilities” does not account for the essential public safety and infrastructure needs that tourism creates. As a result, Albany’s residents—who already support these services through local taxes—are unfairly subsidizing the costs of tourism without any viable mechanism to have visitors contribute their fair share toward the impacts they create.

In Albany, we are even further restricted; “grandfathered” in at arbitrary levels that have no correlation to our community’s current needs and seriously limits our ability to spend TLT in a way that makes the most sense for us over time.

Albany prides itself on hosting events like River Rhythms and Northwest Art & Air Festival, which drive visitors to the city as well as the surrounding Willamette Valley. However, these events, plus many more hosted by third-party entities, create substantial and unsustainable impacts on our limited resources and funding. For example, River Rhythms requires over 130 hours of overtime for police and emergency services, costing the city approximately \$10,000 annually for this event alone. Due to limited staffing, this also means removing people and equipment from their regular service areas, impacting response times in emergency situations. Just in the last several months, we were forced to make the difficult decision to eliminate our Summer Sounds concert series due to rising costs.

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Additionally, the city sees impacts on its infrastructure. Price Road, for example sees substantial traffic due to events at Timber Linn Park and the Linn County Expo Center. These events include the beloved Northwest Art & Air Festival, as well as over a dozen fairs and festivals hosted throughout the year. Our historic districts also see impacts due to tourism. Key sites such as the Albany Carousel Museum and Monteith House are located in these districts where many of the roads are local roads established during the early years of Albany. As local roads they are not eligible for state roadway funds and must rely purely on extremely limited property tax revenues. As such, these roads are often in poor condition with no realistic options for maintenance and repair, never mind enhancements to support visitors.

If cities are given more discretion in the use of these funds, residents and tourists alike could expect to see real and positive changes in the community that would shape Albany as a great place to live and a great place to visit. This includes funding ADA improvements in Timber Linn Park and on streets throughout our historic district as well as making lighting upgrades at our parks to support tournament tourism. The city used to enjoy several sports tournaments throughout the year that resulted in overnight stays, but with an inability to invest in that infrastructure, we have watched those tournaments decline in favor of Salem, Eugene, and even other states.

HB 3962-2 does not take away from tourism promotion. Instead, it allows cities the flexibility to ensure that tourism-generated tax dollars can also be used to sustain the infrastructure and services that make tourism possible. This is a commonsense approach that ensures both visitors and residents benefit from a well-maintained and welcoming community, and that supports right-fitting tax dollars to the unique needs of each community. This approach should be extended to also apply to cities like ours that had TLT's in place before 2003.

We urge your support of HB 3962-2 as well as any amendments that would address cities with pre-2003 transient lodging taxes.

Respectfully,

A handwritten signature in black ink, appearing to read "Alex Johnson II", with a stylized flourish at the end.

Alexander D. Johnson II
Mayor