

Submitter: Denice Searcy
On Behalf Of:
Committee: House Committee On Revenue
Measure, Appointment or Topic: HB2977
NO on HB 2977

Oregon has nearly doubled the hotel lodging tax to fund Eugene sport programs, and now that the Olympics is over, that funding should be redirected. However, some legislators wish to expand the hotel tax to fund even more programs that appear completely unrelated to the hotels in Oregon. There have been controversies with Bend, Linn County and Salem for misusing their hotel tax dollars on unrelated expenses, now the legislature wants to do the same. Salem wanted to use hotel taxes to pay for library costs. This existing hotel tax would be in addition to local car rental taxes (Portland at 17%).

Other cities have not spent their tax. If cities don't need the tax to promote tourism to their cities, then the tax is too high already. Furthermore our state tourism dollars are being wasted. A 2020 audit showed suspected misuse of state tourism tax dollars. (Oregonian 2/13/20).

Costly new hotel taxes like House Bill 2977 and Tillamook's Measure 29-183 will drive away tourists and hurt the local economy. The Taxpayers Association of Oregon asked a local coastal tourism expert on the state of hotels along the Oregon coast. It was revealed that hotels suffer from high costs which are pushing visitors to use AirBnB and off-market rentals (that don't pay the tax). An example was given that it is common for people who use Oregon coastal hotels to skip on visiting a restaurant as a way of saving money. They will just buy something at the grocery store and eat in. It turns out that if you spike taxes and costs high enough, consumers will respond by spending less. That hurts the local economy.

The justification for this tax increase appears to be the anticipation of reduced federal funding. However, by raising taxes before any actual decrease in federal support or any corresponding relief for taxpayers, the state is shifting financial pressure onto businesses and individuals before addressing the root issue. It is inappropriate to demand more from taxpayers without first ensuring that existing funds are being managed effectively and that all alternative funding options have been explored.

Please Vote NO on HB 2977