



City of Rockaway Beach, Oregon

276 S. Highway 101, PO Box 5

Rockaway Beach, OR 97136

(503) 374-1752

FAX (503) 355-8221

June 23, 2025

Senate Committee on Finance and Revenue

RE: Local Lodging Tax Flexibility

Dear Chair Meek and Members of Committee,

The City of Rockaway Beach supports HB 3962 A. Local Lodging taxes are taxes **paid by visitors** of 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, requiring at least 70% of new or increased taxes to go toward tourism promotion and tourism-related facilities and reserving the remaining 30% for local discretionary spending. HB 3962 A provides more local lodging tax flexibility by allowing cities to have more discretionary general fund dollars to provide services that tourism relies on including public safety and community infrastructure.

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.

Rockaway Beach has a tourist driven economy with only 1,440 residents. During the summer the number individuals driving on our streets, drinking our water, using our sewer system, relying on our Fire Department for emergency services and Rockaway Beach Patrol for public safety explodes by tens of thousands. Water consumption forces us to use backup wells; last summer we implemented voluntary water curtailment and came close to mandatory. Rockaway Beach will need to spend large sums of money to ensure that our residents and visitors continue to have an abundant and clean supply of water.

In short HB 3962 A:

- **Does not raise taxes** but allows jurisdictions to reconfigure current taxes.
- **Restores more local control.** For 22 years cities have been providing the preempted 70% amount of new and increased taxes to "tourism promotion" and "tourism-related facilities." Cities will be able to further right size the amount they spend towards tourism based on their individualized economies.
- **Continues to dedicate a portion of the local TLT to tourism.** HB 3962 is a compromise because it does not completely abolish the preemption placed on



City of Rockaway Beach, Oregon

276 S. Highway 101, PO Box 5

Rockaway Beach, OR 97136

(503) 374-1752

FAX (503) 355-8221

cities in 2003 and will provide the tourism industry who local governments choose to contract would like some surety.

- **Does not prohibit cities from spending more on tourism.** Cities can always spend more than 40% on tourism if they choose. Some cities already spend money out of their general fund on tourism related expenses that are not covered in the strict definitions of "tourism promotion" and "tourism related facilities."

We urge your support of HB 3962-A!

Respectfully,

Charles McNeilly
Mayor
City of Rockaway Beach