



**Administrative
Offices**

June 23, 2025

RE: Support for Local Lodging Tax Flexibility

Dear Chair Meek and Members of the Committee,

The City of Hermiston 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, parks, etc.

In short HB 3962 A:

- **Does not raise taxes** but allows jurisdictions to reconfigure current spending.
- **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 cities in 2003 and will provide the tourism industry some surety regarding ongoing funding.
- **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,

Byron D. Smith
City Manager