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Bill Number and Committee: HB 3962-A – Testimony to the Senate Committee on Finance and Revenue

Dear Chair Meek, Vice-Chair McLane and members of the Senate Committee on Finance and Revenue.

As the head of the Willamette Valley Visitors Association, I respectfully urge you to **vote NO on HB 3962-A**, which would undermine the sustained economic momentum of our state's visitor economy.

HB 3962-A proposes to allow cities and counties to reduce the portion of new or increased local lodging tax revenue spent on tourism promotion or tourism-related facilities from 70% to just 40%. This would shift up to 60% of revenue to non-tourism general services. While the intent may be to offer municipal flexibility, the consequences of this change could be deeply damaging — especially for rural communities and small DMOs across Oregon.

Tourism is one of Oregon's most successful economic development strategies. Since the 2003 passage of the Tourism Investment Proposal:

- **Visitor spending has more than doubled** to over $14 billion annually.
- **State and local lodging tax revenues have tripled**, now exceeding $650 million.
- The sector **sustains nearly 120,000 Oregon jobs** — many in rural and gateway communities.

This growth is the direct result of strategic investments in marketing, visitor infrastructure, and destination development — precisely the kinds of initiatives funded through protected portions of lodging taxes. Weakening these protections will **undercut the return on investment** and reduce the visibility and competitiveness of Oregon destinations.

While regional organizations like mine — the Willamette Valley Visitors Association (WVVA) — are not directly funded by local lodging tax, **our local partners are.** Many DMOs in Clackamas, Yamhill, Marion, Polk, Linn, Lane, and Benton counties rely on this funding to sustain operations.

These DMOs do much more than promote — they build trails, manage visitor flows, support downtown revitalization, and partner with municipalities to deliver community benefits. Reducing their funding would mean job losses, lost economic impact, and stalled rural tourism development. Their job is to develop and promote a tourism industry that best serves their local community which HB 3962-A undermines this work.

The current definition of "tourism promotion" and "tourism facilities" already offers room for creativity and community alignment. With strong partnerships between municipalities and DMOs, most goals can be met without changing the law. We should focus on collaboration and strategic planning — not on diverting dedicated economic development revenue to short-term fixes.

Oregon's Transient Lodging Tax was created by the lodging industry to reinvest in tourism. It is notable that **lodging businesses are not the ones asking for this change** — and many have expressed concern that their contributions will be diverted away from the very efforts that grow visitor demand. Their voice matters and must remain central in conversations about the use of these funds.

With Oregon's economy still recovering and rural communities seeking long-term stability, this is the wrong time to pull back on tourism investments. **HB 3962-A would weaken local control, reduce transparency, and jeopardize an entire sector that continues to deliver measurable, equitable returns.**

I urge you to oppose this bill and instead consider forming a stakeholder work group during the interim to explore balanced, accountable solutions that respect both municipal needs and the original purpose of lodging tax revenue.

Thank you for your leadership and for your consideration of this important issue. I am happy to answer questions or offer additional input at any time.

Sincerely,
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