Oregon's Adventure Coast
Coos Bay ~ North Bend ~ Charleston

June 23, 2025

HB 3962-A: Oppose Changes to TLT

Chair Meek, Vice-Chair McLane and Members of the Senate Committee on Finance and Revenue:

On behalf of the Coos Bay-North Bend-Charleston Visitor & Convention Bureau (VCB) – the Destination Management Organization (DMO) for these three communities on Oregon's South Coast and the tourism businesses in our area – I am writing to voice opposition to HB3962-A.

In 2003, the state's Tourism Industry agreed to tax its customers for the betterment of the economic benefits of the Tourism Industry in the state. It was determined that of any new taxes added at the local level after June 2003, 70% of the tax receipts would be used to further the economic benefits of this industry though marketing efforts and tourism facilities, with 30% available for the taxing entity to use as they saw fit.

However, the majority of destinations in Oregon had lodging taxes in place prior to 2003. Those funds were grandfathered in at the tax rate in place and froze the split between taxing entity and DMO. In most of these destinations, the taxing entity kept more of the lodging tax than was provided for tourism marketing and tourism facilities.

As an example, in Coos Bay and North Bend, the pre-2003 lodging tax of 7% on overnight stays at commercial lodging properties was split with 72% being retained by the Cities of Coos Bay and North Bend, and 28% being provided to the DMO for their work in marketing the destination. In 2019, the cities added 2.5% to the lodging tax. Only this 2.5% was subject to the 70/30 split. **The blended split of TLT in our area is 39% to the DMO with 61% being retained by the cities**.

In Coos Bay, North Bend and Charlston, visitors spent $147.6 million in 2024. This spending generated $7.7 million in state and local taxes and directly supported 2,100 local jobs with combined earnings of $77.7 million. But the most important thing to note is: for every dollar that the VCB spends to attract visitors to our south coast destination, more than $26 is returned to our local small businesses as visitor spending and in the form of taxes. That is a **26 to 1, or 2500%, Return on Investment**. That ROI is threatened by HB3962-A and our small businesses will suffer.

The Advertising Federation of America has noted that it takes **seven or more exposures to an advertisement** before consumers ever take an action to purchase. Without the marketing/advertising funds at the local DMO level, DMOs in Oregon can no longer compete with the thousands of destinations fighting for the same visitors.

Without enough advertising and marketing, visitors won't come to our destination, as discovered by the State of Colorado which lost 30% of their market share when they defunded their tourism marketing efforts, a loss of over $1.4 billion in tourism revenue annually. If visitors don't come, there won't be visitors staying in hotels, eating at local restaurants, shopping in local shops, engaging local guide services or visiting local attractions.

Without the TLT generated by visitors, who are now not visiting because they don't know about our destinations, there is significantly less TLT for municipalities to use.

We ALL lose – the small businesses lose, the hotels lose, and the DMOs lose. Those employed in the tourism industry at these small businesses, hotels, and DMOs will lose, their jobs and therefore their income. And what the cities pushing for this change hoped to gain by taking more of the lodging tax for non-tourism related expenses will find themselves the big losers as they will lose a significant amount of the TLT they were getting initially, and what they hoped to gain with this change.

Tourism is economic development. More tourism means more small and large businesses opening and surviving in Oregon communities, adding to the quality of life for residents as well as visitors.

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The residents of Coos Bay, North Bend, Charleston, on their own, cannot support the more than 100 restaurants in these three communities without visitors to our area. Some of these small businesses will not survive a decline in visitor spending.

Improving our communities for visitors creates inherent benefits that improve livability. Communities where people enjoy visiting are places where people want to live. The tourism industry is central to community development in many coastal communities. It also contributes mightily in income taxes to the state by employing thousands of people. It contributes property taxes paid by our local lodging properties, attractions, restaurants and more. In addition, a disproportionate amount of water and sewer services are paid for by restaurants and lodging establishments.

We in the **tourism industry are contributing more than our fair share in the communities we serve**. That's why we oppose any changes to the TLT split in HB3962-A and we encourage you to do the same.

All the best,

Janice Lang

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