



June 24, 2025

TO: Members of the Senate Committee on Rules

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 2977

Chair Jama, Vice-Chair Bonham, members of the Senate Committee on Rules. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 2977. OBI opposes HB 2977 because, in the waning days of the 2025 session and without being evaluated by the Committee on Senate Finance and Revenue, the bill would increase Oregon's statewide transient lodging tax from 1.5% to 2.75% and substantially change how a large portion of those revenues are dedicated.

Not only would increasing the statewide transient lodging tax add another obstacle for Oregon's tourism and hospitality industry to navigate, but it also directs new transient lodging tax revenues away from tourism, economic development, and jobs in the state's most rural locations. Raising the tax would harm an industry that has not recovered from the pandemic, labor shortages, and inflation caused by several policies the Legislature has passed over the last decade. It would also make Oregon much less competitive when competing for out-of-state tourists and conventions, as hospitality is a particularly price-sensitive market.

While wildlife conservation is a worthwhile expense the Oregon legislature should fund, OBI strongly opposes dedicating transient lodging tax dollars, which have been instrumental in fostering the state's successful tourism industry and making Oregon a destination for so many tourists, for it. Oregon's projected revenues have grown 12% for the upcoming 2025-27 biennium due, at least, in part through substantial increases in businesses taxes. Since 2019, Oregon's effective business tax burden has grown 33 percent. HB 2977 would only further increase taxes paid by both businesses and residents and make Oregon less competitive.

For those reasons, OBI respectfully requests this committee to reject HB 2977 or alternatively send it to the Senate Committee on Finance and Revenue where its important revenue issues can receive due consideration. Thank you.

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