



June 24, 2025

Chair Jama and members of the Senate Committee on Rules:

The Portland Metro Chamber strongly urges the committee to oppose HB 2977A. While the intention for the funding from this tax increase may have value, increasing taxes on the tourism and hospitality sector will ultimately lead to overall revenue declines as it contributes to a decline in economic activity.

All available economic data paint a clear picture: local governments across Oregon and in the Portland Metro Region are experiencing a multi-year fiscal reset as property tax revenues decline, and natural population growth stagnates and eventually decreases as death rates outpace birth rates. Without increased investment in economic development, business recruitment, and tourism promotion, revenues overall will continue to decline.

This “new” revenue source, like other revenues, will begin to wane as other cities in other states provide better bids for conventions and meetings, and as tourists choose other destinations without the reputational challenges we are trying to overcome with our limited tourism promotion dollars. There are only so many revenue sources to divert for general fund purposes before they dry up due to contracting economic activity, tourism, and population growth.

HB 2977 could be another contributing factor that pushes the entire State, like Portland, toward a reinforcing negative economic cycle or what economists refer to as a doom loop. We urge you to reject this bill and begin shifting to a revenue generation strategy that understands we must grow our economy, and grow our tourism, in order to drive stable revenue for core services. Increasing taxes on our tourism economy -- even to fund important public services--will be counterproductive and leave both the government and Oregon businesses with reduced revenues.

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