



June 26, 2025

Bill Number and Committee: HB 2977-5 – Testimony to the Senate Committee on Rules

Dear Chair Jama, Vice-Chair Bonham, and Members of the Senate Committee on Rules,

Thank you for the opportunity to submit testimony in opposition to HB 2977-5. My name is Christina Rehkla, and I serve as the Executive Director of Visit Corvallis. While I support Oregon's conservation goals, I urge you to consider the economic consequences this bill may have on communities like mine that rely on tourism.

Oregon's statewide Transient Lodging Tax functions like a targeted sales tax applied solely to the lodging sector. Adding the proposed 1.25% increase to Corvallis' existing local lodging tax of 13.5% would result in guests paying a combined lodging tax of 14.75%. This is significant, especially in the Corvallis market, where lodging demand is already softening. According to Smith Travel Research (STR), Corvallis hotel revenue is down 10% year-to-date from last year, and our 2024 occupancy rate ended at 52.1%, a drop of 11% from 2022.

I recognize that many of the agencies listed in the bill are underfunded. But the tourism and lodging industry is also under strain. As more entities and programs are added to what TLT supports, the tax becomes less effective as a tool to grow tax revenue. Also, it would be helpful to understand what type of framework will be used moving forward, on what entities would qualify, as there are many underfunded agencies out there that are tourism-related. TLT will not be able to address every need.

It's also worth noting that this is not just a tax on out-of-state visitors. According to Travel Oregon's 2022 Visitor Profile Study, 41% of Oregon destination travelers are Oregonians themselves. In Corvallis, Portland residents make up our largest visitor segment. This increase would directly affect Oregon families traveling within their own state.

Meeting planners are especially sensitive to lodging costs. Corvallis relies on group travel associated with Oregon State University conferences. When organizers compare cities, a nearly 15% lodging tax puts us at a competitive disadvantage. If they go elsewhere, it's not just our hotels that lose business; it's our restaurants, coffee shops, and local retailers.

Since its creation in 2003, Oregon's state lodging tax has delivered clear returns:

- Visitor spending has grown from \$6.5 billion to over \$14 billion
- State and local lodging tax revenues have tripled, from \$200 million to \$650 million
- Annual overnight stays are up by 2.7 million compared to 2008

In Benton County alone, tourism supports nearly 2,000 jobs and generates \$180.5 million in visitor spending for 2024. But with the loss of Pac-12-related travel, we are already facing a decline in key revenue streams.

Now is not the time to add cost barriers to an industry that fuels local economies across Oregon. HB 2977-5 risks weakening a proven economic engine at a vulnerable time.



I respectfully urge you to vote no on HB 2977-5. Thank you for your time and your continued service to the state of Oregon.

Sincerely,

A handwritten signature in dark ink that reads "Christina Rehklau".

Christina Rehklau

Visit Corvallis

Executive Director

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