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Written Testimony in Support of HB 4148 (The LOCAL Act)

Submitted to: **Oregon House Committee on Revenue** (Public Hearing – Feb. 9)

February 2026

Chair and Members of the Committee,

On behalf of the City of North Bend, I write in staunch support of **HB 4148 (the LOCAL Act)** and urge you to move this bill forward with a **“Do Pass”** recommendation.

North Bend is a coastal community that depends on tourism as part of a balanced local economy. But tourism is not sustained by marketing alone—it is sustained by the everyday fundamentals that visitors and residents experience on the ground: safe streets, responsive emergency services, well-maintained roads, clean and functional public spaces, reliable infrastructure, and the capacity to manage peak-season demands without diminishing quality of life.

That is exactly why HB 4148 matters. This bill does not create a new tax and it does not ask the state for a bailout. It simply provides local flexibility to use existing transient lodging tax revenue to address the real, measurable impacts tourism places on city services—while still preserving a meaningful, continuing commitment to tourism-related investments. It is a pragmatic modernization that aligns policy with reality.

North Bend’s reality: impacts are rising faster than our ability to respond

1) Public safety capacity is increasingly strained.

Our police staffing has remained essentially flat for a decade. During that time, our community has continued to evolve, visitor activity has remained strong, and the complexity of calls for service has increased. We have done what responsible local governments do: we have cut costs, implemented technology to improve efficiency, and pursued grants aggressively to bridge gaps. Those tactics help—but they do not replace stable, ongoing funding for core public safety services.

2) We are carrying a structural budget gap that is growing.

North Bend is operating with approximately a \$1 million gap in our budget, and that gap is increasing annually as inflation and service costs rise faster than general revenue growth. If we cannot stabilize core services—especially public safety and basic infrastructure—our ability to remain a welcoming, safe tourism destination will decline. When the visitor experience declines, tourism declines, and the entire model becomes self-defeating for residents, businesses, and the state.

3) We are supporting new housing that is essential—but it is not paying for the service demand it creates.

North Bend is working with our regional housing authority and partners to bring much-needed housing online. That is the right thing to do for Oregon. But we must be candid about a critical municipal finance reality: new affordable housing developments can be tax-exempt and therefore do not contribute property tax revenue to

cover the full cost of local government services—particularly public safety and street infrastructure. In North Bend, the housing authority is assisting the state with new housing, and 140+ units are tax-exempt. The City will still be expected to provide police response, emergency coordination, and safe streets for those residents and the surrounding community. That is a legitimate and growing fiscal pressure.

4) Roads and infrastructure are part of the tourism product—and they require investment.

Visitors experience our city through our roads, sidewalks, signage, lighting, parks, waterfront access, and overall cleanliness and functionality. Deferred maintenance is not just a resident inconvenience; it is a direct threat to destination quality. When a city cannot keep up with basic infrastructure, it becomes harder to host events, attract return visitors, and support small businesses that rely on seasonal activity.

Why the LOCAL Act is the right tool

HB 4148 acknowledges a simple truth: tourism creates both benefit and burden. The lodging tax system should help communities not only promote tourism, but also manage the impacts tourism creates—so that tourism remains sustainable.

The LOCAL Act does three important things that make it both responsible and persuasive:

1. It preserves a strong commitment to tourism while allowing communities to address the impacts that tourism creates in real time.
2. It strengthens transparency and accountability through reporting requirements, so the public and policymakers can see where funds go and what they accomplish.
3. It respects local decision-making. Communities are not all the same. A one-size-fits-all mandate does not reflect Oregon’s diverse geography and tourism patterns.

What North Bend would prioritize if given this flexibility

If HB 4148 is enacted, North Bend would use the new flexibility strategically and transparently, focusing on investments that directly protect both the visitor experience and resident quality of life, including:

- Public safety stabilization: staffing retention, training, essential equipment, and modern technology that improves response and accountability.
- Roads and right-of-way preservation: pavement preservation and safety improvements that reduce long-term costs and improve mobility for residents and visitors.
- Visitor-impact management: sanitation, cleanliness, lighting, wayfinding, parking and congestion management, and access improvements that keep our downtown and visitor corridors functional and welcoming.
- Infrastructure resilience: targeted investments that reduce risk and protect essential services that both residents and visitors rely upon.

These are not “nice-to-haves.” They are the baseline conditions that determine whether North Bend remains a place people want to visit—and a place residents are proud to call home.

Oregon’s tourism economy depends on local governments maintaining the fundamentals that make tourism possible. When cities cannot sustain public safety, infrastructure, and basic services, the visitor experience

deteriorates, residents lose confidence, businesses suffer, and tourism declines. HB 4148 offers a balanced, accountable approach to prevent that outcome.

On behalf of the City of North Bend, I respectfully urge your support for HB 4148.

Sincerely,

A handwritten signature in black ink, appearing to be 'DM', with a stylized flourish extending from the top right.

David Milliron