Written Testimony in Opposition to HB 4148

Regarding Proposed Changes to the Statutory 70/30 Transient Occupancy Tax Framework

Chair, Vice Chairs, and Members of the Committee,

For the record, my name is Joey Jewell, I am the Chief Sales Officer for Travel Salem, and I serve as Executive Director of the Salem Area Sports Commission. I appreciate the opportunity to submit written testimony regarding House Bill 4148. I am opposed to the bill as currently proposed and support the alternative framework advanced by the Oregon Restaurant and Lodging Association.

Cities across Oregon are facing real fiscal pressure. Rising personnel costs, expanding service demands, and long-standing limitations on property tax growth have created structural challenges for local governments. In that context, it is understandable that cities are seeking additional flexibility within existing revenue sources, including the transient occupancy tax. However, it is important to distinguish between short-term budget relief and long-term revenue sustainability. Adjusting the statutory distribution of lodging tax revenue may provide a modest cushion, but it does not resolve the underlying causes of municipal budget shortfalls.

In Salem, the City is managing a projected structural deficit of approximately thirteen point eight million dollars for the 2026 fiscal year. Under the current statutory framework, the thirty percent discretionary share of local transient lodging tax revenue generates roughly one point two to one point five million dollars annually for general services. House Bill 4148 would allow cities to increase the allowable share used for city or county services to as much as sixty percent. If fully utilized, that change could increase Salem's discretionary revenue by a similar amount. While meaningful, this additional revenue would still leave a remaining deficit exceeding twelve million dollars. This illustrates a central concern with House Bill 4148. The proposed reallocation provides limited fiscal relief while introducing risk to the system that generates lodging tax revenue in the first place.

The statutory seventy thirty framework exists because lodging tax revenue is generated by visitor activity, and Destination Management Organizations are the entities responsible for creating and sustaining that activity. This framework provides predictability and accountability by ensuring that the majority of lodging tax revenue is reinvested into tourism-related efforts that drive visitation. Tourism demand does not occur passively. It is the result of sustained investment in marketing, sales, partnerships, and destination stewardship. When investment in those activities is reduced, visitation declines in correlation, which ultimately constrains the very revenue cities are seeking to protect.

Destination Management Organizations are often described narrowly as marketing organizations. In practice, they function as community stewardship and economic development entities. DMOs generate non-resident revenue that supports city general funds without increasing the tax burden on residents. They also play a direct role in delivering outcomes Oregonians consistently support at the ballot box. Through tourism funded grants, partnerships, and volunteer coordination, DMOs help complete trail improvements, wayfinding and signage projects, arts and cultural programming, community events, and access improvements for parks and waterways. These efforts support quality of life for residents while aligning visitation with conservation and stewardship goals.

The discretionary portion of lodging tax revenue already plays a meaningful role in supporting city services. In Salem, the current thirty percent share is roughly equivalent to the annual cost of operating a single targeted municipal program, such as senior services, neighborhood park maintenance, or a specialized public safety unit. This contribution is significant, but it is not sufficient to resolve structural budget gaps. Redirecting additional lodging tax revenue away from tourism investment may temporarily support one program, but it risks weakening the broader system that generates revenue year after year and supports multiple community outcomes simultaneously.

For these reasons, I oppose the proposal advanced by the League of Oregon Cities to broadly alter the statutory seventy thirty framework. I support the alternative approach advanced by the Oregon Restaurant and Lodging Association, which preserves the integrity and predictability of the existing framework, allows targeted flexibility for jurisdictions facing unique circumstances, and requires improved transparency and standardized reporting before permanent changes are considered. A data driven and collaborative approach is the most responsible path forward.

The transient occupancy tax is effective because it converts visitor activity into community benefit. Destination Management Organizations are the mechanism that enables that conversion, generating revenue while delivering the quality of life outcomes Oregonians value most. Altering the statutory framework without undermining that mechanism requires balance and restraint. House Bill 4148, as currently proposed, risks weakening a system that already supports cities, residents, and voter priorities.

Thank you for the opportunity to submit this testimony.

Respectfully submitted,

Joey Jewell
Executive Director
Salem Area Sports Commission