

Submitter: Susan Wahlke

On Behalf Of:

Committee: Senate Committee On Commerce and General Government

Measure, Appointment or Topic: SB1585

Chair Meek and Members of the Senate Committee on Governance and General Government

RE: Support for HB 4148 (the LOCAL Act) and Local Lodging Tax Flexibility

Dear Chair Meek and Members of the Committee:

I am writing to ask you to support HB 4148. Local lodging taxes are taxes paid by visitors of hotels, motels, short term rentals and campgrounds. In 2003, the state passed a preemption on local transient lodging taxes that established restrictions around how local lodging tax dollars could be spent, requiring at least 70% of new or increased taxes to go toward tourism promotion and tourism-related facilities and reserving the remaining 30% for local discretionary spending. HB 4148 provides more local lodging tax flexibility by allowing cities to have more discretionary general fund dollars to provide services that tourism relies on, including public safety and community infrastructure.

Under current court interpretations, existing definitions of tourism promotion and tourism-related facilities do not leave local jurisdictions much leeway to respond to the strains of tourism. Right now, communities bear the burden of maintaining and operating services that directly benefit tourists and are primarily funded by community members, such as public safety, parks, water and wastewater infrastructure. Our population in Lincoln City often increases by 300% due to the promotion we are able to do with our lodging tax dollars, and our infrastructure needs to accommodate that increase.

In short HB 4148 (the LOCAL Act)::

- Does not raise taxes but allows jurisdictions to reconfigure current taxes.
- Restores more local control. For 23 years cities have been providing the preempted 70% amount of new and increased taxes to "tourism promotion" and "tourism-related facilities." Cities will be able to further right size the amount they spend towards tourism based on their individualized economies.
- Continues to dedicate a portion of the local lodging tax to tourism. The LOCAL Act is a compromise because it does not completely abolish the preemption placed on cities in 2003 and will provide the tourism industry with some surety.
- Does not prohibit cities from spending more on tourism. Cities can always spend more than the required percentage toward tourism if they choose. Some cities already spend money out of their general fund on tourism related expenses that are not covered in the strict definitions of "tourism promotion" and "tourism related facilities."

- HB 4148 keeps communities safe, addresses the real costs of tourism, protects outdoor recreation and over 70% of voters support allowing more local lodging tax revenues to fund essential city services that keep tourism sustainable.

I urge your support of HB 4148, the LOCAL Act!

Respectfully,

Susan Kay Wahlke

Lincoln City Mayor