

March 30, 2011

TO: SENATE COMMITTEE ON FINANCE AND REVENUE

FROM: BILL CROSS, OREGON DESTINATION MARKETING ORGANIZATIONS

RE: STATEMENT IN OPPOSITION TO SB 307

The Oregon Destination Marketing Organizations is a non-profit organization representing destination marketing organizations, convention and visitors bureaus and chambers of commerce responsible for marketing specific geographic areas as visitor destinations. We are in opposition to SB 307 which would repeal an important provision of the Tourism Investment Program (HB 2267) enacted by the Legislature in 2003. In addition to establishing a statewide room tax to fund Oregon's tourism marketing program, HB 2267 created a local transient lodging tax policy requiring that no less than 70% of new or increased local room tax revenues be dedicated for tourism promotion and tourism facilities.

The Legislature and the Governor deemed the reinvestment of lodging tax revenues essential for economic growth and were to be used to generate additional lodging stays where visitors spend money on accommodations, restaurants, retail shops, recreations and many other services. This was a deliberate strategy to stabilize local level tourism funding and to generate positive returns for Oregon communities. Our association of destination marketing organizations and convention and visitor bureaus supported that policy in 2003 and continue to believe that it is a critical component in the economy across the state.

Since the Tourism Investment Program was adopted, visitor spending in Oregon went from \$6.5 billion in 2003 to \$8.1 billion on 2010 (25% increase). And, during that same period, state and local taxes related to visitor spending went from \$246 million to \$313

million (27% increase). Every \$1 spent of state marketing results in \$193 in visitor spending. Local and regional tourism and hospitality organizations (public and private) collaborate with the state to maximize the economic benefit of these investments. These efforts brought more than 21 million overnight visitors to Oregon in 2009 – for an average stay of four nights. Visitor spending in 2010 generated \$2 billion in employee earnings.

Repealing the reinvestment requirement for local transient lodging taxes will have an adverse impact on the industry in Oregon. It will result in a reduction in both jobs and state and local tax revenues at a time when the economy is threatening our state and local economies at a level most of us have never experienced before.

Please oppose SB 307 and the repeal of the Transient Lodging Tax provisions which help support Oregon communities across the state during this economic downturn by ensuring that we can maintain our market share in the tourism industry.

OREGON TOURISM

CREATING MEANINGFUL JOBS,
DRIVING ECONOMIC GROWTH



"Most summers, I employ ten kids who are in high school or college. It's often their first job. My wife and I work hard to instill a work ethic, and to teach these kids to be on time and look professional. They leave us ready to launch their careers."

Brad Niva

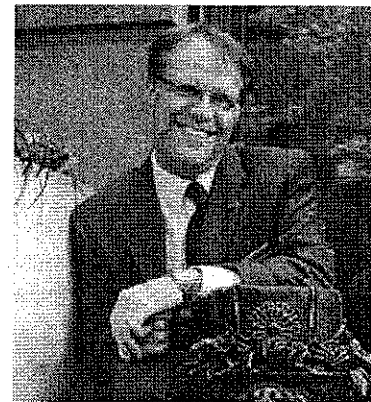
Owner, Rogue Wilderness Adventures
Merlin, Oregon



"Our Director of Housekeeping started as an hourly employee at the front desk. Once her daughter was a little older, she was able to focus on her career. She became an administrative assistant in sales, then a supervisor. Now she oversees 35 employees on her team."

Chris Erickson

General Manager, Heathman Hotel
Portland, Oregon



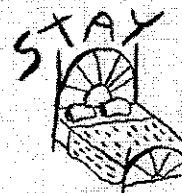
"My career path started when I was 15 at my local Dairy Queen. It taught me the core values that continue to influence my career to this day—putting the customer first, creative problem-solving and a hearty work ethic. I am extremely fortunate to continue earning my living in tourism doing work I love."

Angie Morris

President & CEO, Travel Salem



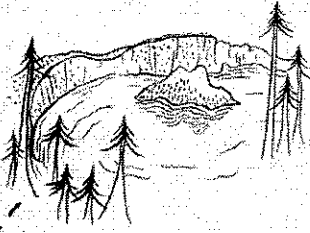
TravelOregon.com



OREGON TOURISM & HOSPITALITY

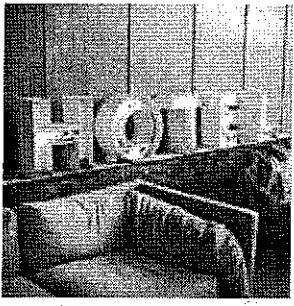
Tourism Performs

Before the passage of the 2003 Oregon Tourism Investment Proposal, Oregon's annual marketing budget ranked 47th in the nation. Now Oregon ranks 25th, and can more effectively compete for visitor dollars.



	In 2003	In 2010	Change
Direct Employment	85,700 jobs	88,000	+3%
Employee Earnings	\$1.7 billion	\$2.0 billion	+18%
Visitor Spending	\$6.5 billion	\$8.1 billion	+25%
Taxes (State/Local)	\$246 million	\$313 million	+27%

Support Tourism, Support Oregon



In 2003, Oregon faced one of its highest unemployment rates in history. Eager to create new opportunities for Oregonians, the **Oregon Tourism Investment Proposal** was created, enacted and signed into law. The bill made tourism and hospitality a pillar of Oregon's economy by reinvesting 1% of lodging revenue back into tourism development and marketing. Visitors generate significant spending, lawmakers reasoned, and businesses may look to relocate to Oregon after executives vacation here. With proper support, they believed tourism could be a powerful tool to bolster the state's flagging economy.

The investment is paying off:

\$1 spent on state marketing
= **\$193** in visitor
spending*

\$1 spent on state marketing
= **\$8** in state and local
tax revenue*

Tourism and hospitality industry members in every region of the state collaborate on dozens of strategic marketing programs each year funded by Oregon's Tourism Investment. These efforts brought more than 21 million overnight visitors to Oregon in 2009—for an average stay of four nights.

Visitor spending reached more than **\$8 billion** in 2010
generating **\$2 billion** in employee earnings.

Continued dedication to the state's tourism industry will keep this powerful economic engine running strong.

*Advertising Accountability Study, Longwoods International, 2010



Tourism Jobs Provide Vibrant Career Paths for Good Jobs Now, Rewarding Careers Later

Tourism jobs provide a training ground for Oregon's future workforce, enabling younger workers to demonstrate a professional work ethic and to build good work habits.

Tourism jobs provide flexibility for seniors, parents, students and other workers.

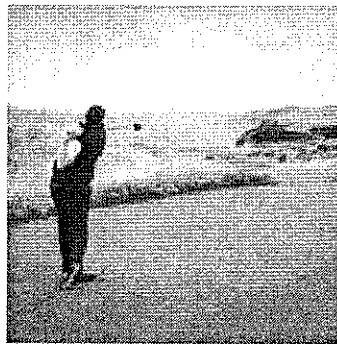
Tourism jobs are often small business jobs connected to the communities they serve, all over the state.

Tourism directly generates some 88,000 jobs in Oregon—and indirectly creates nearly another **40,000 jobs** in agriculture, construction, manufacturing, transportation and other sectors.



Hospitality companies ranked No. 1 and No. 2 for compensation and benefits on the 2011 List of Best Companies to Work for in Oregon.* A worker for the No. 1 rated firm stated, "The culture of fun, development, benefits, work environment, teamwork and advancement allows the employees to really come to work each day knowing they come first."

* Oregon Business Magazine list of private companies with more than 100 employees



"The Southern Oregon Coast has been transforming toward a tourism-based economy. Bandon Dunes has helped, employing close to 450 staff members and 250 independent contractors (caddies). In most cases, the staff member is the primary earner in the family."

Michael Carbiener
Assistant General Manager,
Director of Food and Beverage
Services, Bandon Dunes

Tourism Benefits Rural Economies

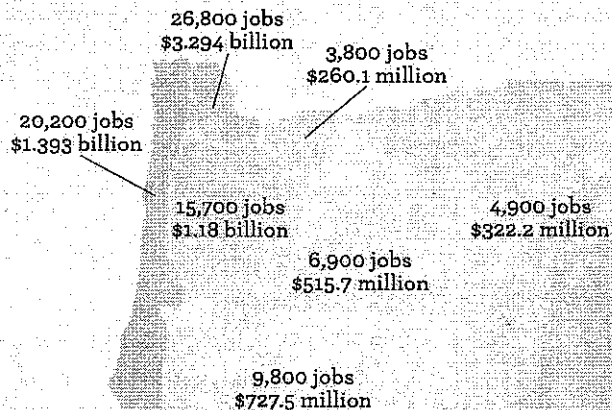
Tourism jobs are crucial for economic growth, especially in rural counties:

- Tourism is one of the three largest industries for employment in rural counties
- Oregon's ten most tourism-dependent counties are rural

Tourism provides the jobs necessary to support rural economies in transition.

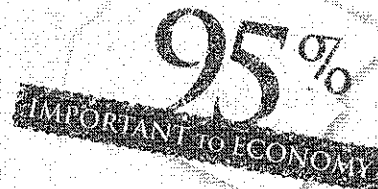
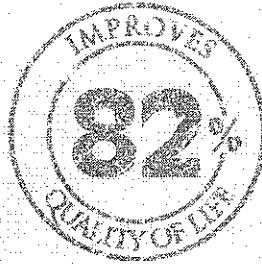
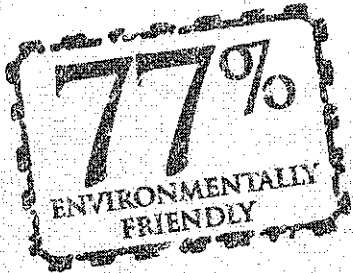
In some rural areas, tourism jobs provide the means to diversify local economies.

Meaningful Employment & Revenue for All of Oregon



OREGON TOURISM & HOSPITALITY

Oregonians Value Tourism



"Tourism is a job creator on its own, but it's also essentially the front door to the rest of the economy."

Duncan Wyse
President, Oregon Business Council

Tourism Boosts Oregon Business

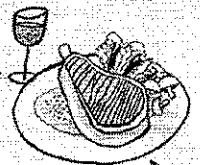
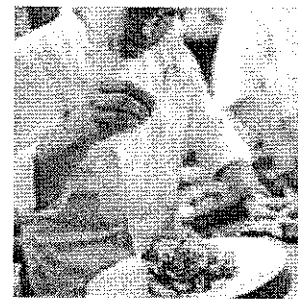
Travel Oregon is one of the most visible manifestations—nationally and internationally—of the Oregon brand. The positive associations of Oregon established by the brand benefit businesses and agencies beyond hospitality, including:

High Tech, Manufacturing & Other Industries—Vacationing executives consider relocating businesses to Oregon for its outdoor lifestyle and the overall quality of life that the Oregon brand espouses.

Agriculture—Oregon's thriving culinary and agri-tourism industry boosts the profile of Oregon seafood, produce, wine, beer and spirits, stimulating national and international sales.

State Parks/Marine Board/Fish & Wildlife—More visitors are drawn to take advantage of Oregon's great natural resources, populating more campsites and buying more boating, fishing and hunting tags.

Tourism is vital to our state's economy. It provides jobs, fuels small-business development and generates revenue in every corner of the state. The tourism and hospitality industry is Oregon's largest traded sector employer and a leading contributor to our gross state product. With Travel Oregon investing collaboratively and strategically with businesses and organizations across the state, the Oregon brand will continue to contribute to the state's economic well-being for many years to come.



Travel Oregon Oregon Tourism Commission

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