



SENATE BILL 307

*Comments by Mike Eliason, Policy Manager, Association of Oregon Counties,
before the Senate Finance and Revenue Committee, March 30, 2011.*

The Association of Oregon Counties **supports** Senate Bill 307 for the following reasons.

- AOC has supported, and continues to support, the statewide one percent transient lodging tax (TLT), begun in 2003. Tourism is an important component of a diversified economy, recognized and supported by county governments. In fact, all 14 county TLTs in place immediately before approval of the statewide tax used at least a share of proceeds for economic development and tourism.
- SB 307 would allow a city or county to expand the use of TLT revenues to services that “have a substantial purpose of supporting tourism or accommodating tourist activities.” AOC also supports similar bills introduced this session, SB 541 and SB 542. SB 541 expands the definition of “tourism-promotion,” while SB 542 allows newly generated TLT revenue to support a “road that serves a tourist destination.” All of the aforementioned bills serve the dual purpose of supporting tourism while allowing more flexibility to local governments to determine the best use of funds to address local needs.
- The law that imposed the statewide TLT, unfortunately, also imposed a preemption against local governments’ control of their own TLTs. Until 2003, this type of tax **had always been local**, managed by locally elected officials. Local communities have been perfectly able to shape and approve the TLT that best fit local circumstances. State law now directs specific uses of the local tax.
- In its Findings, the Task Force on Comprehensive Revenue Restructuring (Jan. 2009; pg. 3) states: “Many governmental services are jointly provided by state and county governments. This means that fiscal stress at one level of government affects the other”. (See attachment 1). The stress to state

government's public services budget is painfully obvious. The stress to county governments is well illustrated by the next two attachments: a) The four-year ramp down of federal forest payments ends in FY 2011-12, leaving 24 'hard-hit' and 'critical' counties; b) Due largely to Measure 50 (1997) and exacerbated by preemptions such as this one, Legislative Revenue found a structural gap between county revenues and expenditures for public services exists now and is projected to grow to nearly \$2 billion in FY 2019-20.

- The other major task force during the previous interim, the Governor's Task Force on Federal Forest Payments and County Services (Jan. 2009), studied the predicament in which counties – and as a consequence, the State - find themselves. The Task Force noted the threat to the functioning of 24 hard-hit or critical counties. Among the 53 Recommendations, #3 provides: **“Amend state law to give counties the authority to use existing revenues more flexibly and to enact new revenue options with approval of county voters.” It specifically mentions TLT receipts under this Recommendation.**
- Recall that general law counties (27) and home rule counties (9) whose charters do not specifically provide otherwise must refer new revenue measures to the voters (ORS 203.055). The voters will determine whether to impose the tax, how proceeds will be used, and hold elected officials accountable for management of the tax.
- **Tourism causes increased demand for county services**, including public safety and corrections, health and emergency services, solid waste, and search and rescue. During high season, traffic congestion and road wear and tear are obvious. In addition, a county often ends up providing primary health care for many frontline service workers of the tourism industry.
- The State is not in position to appropriately address the variety of local needs and conditions that each county faces. Nevertheless, in 2003, the Legislative Assembly, in effect acting as a 'super' local governing body, directed newly enacted local TLTs to specific purposes for the benefit of a particular industry. We believe it is time to at least partially return one of the few tools local governments' possess to address local needs and we urge passage of SB 307.

SHARED STATE-COUNTY SERVICES

SERVING THE CITIZENS OF OREGON

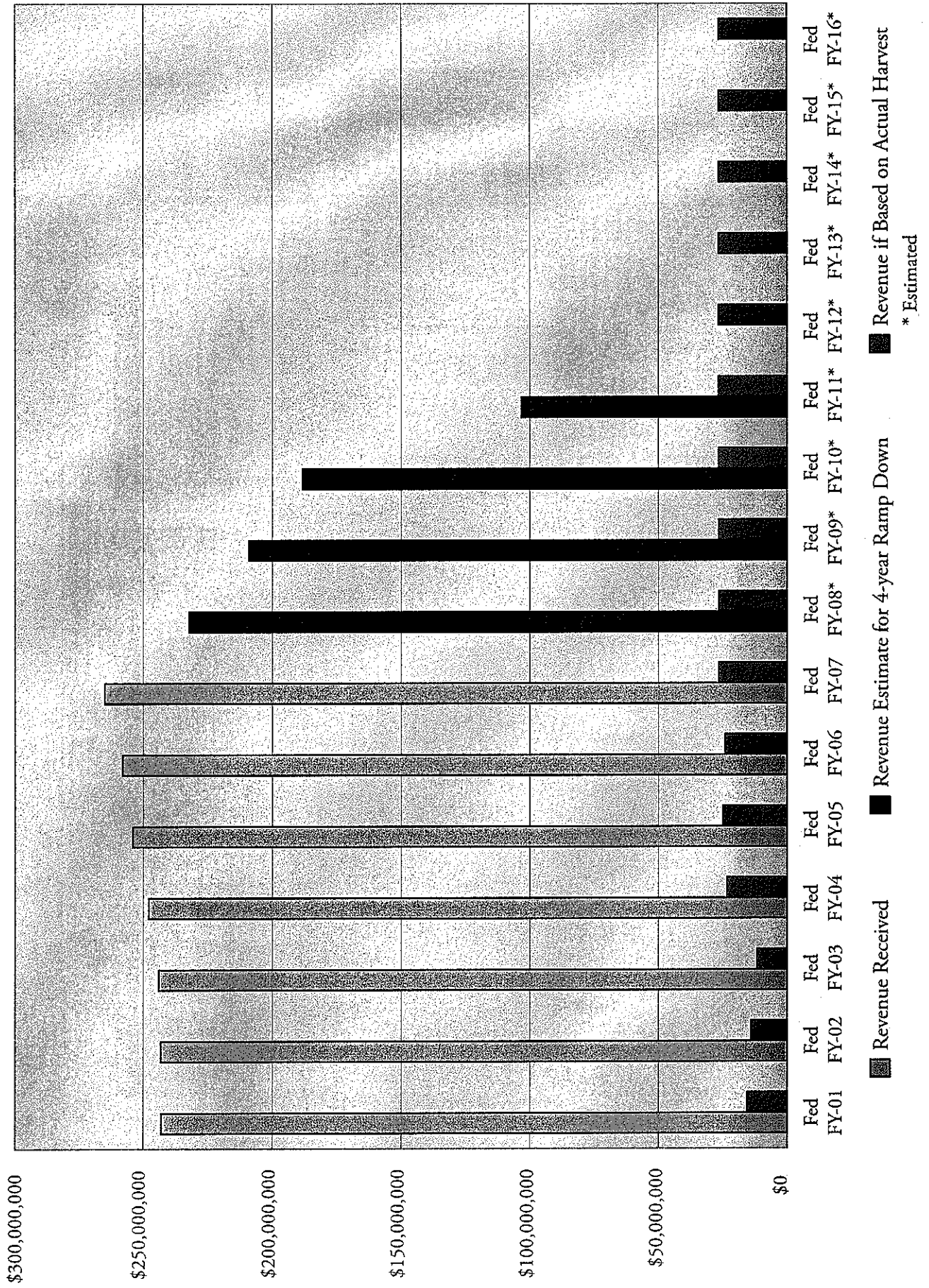
HEALTH & HUMAN SERVICES	PUBLIC SAFETY	NATURAL RESOURCES & RECREATION	TRANSPORTATION, LAND USE & ECONOMIC DEV.	OTHER COMMUNITY SERVICES
Child Protection Housing Mental Health Hospital Aging/Senior Services Alcohol/Drug Treatment Alcohol/Drug Prevention Children & Families Svcs. Dev. Disabled Services Mental Health Services Oregon Health Plan Svcs. Veterans Services Public Health Services Environmental Health Housing Services Medical Examiner Emergency Planning and Response Solid Waste Management Recycling Programs	Appellate Court State Police State Prison Attorney General Trial Courts District Attorney 911/Emerg. Communications Emergency Management Homeland Security Community Corrections Court Security Juvenile Services Marine Patrol Drug Courts County Law Library Sheriff Patrol Animal Control Justice Courts Search and Rescue County Jail	State Parks State Lands Water Regulation Wildlife Regulation County Forest Trust Lands/ State Forest Management Habitat Restoration Wildlife/Predator Control Federal Land Policy Noxious Weed Control Watermaster County Forest Management County Parks Vector Control Soil & Water Conservation	State Highways State Fair Land Use Planning & Coord. Land Use Permitting Highway & Road System Senior & Disabled Transport. Energy Development Engineering Building Permits & Inspection Economic Development County Fair Infrastructure Development Surveying County Transportation System	Administrative Services Assessment & Taxation PERS Employee/Labor Relations Elections Extension Service Telecommunications Administrative Services Procurement Recording Public Documents County Library County Museums County Service Districts

Green = State-Provided Services Red = State/County-Shared Services Blue = County-Provided Services



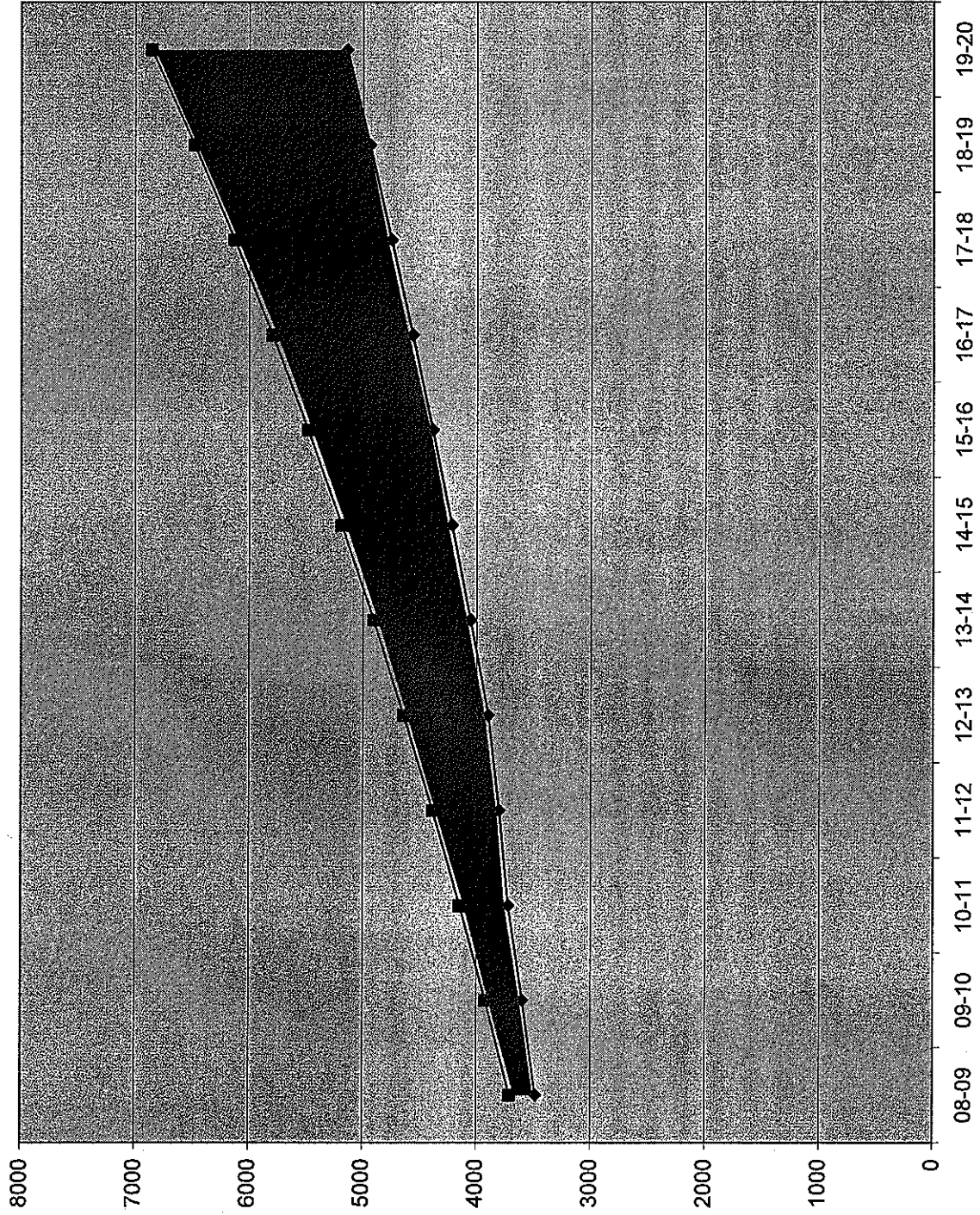
Directly supports schools/education

FOUR-YEAR RAMP DOWN OF FEDERAL FOREST PAYMENTS



Revenue Received
 Revenue Estimate for 4-year Ramp Down
 Revenue if Based on Actual Harvest
 * Estimated

**COUNTY LONG-TERM FISCAL PROJECTION:
INFLATION REMAINS AT 2007 RATE**
(In Millions of \$ by Fiscal Year)



**Includes all revenue sources

◆ REVENUE **
■ EXPENDITURES*

*Includes programmatic, administrative and material expenses. Compounding the gap between revenue and expenditures are the M5/50 property tax limitations and the ever growing number of property tax exemptions.