

# SB 307



**Date:** March 24, 2011  
**To:** Senator Ginny Burdick, Chair – Senate Finance & Revenue Committee  
**From:** Bill Perry, Oregon Restaurant & Lodging Association  
**Subject:** Lodging Taxes

MEASURE: SB 307  
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SUBMITTED BY: Bill Perry

Senator Burdick,

Thank you for the opportunity to speak with you today about local lodging taxes. This legislative proposal is a removal of the 2003 legislative compromise on local transient lodging tax. Now, is everyone happy with the outcome of the 2003 legislation? No, and that's why it was deemed a "compromise."

The root of the problem isn't lodging taxes at all, it's the tax structure itself. Oregon's tax structure is built around local governments gaining revenue from property taxes, and our ballot measure system has altered the way we collect property taxes at the local level. This proposal does nothing to fix the local tax structure issue.

Proponents of this change to current law will even tell you that "this is a way to capture money from the tourists that are causing all these problems." But, the fundamental issue is that we must view tourists as a benefit to all economic aspects of our communities, and not as a burden. Additionally, if local governments are trying to capture tourist dollars, lodging is a fraction of their spending and should not be isolated as a target.

Here is how tourists spent money in 2010:

Food and Beverage Services	\$1,655 million
Transportation and Fuel	\$1,384 million
Accommodations (Lodging)	\$1,217 million
Retail Sales	\$931 million
Art, Entertainment and Recreation	\$803 million
Food Stores	\$525 million

As you can see by the above, if the goal is to capture tourism dollars at the local level, lodging is not the highest category. Local governments should in fact consider a retail sales tax if the outcome intended is to capture tourism revenue. Doing this would also stop the industry-specific attacks that the 2003 tourism investment legislation was trying to address.

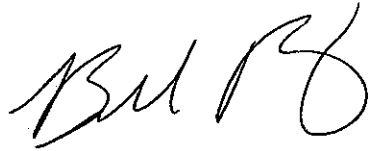
Let us be clear, the previously-enacted law has not stopped the abuse by local governments – it has only slowed them down. In Yachats, they have local lodging taxes for a library and city commons because they say tourists can use them. In LaGrande, they funded a local park because there is a baseball field in the park and they say out-of-town teams play little league games there.

The intent of the 2003 legislation was to have local governments work in conjunction with our state to attract tourists to Oregon, and in doing so rebuild the economic engines in rural communities. As you can see from the 2010 numbers, tourists play a major role in supporting businesses on many levels throughout our state. The legislature should be pushing local governments to be involved in more tourism promotion, not less.

Localized industry-specific taxes create fights and discourage business growth, and add to the dysfunctional tax system Oregon has today. If the end result is to fix the tax system for local governments, our industry has always been willing to participate in the discussions.

But if the goal is to remove an economic-driver like tourism promotion, which puts our industry's businesses and employees in harm's way in every local community across Oregon, we wholeheartedly disagree. Doing so will only create more economic problems, it will not solve them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bill Perry". The signature is stylized and cursive.

Bill Perry  
Oregon Restaurant & Lodging Association