

Diamond Lake Improvement Company
350 Resort Drive
Diamond Lake, Oregon 97731-9708

March 1, 2013

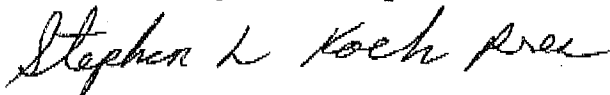
Dear Sir/Madam:

Diamond Lake Improvement Company (aka Diamond Lake Resort) operates under a federal special use permit whereby rent is paid to the federal government for the use of approximately 80 acres in the Umpqua National Forest. Until the sunset of ORS 307.182 the land was previously exempt from property taxation. Note that the Resort pays property tax on all of its buildings, furniture, fixtures and equipment amounting to \$42,600 annually. With the sunset of ORS 307.182, the Resort will incur at a minimum an additional \$9,250 in tax per year. The nine thousand dollar figure is based on calculations done by the Douglas County Assessor's office and is based on land values that are decades old – I cannot imagine the impact on my business if the land were assessed at current values! I urge you to consider these key points in evaluating SB 549:

- The land utilized by the Resort is owned by the federal government; the Resort has no possessory interest. This means that the business cannot use the land as collateral in obtaining financing. It does not seem reasonable to tax the Resort on an asset it does not own nor derives any benefit in terms of capitalization or borrowing capacity.
- The rent paid to the federal government ranges from \$90,000 to \$130,000 per year; a portion of these dollars already come back to Douglas County and the state of Oregon in the form of RAC monies spent on enhancement projects for recreational users of the forest.
- The majority of the acreage utilized by the Resort is for parking for all Umpqua Forest users (not only Resort guests).
- In order to make up the additional tax, at a minimum, the Resort would have to rent its units an additional 185 nights. Since the summer season is at capacity, these revenue dollars would need to be made up in the winter months and during the shoulder seasons – this adds considerably to the challenge of trying to figure out where the money is going to come from to cover this additional cost.
- The bottom line profit for the Resort in 2008 and 2009 was a paltry .1% and .7%, respectively. Losses have been incurred since then: -2.7% each in 2010 and 2011, and -.9% in 2012. The additional property tax is just one more nail in the coffin. At risk are almost 50 full time equivalent jobs plus 20 to 30 seasonal jobs in rural Oregon – for this one Resort. The impact is so much larger when you consider all of the other resort businesses on Oregon's national forests struggling to make ends meet.

Support for SB 549 is a vote for jobs in rural Oregon!

Sincerely,



Stephen L. Koch
President, Diamond Lake Improvement Company