



February 5, 2016

Rep. Phil Barnhart, Chair  
House Revenue Committee  
900 Court St., NE  
Salem, OR 97301

RE: HB 4146 Concerns and Questions

Chair Barnhart & Members of the Committee:

On behalf of the Tourism Development Council of Oregon's Mt. Hood Territory, the Destination Marketing Organization for Clackamas County, I wish to share some concerns we have with HB 4146. I currently serve as the Chair of Clackamas County's Tourism Development Council, and have 50 years of experience in the lodging industry.

Before I do however, I would like to acknowledge the positive impact that Oregon's 2003 Tourism Investment Act, HB2267, has had to the State's economy; it cannot be understated.

**Diminished Competitiveness -**

With that said, we are concerned that a 1% increase in the state's transient room tax (TRT) will diminish the ability of the Greater Portland Region to compete for meetings and convention business among comparable markets such as Seattle, San Francisco and Denver. Tourism and lodging partners in Oregon's Mt. Hood Territory (Clackamas County) benefit significantly from the work done by Travel Portland to attract meetings and conventions because of the spillover effect; both in terms of absorbing sellout events and in attracting bleisure travelers – travelers who arrive before or stay after a business trip to enjoy a bit of leisure. Arguable, this “bleisure bounce” benefits all destination-based regions across the state.

**Reduced Local Options -**

A second concern we have is that a 1% increase in the state's TRT will significantly reduce, if not totally eliminate, the leeway that exists locally for communities to address their own tourism needs. Several Clackamas County cities, like numerous others across the state, have their own local TRT. These are on top of the county and state programs. Price point wise, these can cumulatively impact a visitor's decision on where to stay. If there is “room” locally for a one percent rate increase but it goes to the state, that local community loses its ability to raise additional TRT revenues for local efforts. It is a double hit.

**How will the Additional Dollars be Spent? -**

Our third point is actually a question. In doubling the state's lodging tax what will the additional dollars be used for? To our knowledge no plan has been proffered beyond some funding for improvements needed to host the 2021 World Outdoor Championships. We acknowledge this is a worthy project, and that it will have positive impacts for the entire state, but it only needs a portion of the funds which will be raised. And, this is only for a limited time.

My hope would have been that organizations such as Travel Portland, and ours, were part of the discussion related to the proposed increase. And, I am disappointed that we weren't. Collaboration has always been one of the keys to our state's success. As all of you are aware, Oregon is a process oriented state, and a state that believes that transparency is key to good governance. I know that collaboration has always resulted in the best possible proposal, because our collaborations with Travel Oregon have always led to amazing results.

In the event that you want to pass a permanent tax increase, this session, I would join Travel Portland in asking that you limit that increase to one half of one percent. As of today, I haven't seen a needs analysis, or been provided with the opportunities that Travel Oregon has lost, due to lack of resources. I would need to see that before I could advocate for doubling our state's TRT.

If you believe it is prudent, you could allocate 50% of any additional funds raised, to travel Oregon, and 50% to the various regions, in the proportion in which they collected the tax. This would insure that funds were utilized both state wide, and at the local level.

#### **Opening the Door -**

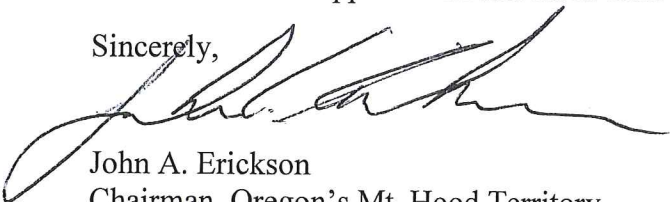
We recognize that eliminating the word "marketing" from the statutes provides greater flexibility for the types of projects that can be funded with state TRT dollars, but we have some concerns about opening up the door too far, which allows room for non-tourism projects to be funded. The reason the Tourism Investment Act has been so successful is because of the link between the funds generated and efforts supported. To that extent, heed should be given to ensuring programmatic integrity.

#### **15% for RCMP -**

We are pleased to see that HB 4146 includes language clarifying that 15% of the state's TRT revenues are to be used for the regional cooperative tourism program (RCMP). The ambiguity of the current language has been a point of some contention in the recent past. The "15% for regions" was a key component of the Tourism Investment Act. For years the RCMP was funded at 15% but it has seen a reduction in funding over the years and has even seen threats of being eliminated entirely.

While we appreciate the work of Travel Oregon, we cannot support HB 4146 in its current form and ask that you amend the bill. If a middle-ground compromise option was offered we could be favorable in our support of an increased TRT amount.

Sincerely,



John A. Erickson  
Chairman, Oregon's Mt. Hood Territory

cc: Clackamas County Legislative Delegation