



February 5, 2016

House Revenue Committee
Oregon State Legislature
900 Court St.
Salem, OR 97301

Re: HB 4146

Honorable Chair Barnhart and Revenue Committee Members:

Good afternoon. For the record, my name is Todd Davidson and I serve as the CEO of Travel Oregon.

In 2003, the Oregon legislature passed and the Governor signed into law the Oregon Tourism Investment Proposal which initiated the statewide lodging tax and put definitions in place on the use of local lodging taxes. The Oregon travel and tourism industry believed, and the legislature concurred, that there would be a synergistic effect of establishing a dedicated stable funding source for state tourism marketing while insuring local transient lodging tax dollars were directed back into the industry being taxed through local tourism promotion efforts.

As a result, Oregon has been able to compete more effectively for visitor dollars, resulting in a strengthened Oregon economy. In 2014, travelers injected a record \$10.3 billion into the state's economy, directly employing more than 101,000 Oregonians. Today, 76% of all overnight travel spending results from out-of-state and international visitors traveling throughout the state. The tourism industry is generating returns for Oregon that surpass expectations. Since 2003:

1. Visitor spending is up 58% (from \$6.5 billion to \$10.3 billion),
2. Direct employment is up 18% (from 85,600 jobs to 101,000);
3. Employee earnings are up 53% (from \$1.7 billion to \$2.6 billion);
4. State and local taxes generated by visitors are up 75% (from \$242 million to \$421 million).

Collectively, we have successfully gained market share of an expanding global tourism economy. When the Oregon Tourism Investment Proposal went into full effect in 2005,

Oregon's share of total visitor spending in the United States was 0.97%. By 2014 (the most recent numbers available), our share had grown to 1.12%. It's important to note that a .15% change is significant; every .1% of share is equivalent to shifting over \$900M from other destinations to Oregon. So, the .15% is equal to a \$1.4B shift in Oregon's share of visitor spending in the U.S.

Throughout the 12 years since the passage of the Tourism Investment Proposal, the Oregon Tourism Commission has maintained high levels of accountability and oversight.

We've adopted a vision that seeks a better life for Oregonians through strong, sustainable local economies. And we see our mission in achieving this vision as inspiring travel that drives economic development. Through innovation and partnerships, we share the stories of Oregon's people and places, deliver world class experiences and ensure the preservation of Oregon's way of life and natural places.

To accomplish this mission, Travel Oregon has adopted four key imperatives:

1. Optimize statewide economic impact
2. Support and empower our partners
3. Champion the value of tourism
4. Run an effective business

One example of delivering on these imperatives is found in independent research measuring the impacts of Travel Oregon's domestic advertising campaigns.

1. In 2004, every \$1 invested in Travel Oregon's advertising campaigns generated \$159 in visitor spending and \$6 in state and local tax revenue. And at the time, the independent research firm hired to carry out this ad accountability research said it was one of the most effective campaigns they had measured.
2. In 2013, Travel Oregon's campaigns were again evaluated and found that every \$1 invested in advertising campaigns generated \$237 in visitor spending and \$11 in tax revenue.
3. These are increases of 49% in visitor spending and 83% in local and state tax revenue over 2004.

Further evidence of tourism's ability to drive positive economic development for Oregon was documented through a consumer behavior study designed to measure the effects of travel to and within the state in terms of visitors purchasing Oregon products during and after their trip.

Through this study, we learned that as a result of their trip to Oregon:

1. 43% of Oregon visitors said they are More or Much More Likely to purchase Oregon products than before their trip;

2. Nearly 60% of Oregon visitors stated they have purchased Oregon products since visiting;
3. 42% of Oregon visitors stated that introducing their family and friends to Oregon's local products will greatly influence their decision to visit Oregon in the future.

And finally on this point, in 2015, the Oregon Economic Development Association – a consortium of local business recruitment specialists - awarded Travel Oregon their Outstanding Marketing award in recognition of the success our advertising campaigns were having in driving demand for travel to Oregon...and how these visitors were also prospects for business recruitment and business relocation efforts. Our tourism advertising campaigns convey an Oregon ethos and way of life, as well as showcasing our natural beauty, in a way that drives business investment opportunities.

If enacted as proposed, HB 4146 will generate additional resources the Oregon Tourism Commission can invest to increase demand for Oregon as a global travel destination, support communities and businesses across the state in reaching and serving these visitors and enhance the collaboration and cooperative tourism programs happening in tourism regions throughout the state.

There has been a trend over the past few years that is troubling to Oregon's tourism industry – the investments being made by other states is increasing. In 2012, Oregon's budget ranked 16th of the 50 states; in 2014 it ranked 23rd.

HB 4146 affords Oregon a tremendous opportunity to maintain our competitive edge, grow Oregon's share of global visitor spending and expand industry, community and business support across the state:

Further inspire potential travelers and support industry partners. Additional investment will extend the reach and frequency of consumer marketing campaigns. This will create more opportunities for regional and local partners, which amplifies Oregon's collective voice, leads to greater marketing alignment and strengthens regional and local efforts. Specifically:

- Enhance presence in existing markets: Seattle, San Francisco, Vancouver, BC;
- Extend advertising campaigns to provide seasonal balance – Spring/Summer & Fall/Winter;
- Develop new co-operative advertising model for industry partners that leverages retargeting technology.

Increase Oregon's share in international markets. In 2014, Oregon showed an increase in international visitation of 9% and an increase in spending of 7% over 2013. Based on Dean Runyan Associates research, this equates to capturing an estimated annual spend of \$840M from international visitors. Advancing investment in established markets, such as Canada, Japan, Europe and Australia while increasing investments in the growing markets of Brazil, China and India, would result in robust and sustained growth. Increased funding will also be

used to continue support of inbound leisure travel on non-stop international flights to Europe, Asia and Canada while enhancing domestic tour operator product, which is crucial for economic development in rural Oregon.

Invest in statewide tourism development. At a time when Oregon communities are still recovering, additional investments would benefit communities throughout the state that most need assistance in achieving meaningful employment and economic impact. Establishing new niche tourism infrastructure within agritourism and outdoor recreation efforts will positively impact local economies in both urban and rural Oregon. In order to ensure the success of these emerging niche tourism efforts, wayfinding, trail creation infrastructure, along with local capacity, must be established. Specifically:

- Expand community development programming through Tourism Studio offerings;
- Increase services for business development support to help tourism entrepreneurs achieve success.

Build out a comprehensive statewide visitor information network and enhanced visitor services through workforce initiatives. New state funding will be used to update and deploy digital assets in state welcome centers. These assets would include branding elements, cutting edge technology for visitors to access and in support of ongoing customer service training. These new tools will be scalable so regional and local partner organizations can utilize them in their local visitor centers, as well.

- Reinvent welcome center experience -
 - Global – increase international readiness
 - Concierge service – help consumers make buying decisions (tickets, lodging/dinner reservations, etc.)
 - Data mining – harvest visitor information to allow continued engagement with them in high impact manner

New resources could also be used to support industry educational priorities. The state's tourism industry needs enhanced investment in secondary and technical education efforts as well as the development of a strong four-year degree program in tourism/hospitality. These investments ensure the important industry connection to its future workforce. Specifically:

- Education program -
 - Front line training – Guest Service Gold
 - Technical training – support existing technical training and education
 - Secondary & Higher Education – support existing work in Oregon high schools for hospitality curriculum and support college level efforts for both community colleges and four year institutions.

Increase distributions to facilitate regional and local efforts. New marketing, sales and development efforts will be funded allowing regional and local areas to reach new, high-yield markets and to invest in critical product and destination development that result in long-term

economic impact. Travel Oregon will expand dedicated investment with its seven regions that will include funds for significant, destination defining projects. Specifically:

- Investment dedicated to seven regional marketing, sales and development efforts. HB 4146 amends ORS 284.131 and requires the Tourism Commission to appropriate 15% of statewide lodging revenue to designated tourism regions. Based upon the forecasted lodging tax revenue, we anticipate the funds disbursed through this program will increase from \$1.7M today to \$5.4M/annually in 2017-18.
- And based upon the current regional definitions and regional pro rata shares, the regional allocations would be:
 - Greater Portland - \$2,223,102
 - Willamette Valley - \$651,397
 - Oregon Coast - \$1,152,547
 - Southern Oregon - \$468,633
 - Central Oregon - \$518,429
 - Eastern Oregon - \$300,000
 - Mount Hood/Columbia River Gorge - \$300,000

Facilitate Global-Scale events or projects. New funding would support the development of events and projects with long-term potential to create travel demand for the destination and the state. For instance, funds could support one of the largest sporting events in the world: 2021 World Track & Field Championships in Eugene. Teams traveling to Oregon for the event will not be allowed to train at the facility where they will compete, which means athletes, trainers, staff and fans will be spread throughout the state prior to the event. Investment in this event will facilitate significant positive economic impact for the regions throughout the state and will result in unprecedented media coverage for Oregon.

Should HB 4146 become law, Travel Oregon will undertake an industry-wide approach to create an enhanced marketing strategy. We intend to:

1. Survey industry partners to gather their insight and perspectives on what markets and messages are generating results for them.
2. Convene meetings with industry partners across Oregon to gather similar information first hand.
3. Hold a public meeting and formal public hearing to review a proposal to modify the Tourism Commission's budget.

Thank you for the opportunity to appear before you today. I am happy to answer your questions.



Todd Davidson, CEO
Travel Oregon



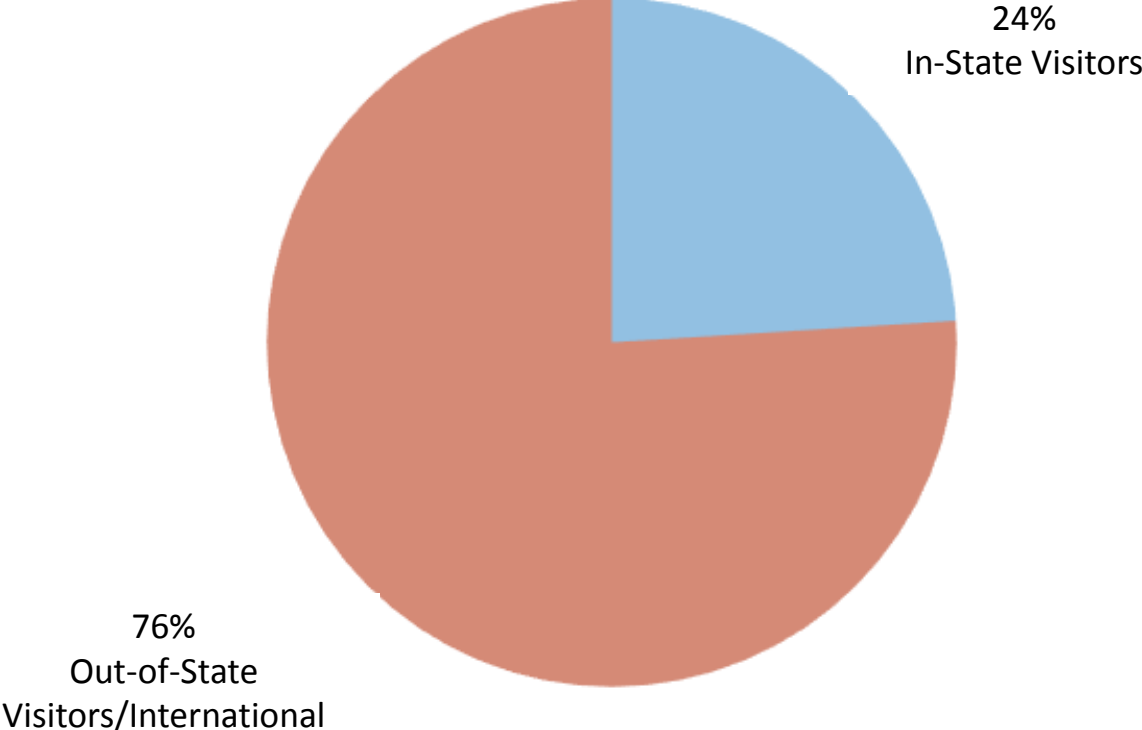
HB 4146 Testimony

Feb. 5, 2016

Todd Davidson, CEO of Travel Oregon

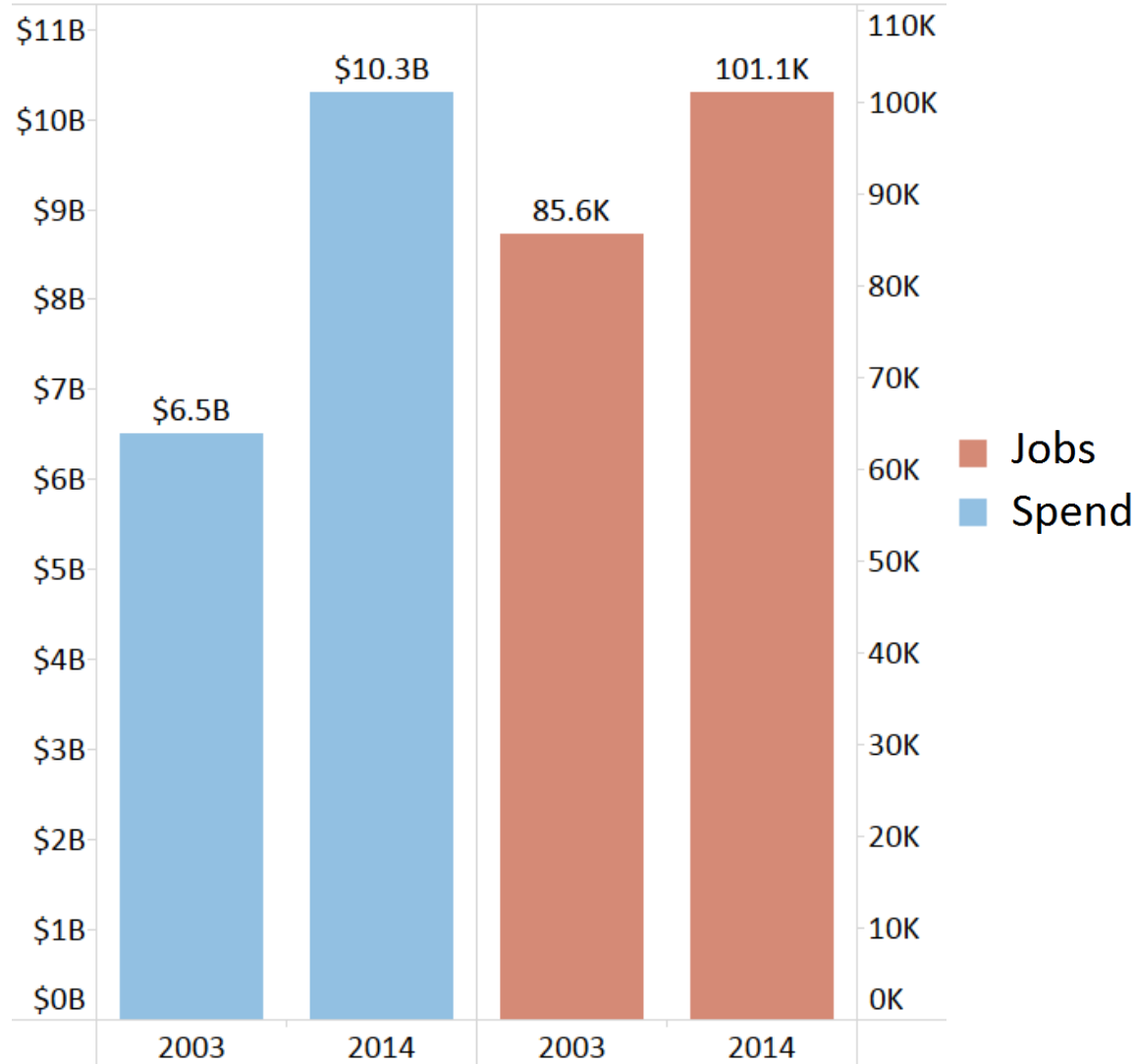
TravelOregon.com

Revenue from Overnight Visitors



Source: Oregon Travel Impacts, 2014, Runyan

Oregon Visitor Spend and Jobs



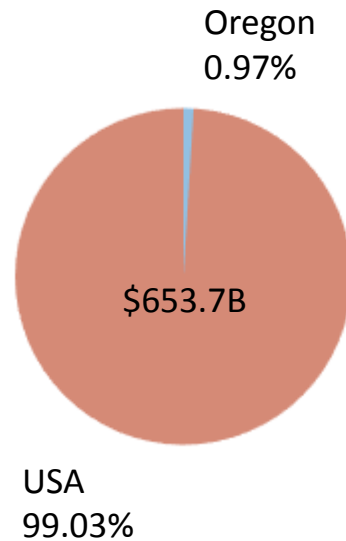
State and Local Travel Generated Taxes



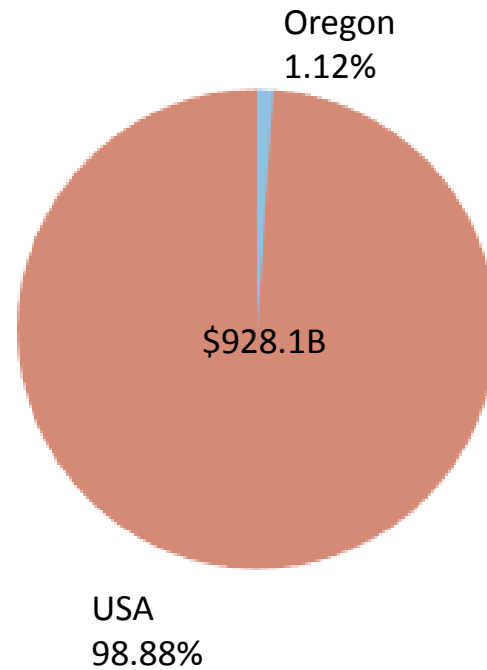
Source: Oregon Travel Impacts, 2014, Runyan

Share of Visitor Spending

2005

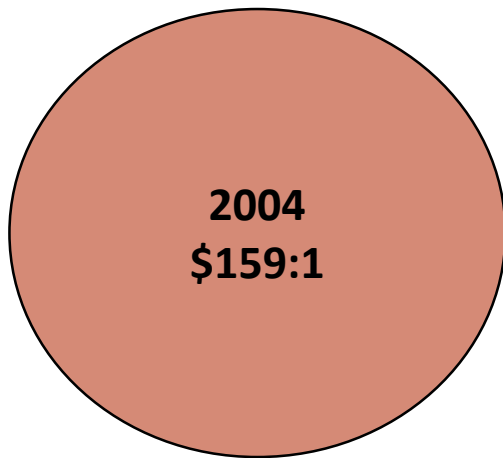


2014

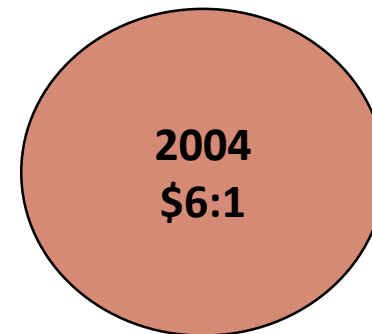


Ad Accountability ROI

Increase in Visitor
Spending:

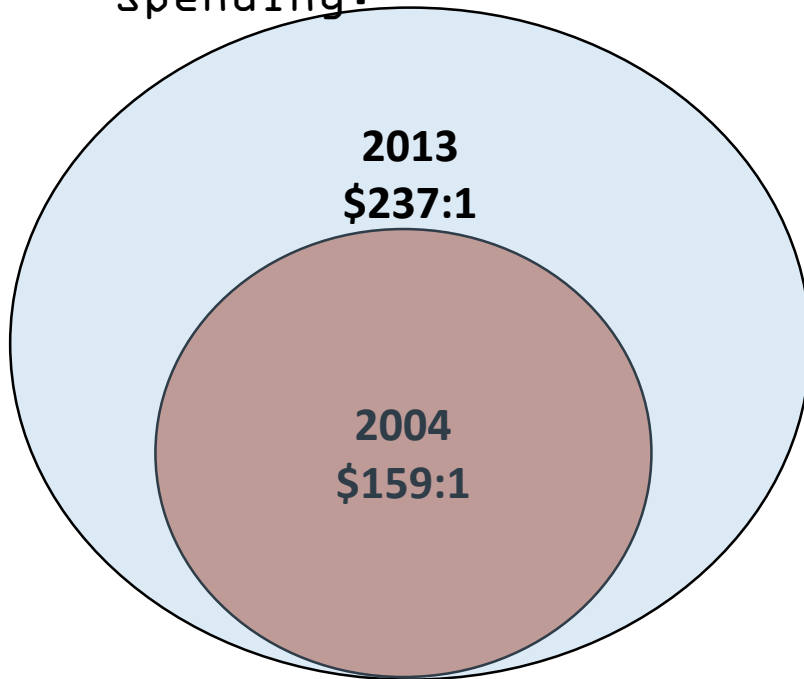


Increase in State
and Local Tax
Revenue:

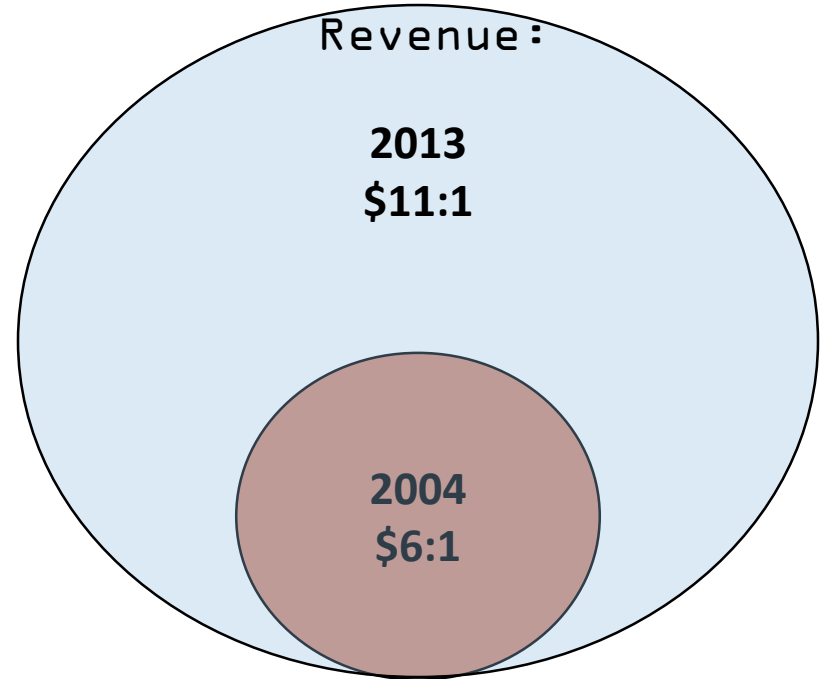


Ad Accountability ROI

Increase in Visitor
Spending:



Increase in State
and Local Tax
Revenue:



Estimated Regional Allotments Under HB 4146

