HB 4146 Let's increase Oregon's transient lodging tax for low income housing or the General Fund – NOT tourism

Testimony for Senate Finance and Revenue – Jody Wiser

As a state with no sales tax, and low lodging taxes, Oregon is missing out on revenue we should be collecting from vacation and business visitors.

Our statewide lodging taxes are amongst the lowest in the nation, just 1%. And most local jurisdictions are not collecting significant lodging taxes. Further, Oregon's 1% and much of local lodging tax revenue is dedicated to tourism alone. In fact, there are restrictions in our laws that direct most of the locally collected taxes to tourism.

Eighty-five Oregon cities and 15 counties impose local lodging taxes ranging from 2% to 12.5%. Consequently, our lodging taxes are well below the national average of 13.4%. Logically, without a sales tax, our lodging taxes should be amongst the highest in the nation. Eleven US cities collect lodging taxes of 17% or more, not one of them is an Oregon city.[1]

This is an illogical state of affairs. In every sales tax discussion, receiving more revenue from out-of-state travelers is posed as an advantage. Why aren't we collecting more now? The easiest way is to increase the state's revenue is to significantly increase the state's transient lodging tax. We recommend a tax increase of 4 or 5%, using the increased revenue to provide lodging for the low income workers without whom the industry could not exist. According to Dean Runyon Associations, i**n 2014 there were 101,000 direct jobs in the Oregon tourism industry, with average earnings per employee of $25,717**.[2] That's barely over half of statewide average annual earnings. **Clearly, many tourism industry employees need public subsidies to survive.**

The tourism industry creates jobs that need public support, yet we're not collecting significant taxes from the tourists generating those low-paying jobs.

Vacation and business travelers to Oregon get a great deal. Unfortunately, it is at the expense of our state and local communities who, with increased taxes and the removal of the preemption on its use, spend tourist dollars on housing or other important infrastructure. This is inappropriate for our third largest export industry, which is also one of our lowest paying industries.[3]

The argument for using the increase to fund low income housing is compelling. With scarce housing available, rents rising, and many houses and apartments being converted to transient rentals, many of our tourist industry workers are finding themselves without a place to call home.

1 Updated study by HVS, a global lodging industry consulting firm, found the 150 most populous urban centers range from a low of seven percent (Lancaster, Calif.) to a whopping 17.7 percent (St. Louis, Mo.), with the average being around 13.4 percent, according to the study. Eleven other cities have rates of at least 17 percent: Birmingham and Mobile, Ala.; Omaha, Neb.; Milwaukee, Wis.; Chattanooga and Knoxville, Tenn.; Anaheim and Garden Grove, Calif.; Indianapolis; Houston, and Overland Park, Kan.
Of the 47 states that collect lodging taxes for the state Oregon is the lowest at 1%. Other states collect between 2.9% and 15%, with the majority charging between 4 and 9% in state lodging and sales.
2 According to Runyon study, Page 13 http://www.orcities.org/Portals/17/2015TLTFullReport.pdf
3 https://www.qualityinfo.org/-/occupational-wages-in-northwest-oregon-in-2014