

Metro's Position on HB 4146-C

Metro Council supports compromise proposal if lodging tax declines to 1.5% on schedule in 2020



Along with other jurisdictions and travel marketing organizations from the Portland metropolitan region and elsewhere, the Metro Council has supported using Oregon's transient lodging tax (TLT) to fund the 2021 World Track and Field Championships for months. However, previous versions of HB 4146 would have raised much more revenue than is needed to support the track event and harmed Oregon's long-term ability to attract job-creating convention business.

To this point, Metro and our partners have supported an increase in the TLT to 1.5% (from the current level of 1%). This is enough to fund the track event and leave all parties better off than they are today, without undermining either the competitiveness of the Oregon Convention Center in the national convention market or our region's ability to address long-term capital investment needs for tourism-oriented facilities.

The current proposal represents a reasonable compromise – IF it is carried out as described in the legislation, with the state lodging tax increased to 1.8% in 2016 and then pulled back to 1.5% in 2020.

At 1.8%, with a 20% allocation to regional DMOs and a 10% competitive grant program, this proposal would provide:

- an immediate 40% increase in Travel Oregon's budget¹ – more than enough to fund the track event
- a 316% increase in allocations to regional DMOs²
- plus a new grant program starting at approximately \$3.5 million a year

When the tax drops to 1.5%, even assuming zero growth in revenues from today, it will still provide several times more funding to regional DMOs than they would receive under current law, as well as a healthy budget increase for Travel Oregon above the status quo.³

Based on the information above, and an understanding that the TLT will be reduced to 1.5% in 2020, the Metro Council urges you to support HB 4146-C.

¹ Not including any growth in revenues; state TLT revenues have been increasing at a rate of about 6% annually

² Based on information submitted to the House Revenue Committee by Rep. Nancy Nathanson: <https://olis.leg.state.or.us/liz/2016R1/Downloads/CommitteeMeetingDocument/87024>

³ If the tax were increased to 1.5% today, it would provide a 247% increase to regional DMOs (based on Rep. Nathanson's information above) and a 16.67% increase to Travel Oregon (assuming zero revenue growth).

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**From The Desk Of
SENATOR GINNY BURDICK**