



HB 3375 Increase tourist taxes rather than provide grants to provide tourist infrastructure

Testimony for House Economic Development and Trade – Jody Wisner – 4.12.2017

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. Taxes, not grants, is the solution.

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

Of the cities and counties that do impose local lodging taxes – the range is 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. A recent study found that eleven US cities collect lodging taxes of 17% or more, not one of them is an Oregon city.

This is an illogical state of affairs. It is taxes on tourists, not grants from the General Fund or Lottery dollars that should be addressing the infrastructure needs of tourist towns – be they water supply or low income housing.

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 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, **in 2014 there were 101,000 direct jobs in the Oregon tourism industry, with average earnings per employee of \$25,717.**² That's about 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 any 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. **We urge passage not of this bill, but of HB 3260, and of a wider state-wide tourist tax.**

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>