



May 18, 2017

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

RE: Opposition to HB 2064 -1 & -2 Amendments (with exception)

Dear Chair Barnhart & Members of the Committee:

The Tourism Development Council (TDC) of Clackamas County, branded as Oregon's Mt. Hood Territory, wishes to express its opposition to the dash 1 and dash 2 amendments proposed to HB 2064. With one exception noted on page 2.

In 2003, the lodging and tourism industry supported the statutory establishment of the state and local transient lodging tax (TLT) programs because it recognized the positive impact that the efforts to be funded with these revenues would bring to the state and local economies. The years have demonstrated beyond a doubt that TLTs (both state and local), and the tourism programs they support, are a very effective economic development tool.

Studies have shown that every dollar spent on tourism promotion generates more than four dollars in direct visitor spending. Travel Oregon has shared numerous studies that demonstrate the direct positive impact that tourism has local communities and the state as a whole. The impact is measured and shown in terms of visitor spending, job creation and local business and tax revenues. Conversely, there are a number of case studies that show that when TLT funds are diverted from destination promotion and development, visitation drops and the economic benefit to states or cities is significantly reduced.

When the industry supported the statutory establishment of TLT programs it acknowledged that resources may be needed by local jurisdictions to address additional service needs generated by increased tourism activity. This is why it agreed to the existing 70/30 split, wherein 30 percent of any new or increased local TRT can be used for "other" general fund supported programs or services. Many cities are grandfathered in at lesser amounts dedicated to tourism efforts.

The dash 1 amendment would reduce the 70/30 agreed to split to 50/50. This will create a further disconnection between local TLTs and the programs and efforts they support. And make no mistake, this change will result in a diminished return on investment in tourism activity. It is for this reason that we oppose the dash 1 amendment. And it worth noting that TLTs are the only source of funding for tourism efforts, but that there are other revenue raising options available to cities and counties to support general fund support services.

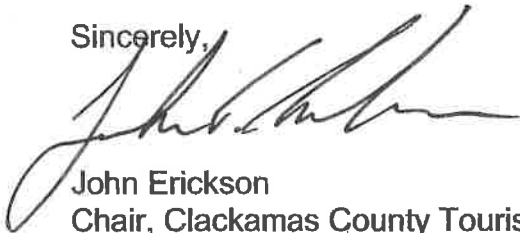
The dash 1 amendment would similarly disconnect local TRTs and the tourism efforts they were originally intended to support. It does this by eliminating the existing statutory clause that states "*A unit of local government that agreed, on or before July 1, 2003, to increase the percentage of total local transient lodging tax revenues that are to be expended to fund tourism promotion or tourism related facilities, must increase the percentage as agreed.*" For reasons already noted above we are opposed to this rolling back of tourism promotion support.

We also wish to express our opposition to the section of the dash 1 amendment that dilutes the original scope of work that was approved by the 2003 Legislature. This is the proposed addition of "*including, but not limited to, beautification projects and constructing or improving tourist amenities, such as benches.*" The "but not limited to" statement opens the door to an array of other community development projects that may or may not directly or predominantly support tourism.

With that said, we are very supportive of the component of the dash 1 amendment which clarifies that transient lodging intermediaries are the party responsible for collecting and remitting TLTs; be they state or local. The need for this clarification was highlighted by an interim transient lodging work group that was formed by the 2016 Legislature. This concept was introduced this session as HB 2049, which currently resides in the House Revenue Committee. On this matter there is universal support amongst destination marketing organizations and local jurisdictions and we highly encourage the committee's adoption of this fix.

While we appreciate the desire of some local jurisdictions to seek other sources of funding for general fund needs, we believe that redirecting local TLT revenues for unrelated purposes is short-sighted and misguided. We respectfully urge you to reject amendments that do so.

Sincerely,



John Erickson  
Chair, Clackamas County Tourism Development Council