



March 19, 2019

Chair Hass, Members of the Senate Finance and Revenue Committee:

The League of Oregon Cities supports SB 595 and allowing the use of a small percentage of presently restricted revenues collected as local transient lodging taxes to be used to support housing efforts in communities that have these taxes.

Cities often see competing interests for the use of developed homes when they have a tourism-driven economy. Short-term rentals can take up limited supplies and are a driver of new developments as people look to buy and then rent out a second home temporarily. Cities are working all of the tools at their disposal to balance the interests but are still often seeing their supply go to commercial use as short-term rentals. This means that the cost to own or rent housing near workplaces like restaurants, local shops, and hotels can become unaffordable – often beyond the wages of those that work in the tourism economy. Accessing some dollars for housing development could help work to ensure a more secure housing system in areas where workers are often priced out of the community. Even a small amount of funding can make a difference in cities and move us toward solving the housing shortage and affordability problems.

This bill simply provides local governments with the option to tap lodging tax funds to support their housing development work. Cities would have to determine that this was the best use of the funding, and the LOC recognizes that continuing to invest in tourism promotion is also important for the tourism industry and the economy. Cities will have to work with all local partners if they want to pursue changing their allocations to include housing.

The LOC continues to seek additional flexibility for the use of local lodging tax revenues while working with the tourism sector. SB 595 will provide cities one more option for finding the resources to address the growing shortage of long-term housing options at the local level. For this reason, we ask you support SB 595.

Thank you,

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