



February 28, 2023

Honorable Chair Helm and Members of the House Committee on Agriculture, Land Use, Natural Resources, and Water
900 Court St. NE
Salem, OR 97301

Re: Testimony from Wildlands Network in support of H.B. 3159

Dear Chair Helm and Members of the House Committee on Agriculture, Land Use, Natural Resources, and Water:

My name is Colin Reynolds, and I am the Oregon Project Manager for Wildlands Network. As an organization that works toward ensuring sustainable ecosystems for wildlife in Oregon, we are excited to testify in support of H.B. 3159, which provides a solution to the existing funding shortfall that prevents meaningful implementation of Oregon’s Conservation Strategy and Nearshore Strategy (the “Strategies”). This bill would establish a sustainable funding mechanism that would allow the Oregon Department of Fish and Wildlife (“ODFW”) to carry out these innovative Strategies. ODFW’s ability to effectively implement these Strategies is crucial for the long-term health of Oregon’s diverse ecosystems and wildlife populations – two key drivers of Oregon’s thriving outdoor tourism industry. Because Oregon’s iconic wildlife and diverse landscapes are bringing tourists to and around our state, Wildlands Network supports increasing the transient lodging tax through H.B. 3159 to create a sustainable funding mechanism to support wildlife and wildlife habitat recovery.

For thirty years, Wildlands Network has been a conservation leader specializing in restoring and protecting wildlife’s ability to move across connected landscapes through science-based research and innovative policy. Within Oregon, our organization has a history of developing and advocating for common-sense legislative solutions to improving habitat connectivity for wildlife. For example, in 2019, we helped develop and advocate for the passage of H.B. 2834, which empowered ODFW and the Oregon Department of Transportation to create a Wildlife Corridor Action Plan dedicated to reducing wildlife-vehicle collisions and improving habitat connectivity. Now, Wildlands Network supports H.B. 3159 in this legislative session because it also creates a path forward for more projects that improve habitat connectivity for wildlife in Oregon, as a main component of the Oregon Conservation Strategy is overcoming barriers to wildlife movement.

The Problem and its Potential Impact

Oregon’s environment is under increasing stress from a number of natural and human-made stressors, including climate change, development, wildfires, and dramatic increases in outdoor recreation.¹ In 2016, ODFW identified 294 species and 11 habitats needing recovery and restoration throughout the state.² The degradation of Oregon’s environment is an immense problem for wildlife and for current and future Oregonians and visitors engaging in wildlife-watching, hunting, fishing, and other forms of wildlife-related tourism. Moreover, this degradation is also a growing issue for associated industries supporting this tourism such as lodging, restaurants, and outdoor

¹ REPORT TO OREGON LEGISLATURE: H.B. 2402 JOINT INTERIM TASK FORCE FUNDING FOR FISH, WILDLIFE AND RELATED OUTDOOR RECREATION AND EDUCATION, at 5, available at <https://www.dfw.state.or.us/agency/budget/docs/HB%202402%20TASK%20FORCE%20--%20%20FINAL%20REPORT.pdf>.

² *Oregon Conservation Strategy: Strategy Habitats*, ODFW, <https://www.oregonconservationstrategy.org/strategy-habitats/> (last visited Feb. 24, 2023).



apparel outfitters.³ As a result, harmful impacts to our iconic wildlife and wildlife habitat also threaten a key portion of Oregon’s economy.

In 2021, an analysis commissioned by Travel Oregon, the Office of Outdoor Recreation, and ODFW found that our outdoor economy contributed \$15.6 billion in total consumer spending in 2019, equaling 6% of Oregon’s economy.⁴ Outdoor recreation also supports 224,000 full and part-time jobs in Oregon, constituting 8.6% of all state employment, with \$9.3 billion in wages and other compensation.⁵ These economic benefits are felt throughout the state, from the southern coast⁶ to the communities surrounding and doing business in our 12 National Forests.⁷ Overall, “the economic output of outdoor recreation expenditures totaled \$24.6 billion,”⁸ and this positive economic impact “ripples throughout Oregon’s economy as businesses income and wages are re-spent, causing economic effects in sectors not directly tied to outdoor recreation.”⁹

The Legislative History and Public Support for State-funded Conservation

Recognizing a concerning decline in wildlife populations and wildlife habitat in 2015, the Oregon Legislature passed H.B. 2402, establishing a task force to develop recommendations to strengthen ODFW’s ability to carry out conservation programs.¹⁰ The legislation also recognized that it was in the state’s interest to diversify and broaden ODFW’s revenue stream sustainably, to ensure individuals benefitting from ODFW’s conservation work contributed equitably.¹¹

The subsequent “2402 Joint Interim Task Force” published its findings in 2016 and wrote that:

- Oregonians expect the state government to fund environmental conservation and restoration.¹²
- It is in the state’s interest to have a healthy and robust environment.¹³
- The funding means for state environmental protection efforts need to be sustainable, holistic, diverse, and broad.¹⁴

The Task Force also identified a funding need of \$86.9 million per biennium to support the implementation of ODFW’s statutory mission, and adjusting for inflation, this estimate is closer to \$106 million per biennium today.¹⁵ The Task Force also examined more than 100 funding mechanisms and, in their final report, recommended the establishment of the Oregon Conservation and Recreation Fund (“OCRF”). In 2019, the Oregon

³ See EARTH ECONOMICS, ECONOMIC ANALYSIS OF OUTDOOR RECREATION IN OREGON (2021)

https://issuu.com/traveloregon2019/docs/economicanalysisofoutdoorrecreationinoregon_otc-ea.

⁴ *Id.* 2, 21. (“Outdoor recreation is a major contributor to the state’s economy.”) *Id.* at 2.

⁵ *Id.* at 2, 21. “122,000 of these jobs were a direct result of recreation expenditures, and the remaining 102,000 jobs resulted from indirect and induced effects.” *Id.* at 16. This estimate is similar to previous estimates. “In 2017, the Outdoor Industry Association estimated that \$16.4 billion was spent on outdoor recreation trips and gear purchases in Oregon, an estimate slightly higher than the one presented here. The U.S. Bureau of Economic Analysis (BEA) estimated that spending on outdoor recreation in Oregon in 2019 contributed \$7.2 billion to Oregon’s GDP and supported 88,000 jobs.” *Id.* at 3.

⁶ Tourism to the Oregon coast is a boon to coastal counties such as Coos, Lane, and Lincoln, which “lead the state in consumer spending by county.” *Id.* at 16.

⁷ Tourism to Oregon’s National forests “supported the largest share of trip-related expenditures at \$3.4 billion; Mt. Hood National Forest contributed \$823 million to Oregon’s economy on its own.” *Id.*

⁸ *Id.*

⁹ *Id.* at 2.

¹⁰ H.B. 2402 (2015), <https://olis.oregonlegislature.gov/liz/2015R1/Downloads/MeasureDocument/HB2402/Enrolled>.

¹¹ See *id.*

¹² REPORT TO OREGON LEGISLATURE, *supra* note 1, at 14, 20.

¹³ *Id.* at 15.

¹⁴ *Id.*

¹⁵ *Id.* at 23. Inflation calculations per December 2016 to January 2023 calculation via the U.S. Bureau of Labor Statists Consumer Price Index Inflation Calculator (https://www.bls.gov/data/inflation_calculator.htm).



Legislature responded and passed H.B. 2829, which established the OCRF.¹⁶ The bill appropriated \$1 million in general fund money for the OCRF, which could only be accessed after ODFW provided another \$1 million in matching funds from non-state and non-federal sources.¹⁷ Despite this legislative progress, ODFW is still drastically short of its \$106 million per biennium funding need for conservation and restoration.

The Solution: H.B. 3159 and the Transient Lodging Tax

H.B. 3159 provides a common-sense solution that allows ODFW to implement its Strategies and fulfill the task of finding a sustainable funding mechanism that is equitable, broad, and diverse. This bill would increase the statewide transient lodging tax (“TLT”) from 1.5% to 3% and transfer the proceeds of the additional 1.5% tax to the “Recovering Oregon’s Wildlife” subaccount of the Fish and Wildlife Account. This bill would not impact the existing percentage of funds transferred to the Oregon Tourism Commission (“OTC”)¹⁸ nor alter the way the OTC currently spends this money.¹⁹ It simply increases the tax to an amount that is still lower than the vast majority of other U.S. states.

Since the legislature created the 1% TLT in 2003,²⁰ “Oregon has been able to compete more effectively for visitor dollars,” and Oregon tourism has grown significantly over the last 20 years.²¹ In 2016, the legislature raised the TLT to 1.8% to continue this “synergistic effect” of reinvestment in Oregon tourism.²² While the first two increases to the TLT helped attract visitors to our state, this increase new increase would help conserve and sustain some of our state’s greatest assets that we advertise when we encourage tourists to come to Oregon, our iconic wildlife, and the wild landscapes they call home. At first glance, doubling the statewide TLT to 3% may seem daunting, but a 3% TLT would still have Oregon sitting among the five states with the lowest TLTs in the country.²³ Additionally, small businesses can pass this tax through to their customers, 75% of which are out-of-state visitors,²⁴ so Oregonians would not be paying the bulk of the tax. Tourism from outdoor recreation can have huge impacts on wildlife and wildlife habitat. Therefore, this tax is also equitable, as it charges those whose activities often result in the need to restore habitat and wildlife populations.

¹⁶ H.B. 2829 (2019), <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/HB2829/Enrolled>.

¹⁷ *Id. see also, The Oregon Conservation & Recreation Fund Background Information*, ODFW, <https://www.dfw.state.or.us/conservationstrategy/OCRF/background.asp> (last visited Feb. 24, 2023).

¹⁸ See ORS 320.335.

¹⁹ See ORS 284.126.

²⁰ H.B. 2267 (2003), https://www.oregonlegislature.gov/bills_laws/archivebills/2003_EHB2267.pdf.

²¹ Since the passage of the Oregon Tourism Investment Proposal in 2003, Travel Oregon has been able to compete more effectively for visitor dollars, resulting in incredibly positive impacts for the state. Since 2003: State and local taxes are up 89% (from \$246 million to \$466 million); Direct employment is up 25% (from 84,500 jobs to 105,500); Employee earnings are up 65% (from \$1.7 billion to \$2.8 billion); Visitor spending is up 66% (from \$6.5 billion to \$10.8 billion)

²² H.B. 4146 (2016), <https://olis.oregonlegislature.gov/liz/2016R1/Downloads/MeasureDocument/HB4146/Enrolled>. On July 1, 2020, the TLT rate fell from 1.8% to 1.5%, where it is today, per H.B. 4146 § 2. *Id.* at §2. For further information see *State of Oregon Lodging Tax Program*, Oregon Dep’t of Revenue, https://www.oregon.gov/dor/programs/businesses/Documents/State_of_Oregon_Lodging_Tax_Program_150-604-401.pdf; Letter from Todd Davidson, CEO Travel Oregon to Senate Committee on Finance & Revenue, Oregon State Legislature (Feb. 26, 2016), <https://olis.oregonlegislature.gov/liz/2016R1/Downloads/CommitteeMeetingDocument/89455>.

²³ See “States Ranked by Total Ad Valorem Tax Rates on Lodging Accommodations 2020.” Thomas H. Hazinski, Joseph Hansel, “2021 HVS Lodging Tax Report – USA”, <https://www.hvs.com/article/9160-2021-hvs-lodging-tax-report-usa>.

²⁴ In 2021, visitors from out-of-state accounted for 62% of overnight spending (60% out of state, 2% international).

DEAN RUNYAN ASSOCIATES, THE ECONOMIC IMPACT OF TRAVEL IN OREGON (2021), https://industry.traveloregon.com/wp-content/uploads/2022/05/OR_2021_Final.pdf, at 24. Prior to Covid, visitors from out-of-state accounted for 76 % of overnight spending (64% out-of-state, 12% international). See *State Lodging Tax, TRAVEL OREGON*, <https://industry.traveloregon.com/resources/tourism-in-oregon/lodging-tax/>



Importantly, increasing the TLT to fund conservation in Oregon also diversifies the sources of conservation funding and management, which hunters and anglers have been bearing the brunt of for most of the last century. These groups have historically been subject to increasing hunting and fishing licenses and federal excise taxes associated with the sales of firearms and ammunition. For years, these groups have called for support from non-consumptive users to help pay for wildlife and habitat restoration. This bill answers that call.

Lastly, diverse groups of Oregonians support this means of funding conservation, as reflected by the submitted support letter with over 50 businesses and organizations signed on in support of H.B. 3159.²⁵

Conclusion

Increasing the statewide TLT from 1.5% to 3.0% would empower ODFW to efficiently implement the Strategies to conserve and recover Oregon's wildlife and habitat. Using the proceeds from this increase in the TLT would be in line with the Legislature's 2015 recognition that it is in the state's interest to diversity and broaden the base of the ODFW revenue stream in a sustainable manner that ensures that individual beneficiaries contribute equitably.

Wildlands Network commends the Legislature for its previous foresight and action to strengthen ODFW's ability to carry out conservation programs, and we ask that it continue this work by passing H.B. 3159.

Thank you for your time and consideration of this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin Reynolds".

Colin Reynolds
Oregon Project Manager

A handwritten signature in black ink, appearing to read "Erin Sito".

Erin Sito
U.S. Public Policy Director

²⁵ "Oregon Business and Conservation Interests Support Dedicated Funding for Oregon's Imperiled Species," <https://drive.google.com/drive/u/2/my-drive>.