

March 20, 2025

House Committee on Emergency Management,
General Government, and Veterans
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

RE: Local Lodging Tax Flexibility

Dear Chair Tran and Members of the Committee,

I am writing to share information about the City of Ashland's reality related to our Transient Lodging Tax and to urge you to support HB 3556. This bill expands the definition of services that local governments can use the restricted portion of their TLT proceeds to fund by adding "tourism-impacted services" as an allowable use in the restricted 70% portion of local lodging tax funds. These services include public safety (fire, emergency medical services, and police) as well as community infrastructure, such as water, wastewater, transportation, parks, trails and other public amenities impacted by visitors.

In Ashland, we had a TLT in place before the Oregon Legislature moved to regulate how such taxes could be spent. Because of this, and a future increase in our TLT, Ashland's percentage of what we must spend on tourism-related efforts and what we are allowed to spend on General Fund programs is flipped from what most other communities in the state experience. We are required to spend almost 30% of our TLT proceeds on tourism-related activities, and are allowed to spend 70% on General Fund activities, such as police, fire, and parks.

Given that the Oregon Legislature has not been able to address revenue reform, local governments are continually pinched in terms of having enough funding available to meet the basic local government service needs of our residents. For those communities, like Ashland, that have a significant visitor economy, the issue is magnified as we must also provide those services, especially public safety and parks, to visitors along with residents without sufficient funding. This increases the pinch.

This issue is also related to climate change because the public safety needs are increasing without concurrent increases in funding, particularly as it relates to wildfire risk and the

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need to ensure evacuation services for people who are visiting and unfamiliar with local roads, topography, and emergency service notifications.

In Ashland, we understand the need to continually advertise so that visitors know what we offer because our offerings are not obvious based on our geography. The same cannot be said for our local government friends in small coastal communities and other areas around the state who will always receive a large number of visitors simply because of their location, whether they market their attractions or not. The visitorship for coastal communities, in particular, is increasing naturally because of extreme summer heat inland. What these communities (and Ashland to a lesser degree) need is more flexibility so that they can spend their TLT funding on the government services that need investment and are related to their unique visitor circumstances.

I am sure you will be receiving quite a lot of correspondence from the tourism industry as it works to ensure that taxpayer money continues to support its growth. However, it is worth remembering that the TLT is, in fact, a government tax and we levy taxes to pay for public services, not to support specific industries.

This taxing mechanism could be a useful tool to help a number of other communities meet their visitor public safety and service needs, but only if the funding is more flexible. The proposal to allow the tourism element of the tax proceeds to be spent on tourism-related public services is a fair, common sense adjustment to the current regulation that will allow local governments to better meet the needs of their visitors. And it is simply good public policy.

Here in Ashland, we are grateful for our inverted percentages as public safety would be significantly compromised if we had to work within the percentage constraints that face so many other Oregon communities that have TLT mechanisms in place. I urge your support of HB 3556 and hope you will move the bill to the House Revenue Committee for more conversation.

Thank you for considering my comments as you work to determine the best way forward.

Sincerely,

A handwritten signature in blue ink that reads "Tonya Graham". The signature is written in a cursive, flowing style.

Tonya Graham
Mayor