



Jeff Knapp
CEO
Visit Bend
750 NW Lava Road, Suite 160
Bend, OR 97703
Jeff@visitbend.com
541.382.8048
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Chair Tran
Vice-Chair Grayber
Vice Chair Lewis
Members of the House Committee on Emergency, General Government, and Veterans
Oregon State Legislature
900 Court St. NE
Salem, OR 97301

Re: HB 3556 – Request for Clarification Regarding Permissible Uses of Transient Lodging Tax Revenue

Dear Chair Tran, Vice-Chairs Grayber and Lewis, and Members of the Committee on Emergency, General Government, and Veterans,

My name is Jeff Knapp, and I serve as the CEO of Visit Bend. Thank you for the opportunity to submit testimony regarding House Bill 3556, which seeks to expand the allowable uses of local Transient Lodging Tax (TLT) revenue to include public safety services and broader community infrastructure.

Visit Bend recognizes and appreciates the City of Bend's efforts to address increasing municipal funding pressures, and community needs driven in part by tourism impacts. However, we would like to draw attention to an important ambiguity between the summary of HB 3556 and its detailed legislative text. Specifically, the bill's summary explicitly states that it would apply only to "new or increased local transient lodging tax." Yet, this critical clarification is not clearly reflected in the bill's current language.

As a destination marketing and management organization, Visit Bend is acutely aware of the economic value generated by tourism investment. Over the past decade, TLT collections in Bend have surpassed **\$100 million**, with more than **\$65 million directly contributing to the City of Bend's general fund**, providing vital funding for public safety, infrastructure, and essential city services. Additionally, a significant portion of our remaining revenue is consistently reinvested into community infrastructure, local sustainability initiatives, and projects that benefit both visitors and residents alike.

Historical data highlights the potential risks of reallocating tourism funding. In 1993, when Colorado eliminated its tourism marketing budget, the state experienced severe economic repercussions, including a **30% decline in tourism market share** and an annual loss exceeding **\$2 billion in visitor spending**. Such consequences underline the need for careful consideration and clear legislative language.

Given these considerations, Visit Bend respectfully urges the Committee to explicitly clarify within HB 3556's text the intended language, as referenced in the bill's summary, that these amendments apply exclusively to "new or increased" local transient lodging taxes. Clarifying this point is essential to safeguard tourism-driven revenue streams vital to economic stability and community well-being.

Without this crucial clarification, unintended consequences may arise, including:

- **Reduced TLT revenue over time**—Declines in tourism promotion can directly lead to fewer visitors, negatively impacting public services.
- **Loss of competitive advantage**—Communities investing actively in tourism promotion will attract visitors away from Oregon destinations like Bend.
- **Negative impacts on local businesses**—Many local restaurants, retailers, recreation providers, and cultural institutions rely heavily on visitor spending, and decreased tourism revenue could jeopardize these businesses.
- **Threats to tourism-related community projects**—TLT-funded initiatives supporting arts, culture, outdoor recreation, and sustainability efforts may significantly reduce or eliminate their funding.

Visit Bend encourages the legislature and municipalities to proactively collaborate with Oregon's tourism industry to identify sustainable, long-term funding solutions. The tourism industry is already one of the most taxed industries in the state, and continuing to leverage it further will only compromise one of Oregon's most reliable economic engines.

Thank you once again for your thoughtful consideration of this request for clarity. Visit Bend looks forward to continued collaboration in support of sustainable funding solutions for our community and the State of Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Knapp". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jeff Knapp
CEO, Visit Bend