



HB 3962-2 Local Transient Lodging Tax Flexibility

House Revenue Committee – John Calhoun – 5.8.2025

Chair Nathanson, V Chair Reschke and Walters, members of the committee

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

TFO supports HB 3962-2. In our opinion this should have been done long ago. There is no compelling need to tightly constrict how communities spend these taxes. Community needs vary considerably and tourists have different impacts on different communities.

Unlike most states, Oregon has no sales tax. If Oregonians travel to states like Washington or California, we pay significant sales taxes on our purchases at restaurants and for most products we purchase, including alcohol. Combined state and local sales taxes in Washington State can exceed 10%. At the same time those states also have transient lodging taxes just like Oregon. And just like Oregon, those rates vary by location. Bigger cities tend to charge more, but they are generally not lower than Oregon.

However, when residents from other states visit Oregon, they don't pay sales taxes, including local sales taxes. However, tourists put demands on Oregon infrastructure including water and sewer capacity, police, and local roads. Why should we believe that our local communities can maintain a quality environment on a fraction of what other states have? HB 3962-2 is an attempt to even the field.

I appreciate that hotel owners do not want to be forced to increase their prices to provide funds that don't directly help their businesses. However, if there is not enough clean water to fill their swimming pool or allow their customers to shower, then they will feel differently. If a rowdy client starts damaging their room, they won't be happy if the police are not able to help them because they are understaffed during the tourist season.

We do not believe this is a case where the state should restrict local decisions on the use of local taxes. We urge you to vote yes on HB 3962-2.

We read the bills and follow the money