

June 23, 2025

## **RE: Support for Local Lodging Tax Flexibility**

Dear Chair Meek and Members of the Committee,

I support HB 3962 A on behalf of the City of Tualatin. Local lodging taxes are taxes *paid by visitors* of hotels, motels, short term rentals and campgrounds. In 2003, the state passed a preemption on local transient lodging taxes that established restrictions around how local lodging tax dollars could be spent, requiring at least 70% of new or increased taxes to go toward tourism promotion and tourism-related facilities and reserving the remaining 30% for local discretionary spending. HB 3962 A provides more local lodging tax flexibility by allowing cities to have more discretionary general fund dollars to provide services that tourism relies on include public safety and community infrastructure.

Under current court interpretations, existing definitions of tourism promotion and tourism-related facilities only leave local jurisdictions so much leeway to respond to the strains of tourism. Right now, communities bear the burden of maintaining and operating things that directly benefit tourists that are primarily funded by and for community members, like public safety, parks, etc. Specifically, here are some of our tourism-related challenges:

### **1. Traffic and Transportation Congestion**

Tualatin sits at the junction of several major routes (I-5, I-205, SW Boones Ferry, etc.), causing frequent congestion. With more visitors and the draw of attractions like Bridgeport Village, traffic delays worsen. Efforts are underway via updates to the Transportation System Plan, but persistent commuter congestion remains a strain.

### **2. Housing Affordability & Short-Term Rentals**

Washington County (including Tualatin) has seen booming tourism: 3.2 million overnight guests in 2023 and 3.4 million in 2024, with visitor spending over \$836 million. This drives housing demand: over 30% of Tualatin households are severely rent-burdened. Although county-level data shows vacation rentals dipped slightly (~842 listings in summer 2024), STRs still compete with long-term housing and keep rents high.

### **3. Environmental & Water Quality Concerns**

Increased visitor activity in green spaces raises runoff and pollution risks. The Tualatin River watershed continues to contend with urban runoff and contamination from development. As more recreation draws to trails and parks, safeguarding creek and river health requires proactive stormwater and habitat management.

### **4. Infrastructure & Urban Renewal Tensions**

The city has designated urban renewal zones to revitalize aging corridors. While beneficial, redevelopment, especially higher-density housing, puts additional strain on transport, utilities, and public services. Balancing growth with maintaining small-town character is an ongoing challenge.

### **5. Workforce & Economic Equity**

Tourism supports an estimated 8,700 regional jobs but hiring enough local people is tough when housing costs are high. Many workers commute into Tualatin, inflating traffic issues and changing community dynamics.

## 6. Managing Sustainable Visitor Experience

Although Explore Tualatin Valley and local governments are promoting the area, there's limited city-level visitor education/coaching on responsible tourism. Tualatin hasn't yet adopted measures like STR limits, timed trail entry, or visitor codes—which some other Oregon towns are experimenting with.

In short HB 3962 A:

- **Does not raise taxes** but allows jurisdictions to reconfigure current taxes.
- **Restores more local control.** For 22 years cities have been providing the preempted 70% amount of new and increased taxes to "tourism promotion" and "tourism-related facilities." Cities will be able to further right size the amount they spend towards tourism based on their individualized economies.
- **Continues to dedicate a portion of the local TLT to tourism.** HB 3962 is a compromise because it does not completely abolish the preemption placed on cities in 2003 and will provide the tourism industry who local governments choose to contract would like some surety.
- **Does not prohibit cities from spending more on tourism.** Cities can always spend more than 40% towards tourism if they choose. Some cities already spend money out of their general fund on tourism related expenses that are not covered in the strict definitions of "tourism promotion" and "tourism related facilities."

I urge your support of HB 3962 A.

Respectfully,

Frank Bubenik  
Mayor, City of Tualatin