

Subject: Support for HB 3556: Lodging Tax Flexibility for Yachats

Vote YES on HB 3556. Yachats requires increased flexibility in lodging tax allocation to sustain its tourism-driven economy and address critical infrastructure needs.

Current Situation:

- Oregon law mandates 70% of lodging tax revenue to be allocated to tourism promotion, with 30% available for general purposes.
- Yachats, despite a previous lodging tax exemption, accumulates excess lodging tax funds while also facing significant shortfalls in essential infrastructure, particularly water.
- Tourism is the primary driver of our city's water infrastructure demands, far exceeding the needs of residents.
- We spend extensively on tourism related items including restoring our historic Little Log Museum, procuring a trolley to transport tourists from local campgrounds and hotels to our restaurants and Cape Perpetua (with the contribution of Travel Oregon, Oregon Coast Visitors Association and our Chamber), the acquisition of land for a new estuary park and more.
- Yachats' tourism industry is thriving, often reaching summer capacity without extensive promotion. Off-season visits continue to grow due to the efforts of our fully funded tourism promotion agents.

The Problem:

- We lack sufficient funds to address visitor-induced infrastructure loads, including:
 - Water infrastructure supply and upgrades to meet peak demand. Rate hikes sufficient to cover an expected funding gap are not sustainable for businesses or residents.
 - Road and parking maintenance due to increased visitor traffic.
 - Public safety services to manage increased seasonal activity, especially highway speeds and visitor conflicts.

Why HB 3556 is Necessary:

- HB 3556 will enable Yachats to reallocate excess lodging tax funds to address these critical infrastructure and service needs.

- This flexibility will ensure we can adequately support our hospitality industry and residents alike.
- Yachats heavily supports its tourist economy, fully funding the Chamber of Commerce, our tourism promotion agent, and investing in tourist related projects.
- Despite this investment, lodging tax reserves continue to grow, proving the current mandated split is not appropriate for our city.
- Yachats must size Infrastructure for peak season demand, We cannot pull up pipes during the off-season.

Conclusion:

HB 3556 will allow Yachats and other coastal communities to invest in the infrastructure and services essential for a sustainable and thriving tourism economy.