



March 20, 2025

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

Re: HB 3556 Relating to the use of local transient tax revenue;

Chair Tran and Members of the Committee:

My name is Tori Middelstadt, and I am the Executive Director of the Willamette Valley Visitors Association. We are a regional Destination Marketing and Management organization serving communities from Wilsonville to Cottage Grove, from the Coastal Range to the crest of the Cascades. Our work directly supports local economies, small businesses, and rural communities by reinvesting in the very industry that sustains them—tourism.

I urge you to **oppose HB 3556**. This bill would divert Transient Lodging Tax (TLT) funds away from tourism, undermining one of Oregon's strongest economic drivers.

Tourism in the Willamette Valley is a **\$2.5 billion industry, supporting 22,900 jobs** and contributing **\$103 million in state and local tax revenue**. TLT was created to be a self-sustaining system—visitors pay into it, and those dollars are reinvested to attract more visitors, keeping our communities thriving. Shifting these funds away from tourism will weaken our ability to generate the very revenue that supports local services.

Misconceptions About TLT Distribution

There is a common misconception that DMOs automatically receive 70% of TLT funds. This only applies to post-2003 lodging taxes, and many Willamette Valley communities receive far less.

- Visit Corvallis receives only 30% of the city's TLT funds, with the majority already going to the general fund.
- In Albany, 50% of the city's lodging tax goes to the general fund.
- Travel Salem receives only 25% of city lodging taxes, with the remainder supporting city-owned historic properties, cultural and heritage grants, and beautification projects.
- In Newberg, only 35% of lodging tax dollars support tourism promotion and facilities, while the majority is allocated to the general fund.

Visitors are already paying their fair share, and many cities are already supplementing public safety and infrastructure with TLT revenue—but without continued tourism investment, those funds will shrink, worsening budget shortfalls.

Disproportionate Harm to Rural Communities

This bill would disproportionately harm rural communities that rely on tourism funding to grow, attract events, and support small businesses. Every day, we work to ensure that tourism benefits extend from city centers to rural areas, ensuring no one is left behind. However, if TLT investment declines, TLT taxes will generate less revenue for both promotion and infrastructure—making it harder for rural areas to compete.

Negative Impact on Local Businesses & Events

A weakened tourism economy means fewer visitors dining at restaurants, shopping in boutiques, and attending festivals. We know that when visitors spend locally, those dollars stay in the community—far more than spending with online retailers.

Impact on Oregon's Competitiveness

Oregon is still recovering—hotel occupancy rates remain below pre-pandemic levels. Higher taxes and reduced marketing will make us less competitive, at a time when we need to strengthen our industry.

DMOs Play a Broader Role Beyond Marketing

DMOs do far more than marketing. We support:

- Crisis communications
- Wildfire response
- Sustainable tourism initiatives that protect local livability

Clarifications & Context from the March 20 Hearing

I was at the hearing to provide verbal testimony but was I unable to speak due to the time limit. I'd like to clarify or add context to some points made at the hearing:

- Misconception: TLT funds are sitting unspent in high amounts across Oregon.
 - While one Oregon municipality may be sitting on funds, this is not a statewide issue. Across the seven counties I serve, I have never heard of unspent funds. Most discussions center on how these funds don't go far enough to support tourism promotion and facility programming, which in turn fund public safety and community infrastructure.

- There are a couple jurisdictions in the state saving TLT for large investments like visitor centers, conference centers and indoor sports facilities. As HB3556 is written, our industry believes these currently restricted projects funds can be swept into public safety and community infrastructure (general fund needs) further diminishing the original purpose of the TLT tax goals to be the economic driver of the visitor industry.
- Misunderstanding of current TLT law:
 - The City of Albany representative stated they want to use TLT for sporting facilities. This is already an allowable use of lodging tax dollars—so HB 3556 is unnecessary for their request.
- Lack of industry input in the bill drafting process:
 - Proponents admitted that this bill was introduced without industry consultation, intending to "negotiate" during the legislative process. A better approach would have been collaboration before introduction, allowing the industry being taxed to provide input.
- Misconception: Visitors do not contribute to the costs of public services they use.
 - Visitors pay gas taxes, which fund road maintenance.
 - Hotels pay higher property taxes, which contribute to city and county services.

HB 3556 threatens the sustainability of an industry that directly funds local economies, job creation, and public services.

I recognize the funding challenges municipalities face, but this bill saws off the branch we are all sitting on. **I urge you to vote NO on HB 3556.**

Thank you for your time and consideration.

Sincerely,

Tori Middelstadt

Tori Middelstadt
Executive Director
Willamette Valley Visitors Association