

Dhrushil Patel
Manzanita Hotel, Inc.
Klamath Falls, OR
February 3, 2026

Members of the Oregon Legislature
900 Court Street NE
Salem, OR 97301

Re: Opposition to House Bill 4134 — Transient Lodging Tax Increase

Dear Members of the Oregon Legislature:

I am writing as a hotel owner and operator based in Klamath Falls, Oregon, to express my **strong opposition to House Bill 4134**, which proposes a substantial increase in the state transient lodging tax (TLT). This tax has historically been agreed upon as a mechanism to support *state tourism promotion* since its enactment by the Oregon Legislature in 2003, and it currently stands at 1.5% of the total room charge at the state level.

In Klamath County, we already collect an **8% transient lodging tax** on top of the state lodging tax. The combined burden of local and state TLT results in a tax rate that materially impacts total room costs to guests — many of whom are budget-conscious travelers or essential workers whose patronage directly supports our fragile local hospitality economy.

HB 4134 would increase the state's portion of lodging tax from 1.5% to **2.75%**, redirecting more revenue to non-tourism state functions and wildlife conservation. While the goals of conservation are laudable, this shift fundamentally alters the original purpose of the state TLT and **breaks the compact that hoteliers agreed to decades ago** — that TLT funds would support tourism marketing to bring visitors and business to Oregon property owners and communities.

The proposed increase would force extremely lean lodging operations in Klamath Falls to absorb costs that we simply cannot pass on in a depressed market. Tourism in southern Oregon has **collapsed** in recent years, with many operators experiencing **year-over-year revenue declines of**

70%+ and more than 40% over the past decade. Operating margins in our region are already razor thin. Inflation, rising utility costs, insurance premiums, and payroll expenses continue to rise, yet **average room rates in Oregon — including here — have remained essentially flat for the past decade.**

To illustrate:

- A typical \$45 room night, after mandatory tax and operating costs, already results in a loss:
 - Housekeeping labor (45 minutes at \$16/hr) – \$12.00
 - Utilities – \$4.00
 - Insurance (for a 50-room hotel at \$40K with 45% occupancy) – approximately \$4.87
 - OTA commission (Booking.com ~21%) – \$9.45
 - Front-desk staffing – ~\$17.00

This simple breakdown places us at a **\$2.32 loss per occupied room**, *before* including cost of goods sold, maintenance, property taxes, repairs, and unforeseeable expenses. These figures reflect real operating conditions in rural southern Oregon and underscore how little margin exists before adding another tax burden.

It is unrealistic to expect small lodging businesses to absorb increased state taxes in this environment without cutting labor or services that improve guest experience and safety — cuts that will further degrade the viability of our business and the appeal of our destination.

Moreover, the current taxpayer burdens on hoteliers are already extremely high relative to economic benefit received. For years, lodging tax revenues have funded destination marketing and tourism projects without commensurate growth in **visitor demand in rural Oregon**. And now, rather than scrutinize existing TLT expenditures or improve accountability for tourism returns on investment, HB 4134 proposes to divert TLT revenues to general government spending and wildlife-oriented programs that are *not clearly linked to expanding tourism demand*. This sets a dangerous precedent: once TLT funds are used for functions outside their originally intended purpose, every state program will have an incentive to seek a piece of lodging tax dollars, year after year, resulting in **ever-higher taxes on hospitality businesses**.

If the legislature truly seeks new revenue sources, I respectfully suggest considering targeted reforms that do not penalize small lodging operators. Specifically, look at **third-party booking**

platforms such as Booking.com, Expedia, and Airbnb. These intermediaries commonly charge **18–28% commission** on reservations made through their platforms, yet they contribute little in local economic impact. They employ none of our local workforce and pay limited local taxes; many revenues are extracted without significant reciprocal benefit to Oregon communities. Redirecting a portion of these commissions or imposing equitable tax contributions on these facilitators would leave more revenue in the hands of small businesses — enabling us to thrive, support our local workforce, and contribute more meaningfully to local and state tax bases.

For rural, family-run hotels in towns like Klamath Falls with decades of local investment, these increases are existential threats. My family and I have served this community for 25 years, but continued tax escalations without tourism demand support *will force closure* of many of our small operations.

For these reasons, I urge you to **oppose HB 4134 in its current form** and instead pursue solutions that protect rural hospitality businesses, encourage sustainable tourism growth, and ensure that lodging taxes are used for the purposes to which lodging owners were originally committed — *to expand visitation and strengthen local economies.*

Respectfully,

Dhrushil Patel
Manzanita Hotel, Inc.