

Jigish Patel Owner, Hermiston Inn & Suites

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To: Members of the House Committee on Revenue

Oregon State Legislature

900 Court St. NE

Salem, OR 97301

RE: Strong Opposition to Proposed State Lodging Tax Increase (1.5% to 2.75%)

To the Honorable Members of the Committee,

My name is **Jigish Patel**, and I am the owner of the **Hermiston Inn & Suites** in Hermiston, Oregon. I am writing to formally enter my opposition into the record regarding the proposed increase of the state transient lodging tax.

As a small business owner in Eastern Oregon, I see firsthand how tax policy impacts the economy of rural "hub" cities. While an increase from 1.5% to 2.75% may appear minor on paper, it represents a nearly 83% hike in the state's portion of the tax, which—when added to local assessments—creates a significant financial barrier for our guests.

1. The Compounding Burden on Hermiston Travelers

Travelers staying in Hermiston are already subject to a high cumulative tax rate. Currently, our guests pay:

- **9.0%** Local Transient Room Tax
- **1.5%** Current State Lodging Tax
- **\$2.00** Per Night City Tourism Promotion Assessment

Increasing the state rate to 2.75% pushes the percentage-based tax burden alone to **11.75%**. For an economy hotel like mine, our guests are often commercial drivers, agricultural contractors, and families on a budget. These individuals are highly price-sensitive; a double-digit tax rate often drives them to seek lodging in neighboring regions or states, leading to a direct loss of revenue for our local community.

2. Impact on the Economy Demographic in a Down Economy

We are operating in a "down economy" where the cost of living has already strained our customers' wallets. When the cost of a night's sleep increases due to taxation, it discourages travel altogether. A vacant room at my hotel doesn't just hurt my business; it means one less customer for the local diners, gas stations, and shops in Hermiston that rely on the foot traffic hotels provide.

3. Operational Sustainability for Small Business

The hospitality industry is facing historic increases in labor, utility, and insurance costs. As an independent owner, my margins are already thin. We cannot "absorb" these tax hikes, yet we risk losing our customer base if we pass them on. Piling on additional taxes while we are still fighting for post-pandemic stability is counterproductive to the state's goal of economic growth.

Closing Argument

I urge you to vote **NO** on this increase. Instead of making Oregon more expensive for the average traveler, we should be focusing on policies that keep our rural communities competitive and accessible.

Thank you for your time and for considering the perspective of Eastern Oregon's small business owners.

Respectfully,

Jigish Patel Owner, Hermiston Inn & Suites