

Chair and Members of the Committee,

I am writing in opposition to House Bill 4134, which proposes an increase in the State Transient Lodging Tax (TLT) and allows those funds to be used outside of the lodging and tourism industry.

The lodging industry supports Oregon's economy by creating jobs, driving tourism, and generating substantial tax revenue for both the state and local jurisdictions. A key principle behind the Transient Lodging Tax has always been that it is a tourism-generated tax, intended to be reinvested back into tourism promotion, destination development, and industry-related infrastructure. HB 4134 breaks from that principle by diverting TLT revenue away from the lodging and tourism ecosystem that generates it.

Raising the State TLT will directly impact hotel operators, particularly small and mid-sized properties that already operate on thin margins. Lodging operators are currently facing rising labor costs, higher insurance premiums, increased utility expenses, and ongoing inflationary pressures. Adding another tax burden reduces competitiveness and places additional strain on an industry still recovering from recent economic disruptions.

It is also important to recognize that for many lodging operators, this proposal does not represent a simple 1.5% increase. In reality, many cities and counties across Oregon are simultaneously increasing their local Transient Lodging Taxes. When combined, operators and guests in many jurisdictions will experience an effective increase closer to 3.5% or more, not including existing TLT rates already in place. This compounded tax burden significantly affects room pricing, demand, and the overall competitiveness of Oregon as a destination.

Higher lodging taxes ultimately get passed on to consumers. This makes Oregon less attractive compared to neighboring states

and destinations with lower overall tax burdens, potentially reducing overnight stays, visitor spending, and long-term tourism growth. Reduced demand directly affects hotel occupancy, staffing levels, and local businesses that rely on visitor traffic.

Furthermore, using lodging-generated tax revenue for purposes outside the lodging and tourism industry undermines the partnership between the state and lodging operators. Hotels collect these taxes on behalf of the state with the understanding that the funds support the very industry that generates them. Diverting these funds erodes trust and discourages future investment in Oregon's hospitality sector.

For these reasons, I strongly urge you to oppose HB 4134. If changes to the TLT are being considered, they should include meaningful input from lodging operators and ensure that any revenue collected continues to directly support tourism, destination marketing, and industry-related infrastructure that benefits the entire state.

Thank you for your time and consideration.

Respectfully,

Bonny Panchal

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