

Submitter: Keeley O'Brien
On Behalf Of: Lakeshore Inn
Committee: House Committee On Revenue
Measure, Appointment or Topic: HB4134

I respectfully oppose the proposed increase to the statewide lodging tax. While funding natural resource programs is a worthwhile goal, the timing and impact of this bill on Oregon's small and independent hotels cannot be ignored.

Many small hotels are already struggling to stay afloat. Operating costs have risen sharply, including labor, insurance, utilities, maintenance, and property taxes. Unlike large national chains, independent operators do not have deep reserves or corporate support. Even a modest tax increase can directly affect room pricing and push already thin margins into the red.

Tourism demand is also softer than many assume. Oregon's national reputation has taken hits in recent years, and that perception influences travel decisions. International visitation, particularly from Canada, has declined compared to previous years. When fewer visitors are coming, raising the cost of staying here only adds another barrier and sends the wrong message to potential guests.

Travelers compare total price at checkout, not just the advertised nightly rate. State lodging taxes are layered on top of local taxes and fees, which already place Oregon at a competitive disadvantage compared to neighboring states. Families, tour groups, and business travelers are highly price sensitive, and even small increases can shift bookings elsewhere.

This proposal risks discouraging travel, reducing occupancy, and ultimately harming the very revenue base it seeks to expand. The burden will fall disproportionately on small businesses that are still trying to recover and stabilize.

Before adding new taxes to an already strained industry, lawmakers should carefully consider the economic realities faced by small hotel operators and the broader signal this sends about Oregon's hospitality climate. Strengthening tourism and supporting small businesses will create more sustainable long-term revenue than increasing costs during a period of reduced demand.

Respectfully,
Keeley and Mckenzie O'Brien