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HB 4134 – Testimony to the Senate Committee on Finance and Revenue

Dear Chair Broadman, Vice-Chair McLane, and Members of the Senate Committee on Finance and Revenue,

My name is Jake Stein, and I am the General Manager of the Hilton Garden Inn Corvallis. Thank you for the opportunity to submit testimony in opposition to HB 4134.

At the Hilton Garden Inn Corvallis, we understand both the opportunities and responsibilities that come with tourism. Increased visitation affects public lands, infrastructure, and shared community resources. Responsible tourism requires thoughtful management and collaboration among local governments, businesses, and community stakeholders. At the same time, tourism is a cornerstone of Oregon's economy. It supports family-wage jobs, sustains small businesses, and contributes to the long-term vitality of communities across our state. I am proud to represent an industry that works every day to maintain a balanced and sustainable local economy.

The proposed increase to the State Transient Lodging Tax would negatively impact Oregon's tourism economy, local businesses, workers, and communities.

In my role, I see firsthand how visitor spending circulates throughout our community, supporting restaurants, retail stores, service providers, nonprofit organizations, and local attractions. Tourism is one of Oregon's largest economic drivers, benefiting both urban and rural regions, including areas with limited alternative industries. For Oregon, tourism funding is not merely promotional, it is an investment in economic resilience, workforce stability, and long-term community health.

In 2003, the Oregon Legislative Assembly made a deliberate and forward-looking decision to invest in tourism by establishing a dedicated and sustainable funding structure. That policy created Travel Oregon, implemented a statewide lodging tax, and ensured that revenues generated by tourism would be reinvested in the communities that produce them.

This strategic framework has allowed Oregon to remain competitive in national and international markets, delivering measurable economic benefits statewide.

HB 4134 would not only increase the lodging tax but would also redirect lodging tax revenue away from tourism promotion and into unrelated agencies and initiatives. Lodging taxes were originally established to support and grow Oregon's tourism economy. Diverting those funds undermines the very industry that generates them and weakens the return on that long-standing policy investment.

Today's travelers are increasingly price-sensitive. Even modest increases in lodging costs can influence where and how often people travel. Under the proposed legislation, Corvallis's total lodging tax rate would increase from 13.5 percent to 14.75 percent. At the close of calendar year 2025, local lodging occupancy stood at 49.8 percent, meaning nearly half of available rooms went unfilled over the course of the year. In this environment, increasing lodging taxes presents an additional challenge to maintaining and growing tourism demand.

Cost is also a determining factor for meeting planners and event organizers. When selecting destinations, they evaluate total room cost, including lodging taxes. For many visitors, particularly those traveling from east of the Mississippi River, airfare already makes Oregon a comparatively higher-cost destination. This dynamic is especially significant for large regional events that rely on lodging capacity in Corvallis. Price sensitivity can directly influence whether those events choose Oregon or opt for more cost-competitive alternatives.

Further increasing lodging taxes risks diminishing Oregon's competitiveness with neighboring states. It is also important to recognize that the burden of this tax is not limited to out-of-state visitors. According to Travel Oregon's 2022 Visitor Research study, 41 percent of in-state travel is conducted by Oregon residents. Higher lodging taxes therefore impact local families, regional travelers, and repeat visitors, not solely tourists from outside the state.

When occupancy levels already indicate available capacity, raising costs may discourage longer stays, reduce repeat visitation, and soften demand. These are real considerations for communities that rely on tourism-generated revenue to support local employment and small business sustainability.

Accountability and consistency must remain central to any discussion of adjustments to the Transient Lodging Tax. Changes should be grounded in a clear, defensible statewide strategy with transparent criteria for how funds are allocated. Moving away from a well-defined and targeted structure toward a broader and less-defined funding model risks diluting the tax's effectiveness and undermining its original purpose. Predictability is essential so that businesses and communities can plan responsibly for the long term.

Tourism currently delivers substantial economic value to Benton County, generating $163.5 million in visitor spending, supporting approximately 1,950 local jobs, and welcoming more than 750,000 visitors annually. These outcomes reflect a careful balance between affordability and demand. Disrupting that balance by increasing the transient lodging tax poses a tangible risk to an economic engine that provides meaningful and measurable benefits to our community.

In closing, Oregon's tourism economy is a proven and carefully structured driver of growth. It supports local jobs, small businesses, and communities throughout the state. The proposed increase to the Transient Lodging Tax threatens to disrupt that balance at a time when affordability significantly shapes travel decisions, repeat visitation, and event bookings. Maintaining the current structure will help ensure that tourism continues to generate economic resilience and long-term stability for communities across Oregon.

For these reasons, I respectfully urge the committee to oppose HB 4134.

Thank you for your time, your leadership, and your continued service to the people of Oregon.

Sincerely,

Jake Stein
General Manager
Hilton Garden Inn Corvallis