

TESTIMONY IN OPPOSITION — HB 4134 Committee on [Committee Name]

I submit this testimony in strong opposition to HB 4134 on behalf of Oregon's hospitality and retail community — businesses that have not yet recovered from 2020 and are being battered by successive headwinds they did not create and cannot absorb.

This bill gets the funding mechanism fundamentally wrong.

HB 4134 would, for the first time in state history, divert statewide transient lodging tax revenue away from its statutorily protected purpose — supporting Travel Oregon and the tourism economy — and redirect it to five unrelated agencies: the Oregon Department of Fish and Wildlife, the Oregon Department of Justice, the Oregon Department of Agriculture, the Oregon State Police, and the Oregon Conservation Fund.

Our opposition is not a comment on the worthiness of those agencies' missions. It is about the dangerous precedent this sets. Once a dedicated revenue stream is breached for an unrelated purpose, no protected fund is truly safe. If the Legislature permits the Oregon Department of Fish and Wildlife to draw from lodging tax revenue because visitors benefit from wildlife, it opens the door to the Oregon State Police redirecting gas tax dollars because safer roads benefit drivers, or any agency claiming an emergency share of lottery allocations without voter approval. This model invites perpetual inter-agency competition for protected funds, and that does not serve Oregonians.

The industry proponents of this bill are asking to tax cannot bear it.

The hospitality and retail businesses I work with are still climbing out of the losses of 2020. That recovery has been compounded by two successive shocks they had no power to prevent:

First, Oregon's international visitor base has collapsed. International visitors' share of Oregon tourism spending fell from 10% in 2019 to just 4% in 2023, according to Travel Oregon data. The situation has worsened sharply: Travel Oregon's own 2025 International Tourism Recovery Outlook forecasts a 12.6% decline in international arrivals to Oregon this year alone. Visa card spending data prepared for Travel Oregon shows international tourism spending in Oregon fell 21% in July 2025 compared to July 2024 — with the Oregon Coast seeing a 47% overall drop from international visitors in that same period. Canadian visitors, who represent Oregon's single largest international market, have cut their spending in Oregon by half. These are not minor fluctuations. For coastal lodging operators, restaurant owners, and retailers who depend on summer visitation, this is an existential threat.

Second, Oregon's wine industry — a major driver of tourism spending across the Willamette Valley and Southern Oregon — is in a sustained contraction. According to the

2024 Oregon Vineyard and Winery Census conducted by the University of Oregon, overall case sales of Oregon wine declined 4% in 2024 to 5.8 million cases. The estimated value of wine grape production dropped 6% to \$329 million, and 67 Oregon wineries closed in 2024 alone. Wine sales had already fallen 2.6% in 2023 — the first decline in over a decade. Winery tasting room traffic is down, and the hospitality businesses, hotels, and retailers that surround Oregon wine country depend on that foot traffic.

Against this backdrop, HB 4134 proposes to increase the statewide lodging tax by nearly double its current rate — at a cost of \$38 million per year to Oregon's tourism and hospitality industry.

Proponents have characterized the 1.25% increase as negligible. The operators I represent would disagree strongly. This is not a simple passthrough. It affects pricing competitiveness against neighboring states and Canadian destinations that are now actively marketing to visitors who have decided not to spend in Oregon. It raises costs at the precise moment the industry can least sustain them.

Tourism supports nearly 200,000 Oregon jobs. These are not abstract statistics — they are the livelihoods of workers who were devastated in 2020 and are still rebuilding. Now is not the time to impose new financial burdens on the businesses employing them, especially through a funding mechanism that was never intended for this purpose.

We respectfully and strongly urge a NO vote on HB 4134.

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