

Dear Chair Broadman, Vice-Chair McLane and members of the committee,

I am writing today to express my opposition to HB 4134A. As written, HB 4134A proposes to increase the statewide transient lodging tax (TLT) rate by 1.25% to generate revenues for a variety of purposes that would neither generate additional resources nor direct them back into the system, as the TLT does.

The TLT yields the greatest benefits for Oregonians when it is reinvested in programs designed to stimulate Oregon's economy. Any proposed increases to the statewide TLT should be developed in partnership with the tourism industry and integrated into a long-term economic strategy. This is particularly important in the case of the Portland metro area, where it is imperative for every economic lever to be able to function to its greatest effect right now and help drive recovery and stability for the region.

Additionally, convention business loses competitiveness under HB 4134A. Cost and affordability, including total hotel rates and destination cost, are important factors reported by prospective convention clients when evaluating where in the U.S. they will choose to contract for several thousand hotel rooms at a time. Portland's current total tax on lodging is 16% per room night due to the combination city, county and state taxes and fees. Raising this total tax rate to 17.25% would launch Portland past Los Angeles, Sacramento and San Francisco making Portland the 2nd highest total lodging tax rate in the West, behind only Seattle. Further damage is inflicted when the revenues generated by this increase are diverted to entirely unrelated programs and away from the investments that are needed to sustain this self-generating system.

The tourism industry has not yet fully recovered from the pandemic, and Downtown Portland is no exception. Like many hotels, my properties continue to experience significant financial strain. Our total occupancy remains down 28% compared to 2019 levels, while operating costs have increased by 11.8%. These challenges are compounded by Portland's average daily room rates, which continue to trail behind those of other West Coast cities.

At a time when the state of Oregon and the Portland region most need urgent support and investment in economic development, HB 4134A promises the opposite.

Please vote "no" on HB 4134A.

Sincerely,

Mike McLeod, General Manager

Hilton Portland Downtown & The Duniway, a Hilton Hotel