

Subject: Opposition to HB 4134 A: Protect Small Lodging Businesses and Allow Full Deliberation

February 26, 2026

Chair and Members of the Oregon Senate Committee on Finance and Revenue,

My name is Dhrushil Patel, and I am the operating partner of a small hotel in Southern Oregon. I speak on behalf of ten small business and locally owned hotels in Klamath Falls. I also serve as a Northwest Region Ambassador for the Asian American Hotel Owners Association (AAHOA), which represents approximately 65 percent of hotels and hotel owners in the state of Oregon.

I respectfully submit this testimony in opposition to HB 4134 A.

This position does not come lightly. As small hotel operators, we understand how important responsible public policy is to the long-term success of our state. We care deeply about Oregon's future. At the same time, we live every day with the economic realities of operating small, locally owned lodging businesses on razor-thin margins. In Southern Oregon and especially in Klamath Falls, tourism and travel demand fluctuate seasonally. Occupancy shifts quickly. A slow week can erase an entire month's profit. We face rising insurance premiums, increasing property taxes, higher wages, inflation in utilities and supplies, and significant regulatory compliance costs. Our businesses cannot survive economic swings when revenue drops or costs rise.

HB 4134 A increases the statewide Transient Lodging Tax from 1.5 percent to 2.75 percent. While Oregon's state-level TLT may be described as moderate compared to other states, that does not reflect the total tax burden our guests pay. Across Oregon, hoteliers have worked collaboratively with local governments to self-impose significant

local lodging taxes, often 8 percent to 12 percent, to support tourism promotion, community programs, and infrastructure. When combined with the state tax, many communities already exceed 10 percent to 12 percent in total lodging taxes.

Examples include:

- Medford: 10.5 percent
- Ashland: 11.5 percent
- Bend: 11.9 percent
- Lincoln City: 13.5 percent
- Newport: 13.5 percent

In many Oregon communities, total lodging taxes are already in the double digits. The lodging industry has consistently stepped up to support local funding needs. Each additional increase compounds the burden and impacts competitiveness, particularly in rural and border communities like ours.

Equally concerning is the process. This is a significant statewide tax increase being considered during a short legislative session. Public policy of this magnitude, especially tax policy, deserves full deliberation, robust economic analysis, and meaningful stakeholder engagement. Rushing a permanent tax increase in a short session does not allow sufficient time to examine long-term impacts or alternative revenue structures.

Wildlife conservation and natural resource stewardship are worthy goals. The question before you is not whether these priorities matter. The question is whether the lodging industry should serve as the primary funding source for these statewide initiatives. The hotelier community in Oregon deserves the respect of being invited into a broader conversation about funding solutions and the opportunity to work with the Legislature to examine revenue mechanisms beyond TLT dollars before this policy is enacted.

If new tourism-related revenue is being considered, perhaps the Legislature should examine large facilitator enterprises such as Uber, Airbnb, Booking.com, and Expedia. These companies generate significant revenue from Oregon tourism activity. Yet they own no local property, pay no local property taxes, employ very few individuals in our communities, and contribute minimally to local reinvestment.

By contrast, small hotel owners:

- Own property and pay substantial property taxes
- Employ local residents and pay payroll and employment taxes
- Carry operational liability and regulatory compliance
- Support community events, nonprofits, and emergency response efforts

Meanwhile, third-party transaction facilitators often take 21 percent to 28 percent of our top-line room revenue simply to process bookings. They extract significant value from tourism activity without sharing proportionate responsibility for community funding. Small business hotel owners do the hard work. We maintain the buildings. We employ the workforce. We carry the risk. We operate on margins that are far thinner than many assume.

I respectfully urge this Committee not to advance HB 4134 A during the short session. If wildlife conservation funding must be strengthened, let us work together in a full session to build a durable, equitable, and broadly supported funding framework.

Thank you for your time and thoughtful consideration.

Respectfully,

Dhrushil Patel

Manzanita Hotel, Inc.

AAHOA Northwest Ambassador