

Submitter: Mike Herron
On Behalf Of: Vips Industries Inc.
Committee: Senate Committee On Finance and Revenue
Measure, Appointment or Topic: HB4134
Chair Broadman and Members of the Committee:

Please vote no on HB 4134.

VIP's Industries has been a Salem-based hospitality company since 1968, first building and operating restaurants, and now owning and operating hotels such as The Grand Hotel Salem and The Salem Hotel on South Commercial, a restaurant, Bentley's Grill, as well as managing the Salem Convention Center downtown.

The argument has been made that TLT's are a pass-through tax that is paid by out of state travelers so why should we care if it's increased. While overall it may be true that 2/3 of the tax is paid by travelers from out of state, that is driven in large part, and distorted by, Portland Metro dynamics. The local impact in communities outside of Portland is a different story. In 2025 the share of guest room nights by Oregonians at The Grand Hotel in Salem was 70%. The share of Oregonian guest room nights at The Hotel Salem and Phoenix Inn Suites in Albany ran between 60% and 70%. An increase in the statewide TLT's will be paid primarily by Oregonians in the communities we operate in, and I suspect the story is much the same in many of the non-Metro areas of our state. This will be a tax on Oregonians in our communities.

Increasing TLT's will have a negative impact on the Salem Convention Center. The Convention Center has been profitable for the City of Salem from the day its doors were opened. We like to think that the dedicated efforts of our Convention Center sales team have something to do with that. They travel the country throughout the year literally selling Salem, our region, and our State at "conventions for conventions", booking years in advance corporate, non-profit, leisure, and association business hosted at the Salem Convention Center. This is business that pumps economic life and vitality into our city, our downtown, and our regional economy. These groups have their pick of destinations around the country and are price sensitive. They ask about lodging taxes. They pay attention to increases in lodging taxes. They choose other destinations based on lodging taxes. Any increase in TLT's will have a negative impact on our staff's ability to effectively close business on groups that may otherwise choose Salem.

Finally, HB 4134 is an example of bad policy. The statewide TLT was the result of the hospitality industry voluntarily opting to tax itself in order to have a source of funds to market and promote our beautiful state through investment in our Destination Management Organizations. Our local and regional DMO's leverage precious TLT

dollars for the benefit of the industry that bears the burden of the tax. Increasing the TLT without industry support is bad politics, but doing so anyways and then dedicating the additional revenue to non-tourism expenditures and other state agencies is bad policy. TLT's should be invested in tourism, not spent by unrelated agencies.

I urge you to vote no on HB 4134.

Thank you.

Mike Herron
Vip's Industries, Inc.