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

I am writing to urge you to vote NO on House Bill 4148-7. I served five years on the Visit Corvallis Board, two as chair, and eleven years on the Corvallis Budget Commission, nine as chair. I understand, from both sides, the genuine fiscal pressures Oregon cities face.

This bill does not solve those pressures. It makes them worse.

What This Bill Actually Does

HB 4148-7 is presented as giving communities "flexibility." What it actually does is dismantle a system that works.

The bill lowers the required tourism allocation of Transient Lodging Tax (TLT) revenue from 70% to 50% — a 20-percentage-point cut to the funding engine that drives visitor demand. It allows communities to reduce previously adopted tourism percentages below the new floor. And it introduces a vaguely defined "resiliency grant" program for restaurants and lodging that competes directly for the same tourism dollars — without any definition of eligibility, oversight framework, performance standards, or fiscal accountability.

That is not flexibility. That is the systematic weakening of one of Oregon's most effective economic development tools.

The Evidence Is Unambiguous: Cutting Tourism Promotion Costs Far More Than It Saves

This is not a theoretical debate. The U.S. Travel Association has documented what happens when states and cities reduce tourism promotion funding — and the results are consistently, painfully clear.

When Colorado cut its \$12 million tourism marketing budget in 1993, the state lost 30% of its leisure travel market share within four years. Visitor spending dropped by \$1.4 billion in the first year alone, and state and local tax revenues fell by \$134 million between 1993 and 1997. Even after 18 years, Colorado had not recovered its pre-cut national market share. A Pennsylvania analysis found that every dollar cut from tourism promotion produced a \$3.60 loss in tax revenue. Connecticut, Washington State, and San Diego each experienced significant, lasting declines in tourism following reductions or eliminations of tourism funding.

The argument that redirecting TLT revenue saves money is, as one economic analysis puts it, "illusory." In Delaware, losing just 0.8% of leisure trips would wipe out every dollar saved by eliminating the entire promotion budget. In Utah, the threshold is 1.5%. Small decreases in visitor volume quickly swallow any short-term budget gain.

In Corvallis, where hotel occupancy currently stands at 49.8%, we are not operating from a position of surplus. The question every Oregon community must ask is simple: can we afford to lose even a modest fraction of our visitors? For Corvallis, the answer is plainly no.

The Resiliency Grant Provision Is Unworkable — and Dangerous

The resiliency grant language in HB 4148-7 was added via amendment hours before committee passage, with no opportunity for public input, industry review, or meaningful scrutiny. That alone should give this committee pause. But the substantive problems run deeper.

The bill authorizes "resiliency grants for small businesses in the restaurant and lodging industry" — but defines none of the operative terms. What qualifies as "resiliency"? What economic conditions trigger eligibility? Is this disaster relief, routine subsidy, or something else entirely? What size constitutes "small"? Are multi-location operators or franchises eligible? Must grants be tied in any way to visitor activity? The statute answers none of these questions.

There are no eligibility criteria, no competitive standards, no conflict-of-interest protections, no performance metrics tied to visitor growth, no clawback provisions, and no caps within the tourism allocation. The only accountability mechanism is a fiscal impact study — not due until 2034. Policy should be evaluated before structural implementation, not a decade after the damage is done.

Under this bill, a city could legally grant its entire tourism-restricted TLT allocation to food trucks or neighborhood restaurants. These may be excellent businesses — but they do not generate overnight stays, and they will not produce the lodging tax revenue that supports Oregon communities. This provision pits destination marketing organizations, hotels, and restaurants against one another in direct competition for the same scarce dollars. Rather than fostering the collaboration the tourism industry depends on, HB 4148-7 builds conflict into statute.

This Bill Breaks a Promise the Industry Relied Upon

Oregon's TLT structure was not created arbitrarily. The lodging industry agreed to this tax with an explicit, mutual understanding: a protected share of the revenue would be reinvested to promote tourism, drive demand, and grow the very base from which the tax is collected. That compact — visitors pay, we promote, more visitors come, tax revenue grows — has delivered measurable results for Oregon communities for decades.

HB 4148-7 breaks that promise. It redirects industry-generated tax revenue away from the demand-building activities the industry was told would be funded — and toward general budget priorities and undefined grant programs for which there is no evidence of comparable economic return. This is not just bad policy. It is a breach of the trust that made the TLT possible in the first place.

A Dangerous "Pincer Effect" on Hospitality. The timing of this bill is particularly perilous as the industry faces a simultaneous threat from HB 4134, which proposes nearly doubling the statewide lodging tax to fund non-industry programs. The cumulative impact of these bills will make Oregon significantly less competitive for large conventions, sporting events, and group travel. In Portland, the total tax rate could reach 17.25%—the second-highest in the Western United States.

The Broader Stakes for Oregon Communities

Tourism promotion does far more than fill hotel rooms. Destination marketing organizations across Oregon fund community events and local nonprofits that cities could not otherwise sustain. They provide collective marketing support for small, locally owned businesses that lack the resources to compete individually. The hospitality sector delivers essential entry-level employment for young workers, immigrants, and Oregonians seeking flexible work. A decline in visitor activity ripples through every sector of the local economy — retail, dining,

transportation, event venues — and ultimately shrinks the tax base that funds police, fire, and the infrastructure Oregon residents depend on.

Modern destination organizations have also evolved beyond pure marketing into stewards of sustainable tourism — balancing economic growth with environmental responsibility and community livability. HB 4148-7 would defund this work at exactly the moment Oregon needs it most.

A False Solution to a Real Problem

I do not dismiss the fiscal pressures Oregon cities face. I spent nearly a decade chairing the Corvallis Budget Commission, and I know these pressures intimately. But redirecting TLT revenue is not a solution — it accelerates the very problem it purports to address. When promotion decreases, the revenue engine slows. When the revenue engine slows, the general fund loses far more than it gained by redirecting the allocation. The historical record across every jurisdiction that has tried this approach says the same thing.

If this legislature genuinely wants to support Oregon cities, the answer is to expand the tourism tax base — not drain it. The TLT structure, properly maintained, is one of the most efficient economic development mechanisms available to Oregon communities. It funds local services primarily on the backs of visitors, not residents. Undermining it to solve a short-term budget problem is, at best, an exchange of long-term prosperity for short-term relief.

I urge you to oppose HB 4148-7, preserve the current TLT reinvestment model, and protect the communities — the jobs, the events, the small businesses, and the tax revenues — that depend on it.

Taking food from the goose is not the way to produce more golden eggs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curtis Wright', with a long horizontal flourish extending to the right.

Curtis Wright