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February 22, 2025

Dear Chair Tran, Vice-Chair Grayber, Vice-Chair Lewis, and Members of the Committee:

I am writing to express my strong opposition to House Bill 3556, which seeks to modify the allocation of Transient Lodging Tax (TLT) revenue. This bill threatens to undermine the economic foundation of Oregon's tourism industry and the communities it supports.

Tourism is a vital economic driver for Oregon with a proven multiplier effect throughout local economies. Studies show that every dollar invested in tourism promotion can generate up to \$7-10 in visitor spending, creating economic activity far beyond the initial transaction. The current TLT structure was thoughtfully designed to reinvest in the very industry being taxed, ensuring sustainable growth and continued revenue generation for our communities. By diverting these funds from tourism promotion and development, HB 3556 would weaken our ability to attract visitors who support local businesses, create jobs, and strengthen our economy.

I served five years on the board of directors for Visit Corvallis, including two years as chair. I understand the challenges of attracting more visitors to our city. Additionally, I spent eleven years on the City of Corvallis Budget Commission, serving as chair for nine of those years. I am acutely aware of the significant financial challenges our city faces in funding essential services that residents depend on. Despite being promoted as a solution, HB 3356 would worsen the problem.

There is a common misconception that all destination marketing organizations (DMOs) receive 70% of TLT revenue for tourism promotion. In reality, this applies only to taxes enacted after 2003. Many communities—including Corvallis—function under different structures. Here, Visit Corvallis receives only 30% of TLT funds, while the City allocates 70% to its general fund. Despite this majority share, funding gaps remain in essential services. This bill does not address that issue—it merely undermines tourism's capacity to generate additional revenue for local communities.

The proposed changes would severely impact rural communities and those facing economic hardships. For instance, Corvallis has recently seen a drop in visitor spending due to realignments in college sports conferences, leading to fewer visiting teams and fans. This situation is particularly detrimental to small, locally-owned tourism businesses that are integral to many Oregon communities. These businesses often lack the resources for significant individual marketing efforts and depend on collective destination marketing to draw in visitors. A well-funded tourism program could enable communities to pivot and attract new visitors, but reduced budgets would greatly limit this capability.

Beyond marketing, tourism agencies have evolved to focus not only on promotion but also on sustainable tourism management that balances economic benefits with environmental protection and community livability. They play vital roles in supporting local nonprofits and community events enjoyed by both residents and visitors. In many cases, including Corvallis, destination marketing organizations help fill funding gaps for cherished local events that cities cannot financially support. Without this assistance, many community traditions would struggle to survive.

The tourism and hospitality sectors offer significant entry-level and career advancement opportunities for many Oregonians, including young individuals, immigrants, and those seeking flexible employment. These industries often serve as stepping-stones for workforce

development and career progression. Reducing tourism promotion would directly affect job creation in these essential sectors, impacting not only the visitor economy but also the broader workforce development pipeline.

Oregon competes not only among its communities but also with neighboring states for tourism dollars. Washington, California, and Idaho all run strong tourism marketing programs. Weakening Oregon's promotional efforts would put our communities at a significant competitive disadvantage in the regional tourism market, potentially causing visitor leakage to better-promoted destinations across state lines.

It's also crucial to recognize that tourism-related businesses play a significant role in local economies through property taxes, licensing fees, and other local taxes that directly support city and county services. Diminishing the tourism economy would reduce these contributions as well, resulting in a downward economic spiral.

The current TLT structure has demonstrated its effectiveness in advancing Oregon's tourism industry while also generating significant revenue for local governments.

I urge you to oppose HB 3556 and protect the current TLT structure as a vital tool for economic growth throughout Oregon. Tourism doesn't just bring visitors—it sustains entire communities through multiple economic and social channels.

Taking food from the goose is not the way to produce more golden eggs for Oregon's cities.

Sincerely,



Curtis Wright