



HOUSE OF REPRESENTATIVES

Testimony in Support of HB 3556

House Committee on Revenue
Representative Cyrus Javadi

Chair and Members of the Committee,

Thanks for the opportunity to speak today in support of **HB 3556**. This bill is about making sure the **Transient Lodging Tax (TLT)** works for both the businesses that rely on tourism and the communities that host millions of visitors each year.

The TLT Has Been a Huge Success—But It's Time for an Update

When the TLT was created back in **2003**, the goal was simple: use visitor dollars to **promote tourism, attract more travelers, and boost local economies**. And it worked. Oregon's coastal communities—and the small businesses that depend on visitors—have benefited from a steady stream of people coming to enjoy our beaches, hiking trails, seafood, and downtowns.

But here's the issue: **The TLT has been too successful**. We've done such a great job bringing people to these destinations that local governments are now struggling to keep up with the impacts.

Tourism is a Lifeline, But It Also Wears Communities Down

Tourism is a massive part of the coastal economy. **In some counties, nearly one in five dollars earned comes from visitor spending**. That's restaurants, hotels, local shops, and tour businesses thriving because of the people we've attracted to our state.

But here's what's not working: tourists **don't just bring dollars—they bring strain**.



HOUSE OF REPRESENTATIVES

- **Roads deteriorate faster** with the increased traffic, especially from out-of-state visitors who don't know the roads.
- **Sewer and water systems are overloaded**, sometimes operating well past their original design capacity.
- **Garbage collection and waste management are overwhelmed**, especially during peak seasons.
- **Law enforcement and emergency services are stretched thin**, handling a higher volume of incidents—search and rescue, traffic accidents, public safety calls.

And the frustrating part? **Local governments have millions of dollars in TLT funds they aren't even allowed to spend to fix these problems.**

- **Seaside has over \$9 million in unspent TLT revenue**—funds that could go toward infrastructure that directly supports both visitors and locals.
- **Lincoln City has nearly \$6 million sitting unused.**
- **Other coastal towns have millions accumulating, unable to be spent on the very things that tourism impacts most.**

This isn't a funding shortage—it's a **funding flexibility problem**.

Why Local Governments Have No Other Options

Here's the other part of the story: **many coastal communities don't have any other way to raise revenue for these critical services.**

- **Legacy property tax laws** keep rates artificially low, meaning cities and counties can't just raise property taxes to meet rising costs.
- **The Habitat Conservation Plan (HCP) is set to reduce timber revenues**, which historically helped fund local services in many counties.

With those revenue sources shrinking, local governments have **one option left**—raise TLT rates. And that's exactly what they've been doing, not because they want to, but because they don't have another choice.

But even then, **they still can't spend that money on the services tourism strains the most**—roads, public safety, sanitation, and infrastructure.



HOUSE OF REPRESENTATIVES

This cycle isn't sustainable. **Raising TLT rates over and over risks making Oregon's coastal destinations less competitive with other states**, but without changes to how TLT revenue can be spent, **local governments are stuck**.

HB 3556 is a Common-Sense Fix

HB 3556 **doesn't eliminate tourism promotion**. It doesn't take away funding from the efforts that helped build Oregon's tourism economy. It just **modernizes** the funding structure to make sure communities have the tools to maintain the services that make tourism possible in the first place.

The bill allows a portion of TLT revenue to be used for **tourism-impacted services**, including:

- **Road maintenance and transportation improvements** in high-traffic visitor areas.
- **Garbage collection, wastewater management, and public restroom upkeep**—because no one wants a beautiful view ruined by overflowing trash.
- **Law enforcement and emergency services**, which are directly impacted by increased visitor traffic.

These aren't "extra" expenses—they're **critical to keeping Oregon a top-tier destination**.

We Either Fix This Now or Face Bigger Problems Later

For 20 years, the TLT has helped Oregon grow its tourism economy. But **ignoring the impact of tourism on local communities isn't sustainable**.

If we don't fix this, we'll see:

- **More TLT rate hikes**, as cities try to capture unrestricted revenue.
- **Infrastructure continuing to break down**, damaging the visitor experience.

CYRUS JAVADI, DDS
STATE REPRESENTATIVE
DISTRICT 32



HOUSE OF REPRESENTATIVES

- **More financial pressure on local residents**, who are the ones left picking up the slack.

This isn't about taking sides between tourism businesses and local governments—it's about **making sure both can thrive**.

HB 3556 makes sure **we don't just attract visitors—we take care of the communities they visit**. That's a win for everyone.

I urge your support, and I'd be happy to answer any questions.

Thank you.