



December 6, 2017

Umatilla County Board of Commissioners
216 SE 4th St.
Pendleton, OR 97801

Dear Umatilla County Board of Commissioners:

In recent days we have received word from multiple members of the Oregon Restaurant & Lodging Association who operate lodging establishments within Umatilla County. The communication is in regards to a letter dated November 30th sent to lodging properties from the Board of Commissioners relating to the consideration of a new county Transient Lodging Tax.

We would respectfully ask that you delay consideration of an increased tax until appropriate communications can take place with your partners operating lodging facilities. We do not feel that a letter dated November 30th followed by public meetings on December 7 and 8 during the busy holiday season to be an adequate amount of time to fully vet the need for a new tax. We would ask that the following marketplace dynamics be fully vetted before the county moves forward with any decision making process relating to this issue.

Competitive Advantage for Wildhorse Resort & Casino

Before implementing a tax, it should be acknowledged that increasing costs on lodging operators will result in a larger price disparity between Umatilla lodging operators and the operators of the Confederated Tribes of the Umatilla Indian Reservation. A new tax on all facilities with the exception of Wildhorse (who currently institutes a self-imposed 9 percent tax) will result in a competitive advantage for the casino and naturally drive more tourists to their facility which in turn will result in unrealized tax revenue for the cities operating in Umatilla County. Although Wildhorse imposes a 9% tax they will not be subject to a new county tax or current city and statewide taxes. **If implemented, total tax in cities like Pendleton and Hermiston would be a staggering 11.8% plus the dollar assessments per occupied room for the Tourism Promotion Assessments (8% city, 2% Umatilla County, 1.8% State).**

Meetings with Lodging Operators are Key

It is our understanding that the first communication to lodging operators regarding a new tax was your letter dated November 30th. Based on the communication received it appears the County is already heading down the road of implementing this new tax before meetings have been held with operators. Industry meetings can go a long way in determining whether a new tax is necessary and whether lodging operators feel the tax can in fact result in your desired outcome – helping lodging operators grow their revenue and increase their bottom line.

Lodging Operators Are Satisfied with Current Providers of Lodging Promotion

To date, there is no evidence lodging operators are asking Umatilla County to assist them in growing their revenue and their bottom line by implementing this new tax. In reference to your letter dated November 30th the purpose of this tax is to do just that. However, lodging operators report being satisfied with the efforts of Travel Oregon and the Eastern Oregon Visitors Association in addition to promotional efforts at the local level within Umatilla County. In addition to these partners, lodging operators pursue their own independent marketing efforts. Another partner in this space is not of interest to the lodging industry at this time.

All Short Term Rental properties must be charged the tax

If the Umatilla County Board of Commissioners decides to move forward with a new county tax then the county is also responsible for putting appropriate personnel and enforcement mechanisms in place to make sure all short term lodging taxes are collected. This process is not easily accomplished given the onset of online short term rental companies like Airbnb who create short term rental opportunities in residential zones throughout Umatilla County. In order to appropriately assess a tax, the county will need to identify all commercial transactions for short term rentals taking place in residential zones and assess the tax accordingly across the entire marketplace.

We feel the concerns notated above justify a reset in the consideration of a new county tax. We respectfully request that you allow much more time beyond December 7 and 8 to determine whether a new TLT is desired amongst your stakeholders as we believe the majority of the lodging operators you are interested in serving oppose this tax.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Brandt", with a stylized flourish extending to the right.

Jason Brandt
President & CEO
Oregon Restaurant & Lodging Association