

Tackling the amenity trap in Bend, Oregon

Strategies for Visit Bend to support long-term community vitality



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About Headwaters Economics

Headwaters Economics is an independent, nonprofit research group whose mission is to improve community development and land management decisions. <https://headwaterseconomics.org>

Author

Megan Lawson, PhD | 406.570.7475 | megan@headwaterseconomics.org

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P.O. Box 7059 | Bozeman, MT 59771

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1. INTRODUCTION

Natural amenities and outdoor recreation have made Bend, Oregon, a leading tourism destination, and those same amenities support a high quality of life that attracts new residents. Between 2010 and 2022, Deschutes County’s population grew by 31%, 92% of which was attributable to new people moving to the community.¹ High levels of tourism and rapid population growth have brought economic prosperity to the community, and have also created challenges related to overcrowding, affordability, and resident concern that Bend’s quality of life is eroding.

The purpose of this report is to identify strategies that Visit Bend, in its circumscribed role as a destination management organization (DMO), can play in ensuring the long-term livability and prosperity of Bend. Synthesizing findings from a companion report produced by ECONorthwest on the economic value of tourism in Bend and best practices from other communities managing tourism-fueled growth, we provide a set of policy solutions for Visit Bend to consider. These policies can build on Visit Bend’s momentum, guide future investments of transient room tax (TRT) revenue, and inform strategies to ensure Bend’s long-term livability and appeal as a tourism destination.

What is a Destination Management Organization?

Destination Management Organizations (DMOs) promote tourism to a particular locale to expand tourism’s economic contribution to the area. In addition to advertising the area, supporting events, and running visitor centers, many DMOs also administer the collection and spending of tourism-related taxes such as lodging taxes.

Tourism is integral to Bend’s livability

In Bend, as in many communities with outdoor recreation amenities, the qualities that make Bend a great destination also make it a great place to live. Tourism is the beginning of a diverse and resilient outdoor recreation economy that extends well beyond tourism, as shown in Figure 1.

Outdoor recreation contributes to economic success in many ways.

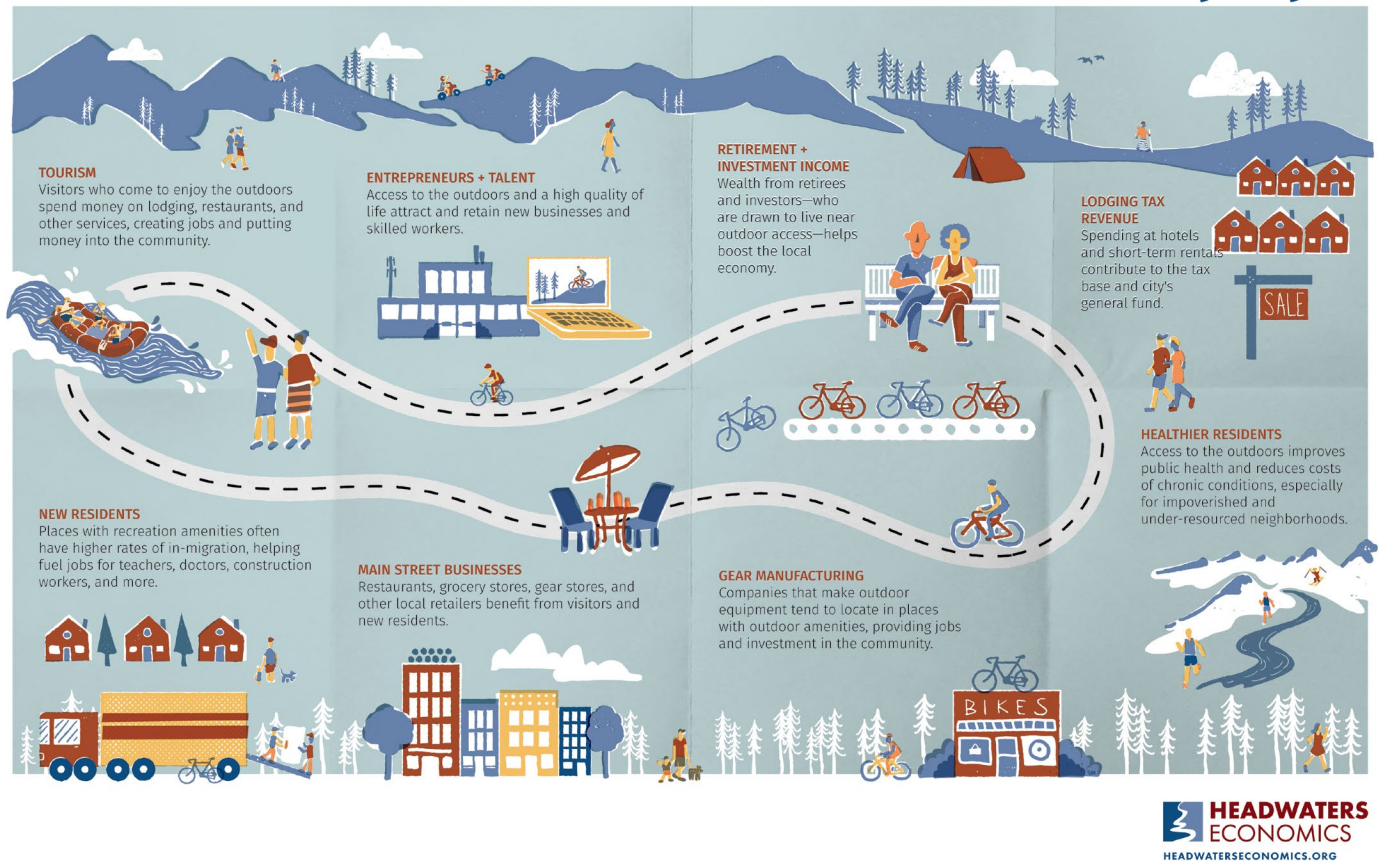


Figure 1: The economic benefits of a tourism economy driven by outdoor recreation extend well beyond tourism, bringing new businesses and attracting and retaining employees; attracting retirees; building tax revenue; encouraging more physically active and healthier residents; providing gear manufacturers with outlets to test their gear and build an authentic brand; sustaining Main Street businesses; and attracting new residents.

The attractions that draw visitors to Bend are the same amenities enjoyed by residents. Analysis by ECONorthwest² finds that users of the area’s most popular attractions are predominantly locals, even during the busiest times. The analysis defines locals as people living within a 50-mile radius of Bend.

VISITS BY LOCALS

Mt. Bachelor



DECEMBER VISITS = 58% LOCAL

Whitewater Park



JULY VISITS = 68% LOCAL

Downtown Bend



JULY VISITS = 65% LOCAL

Tourism has helped to fuel growth, and growth has brought growing pains

Like many attractive communities, Bend's desirability has translated into rapid population growth, with Deschutes County's growth rate outpacing all other Oregon counties between 2010 and 2020.³ This growth is a symptom of Bend's success in creating its high quality of life and attractiveness for visitors.

This rapid growth has led to significant challenges for the community.

When the very things that make a community an attractive place to live also threaten it with being loved to death, a community finds itself in what is known as the "amenity trap." Communities facing the amenity trap experience rapidly increasing housing prices, strained infrastructure, and public finances stretched thin as tax revenue is insufficient to pay for growing community needs. Bend is one of many communities across the United States that are rich in natural amenities and struggling with the amenity trap.

Visit Bend must help the community balance tourism and quality of life

Because tourism is directly responsible for attracting new people to town as visitors and then residents, tourism is a driver behind the amenity trap. While DMOs are legally constrained as to the steps they can take to mitigate tourism's impacts, they have an obligation to participate in efforts to mitigate the amenity trap. These efforts are aligned with DMOs' mission: when resident sentiment turns against tourism and tourists, the quality of visitor experiences will decline, and the city misses out on the economic benefits from tourism. The Bend Community Sentiment of Tourism Survey showed that 47% of residents perceive that the costs associated with tourism are greater than its benefits, underscoring the urgency of addressing these problems.

DMOs cannot solve the amenity trap on their own. Progress across the community in affordability, transportation, and public finances requires close partnership with local and state governments, nonprofits serving social and environmental causes, and leaders in tourism-related businesses and the broader business community.

This report proposes two overarching goals that Visit Bend can prioritize to ensure the long-term livability and prosperity for Bend while meeting its legal constraints. The first is to continue investing in programs that support long-term livability by funding "tourist facilities" that also benefit Bend residents. The second describes Visit Bend's need to stabilize the TRT revenue stream available for the city. Visit Bend has a legal obligation to maximize tourism revenue, and a responsibility to aim for stable revenue given its significant contribution to the general fund. Policies that support Bend's livability can also help create an outstanding visitor experience, helping to align community investments with investments in tourism. By prioritizing the long-term livability of Bend and stable revenue contributions into the city's general fund, Visit Bend can take meaningful steps to mitigate the amenity trap.



2. OVERARCHING GOAL #1: Reinvest Transient Room Tax in the community for long-term livability

Visit Bend has consistently taken a longer-term, more holistic perspective on tourism promotion and tourism facilities than traditional DMOs while continuing to comply with its legislatively restricted role. Recognizing that tourism brings both opportunities and challenges to the city, Visit Bend has proactively sought strategies to maximize the benefits to Bend from tourism.

For example, its Bend Sustainability Fund, implemented in 2021, uses Transient Room Tax (TRT) revenue to fund grants to organizations to develop tourism-related facilities in the city. While these projects are required by law to benefit visitors, investments in projects like improved parks and trails, new museum facilities, and river restoration also improve the quality of life for residents.

With the goal of reducing the environmental impact of tourism in the region, Visit Bend has developed programming and materials to encourage visitors (and residents) to follow Leave No Trace principles and promote responsible recreation. Resident sentiment surveys – such as those conducted by Oregon State University’s Sustainable Tourism Lab -- can help Visit Bend understand the effectiveness of these programs.

The Bend Sustainability Fund, Bend Cultural Tourism Fund, and Leave No Trace Destination are innovative approaches among DMOs, demonstrating Visit Bend’s role as a partner in sustaining Bend’s quality of life and as a leader among DMOs nationwide in responsible stewardship of tourism-related revenues. The continued investment of TRT revenue into stewardship of resources valued by tourists and locals alike will help Bend balance the impacts of visitation.

Policy strategies to support long-term livability

The following table summarizes policy strategies Visit Bend can pursue to support the overarching goal of long-term livability. Within each goal we provide a policy solution, suggest Visit Bend’s role in implementing the policy, and identify examples of other communities that have tried similar solutions. The remainder of this section provides a brief narrative of each goal and policy solution.

OVERARCHING GOAL	POLICY SOLUTION	VISIT BEND'S ROLE	OTHER COMMUNITY EXAMPLES
Invest in housing for tourism industry workforce	<ul style="list-style-type: none"> • Raise additional funds for housing programs 	<ul style="list-style-type: none"> • Lead • Facilitate 	<ul style="list-style-type: none"> • Whitefish, MT
Use funding and data to reduce traffic congestion	<ul style="list-style-type: none"> • Transportation funding routes to popular trailheads 	<ul style="list-style-type: none"> • Support 	<ul style="list-style-type: none"> • Yosemite Area Regional Transportation
Use data to support recreation planning	<ul style="list-style-type: none"> • Use extensive data to support parks and recreation planning 	<ul style="list-style-type: none"> • Support 	
Use visitor relationships to improve hazard preparedness	<ul style="list-style-type: none"> • Unique position to reach visitors 	<ul style="list-style-type: none"> • Lead 	<ul style="list-style-type: none"> • Big Sky, MT

Table 1. Policy solutions for Visit Bend to support long-term livability for Bend.

Invest in housing for the tourism industry workforce

As high housing costs impact tourism-related businesses' ability to hire and retain employees, these businesses are less able to provide the services that bring tourists to town, directly impacting Bend's tourism economy and subsequent revenue. Given the direct connection between tourism workforce housing and the city's ability to maximize tourism revenue, Visit Bend could make a strong case to develop additional funding streams for workforce housing programs.

While Visit Bend is restricted in how it spends TRT revenue, it may be able to raise revenue on top of the TRT funds to support housing programs. In Whitefish, Montana, for example, the tourism board voted to charge an additional 1% on top of their TRT with the revenue going to support affordable housing programs in the community.⁴ Visit Bend has the administrative infrastructure to collect this revenue from short-term visitor stays in the area, while complying with its legislatively mandated role. Other revenue streams, such as a Tourism Improvement District (TID), could be administered by Visit Bend and used to support workforce housing. Additional detail around TIDs and other funding mechanisms are discussed later in this report ([Tourism Improvement Districts](#)).

Use funding and data to alleviate traffic and trailhead congestion

Crowded trailheads and traffic congestion on roads around Bend contribute to negative resident perceptions of tourism and reduce the quality of visitor experiences. Visit Bend can help alleviate these challenges by supporting transportation planning and funding for transportation routes to trailheads popular with visitors.

For example, in the five-county region surrounding Yosemite National Park, a mix of county government and land management agency funding supports public transportation. While state law prohibits TRT dollars from being used to support public transportation, unrestricted funds from events could be used to expand existing transit service to areas popular with visitors while concurrently making it easier for Bend's residents to access the outdoors via public transportation. Visit Bend's extensive data on the location and timing of visitors' locations within Bend can inform the planning for these routes and market to visitors to increase their use of public transportation.

Use data to inform recreation planning

Visit Bend relies on sophisticated data and analysis to target marketing and help maximize revenue from TRT for the city. While this data helps Visit Bend to improve their marketing to visitors, it can also be used to help understand the most popular destinations for visitors, the timing of visits, and the number of visitors at sites. The City of Bend's Park and Recreation District has access to surveys of residents to understand their priorities and needs, but they do not have access to similar information about visitors. This lack of data could lead to a mismatch between community needs and the infrastructure and programming provided by the city parks department. By contributing their data and analysis to parks and recreation planning efforts, Visit Bend can improve visitor and resident experiences alike.

Use connections with visitors to support disaster planning and management

Given Bend's susceptibility to wildfire, the community has prioritized efforts to reduce fire risk and improve public safety in the event of a wildfire. Through its relationships with tourism-related businesses and as a trusted resource for visitors to the area, Visit Bend is in a unique position to support natural disaster management.

Prior to a wildfire, planning for outreach and evacuation routes can ensure the public can be kept out of harm's way. Visit Bend can help emergency planners to understand the number of visitors at different times of year and where they are staying to incorporate this information into evacuation planning.

When a public emergency like a wildfire happens, visitors can be difficult to reach because many emergency notification services like reverse 911 are tied to a phone owner's home address. Visit Bend, with its close relationships with lodging establishments and as a trusted resource for visitors to the area, can help disseminate emergency information to visitors.

For example, in Big Sky, Montana, the Chamber of Commerce is an active supporter of wildfire mitigation activities and code improvements, advocating alongside the Big Sky Fire Department. The two organizations collaborated to develop a Wildfire Action Guide that provides residents and visitors with information about signing up for emergency alerts, evacuation routes, and risk-reduction activities. The guide is distributed at local businesses and in visitor lodging.



3. OVERARCHING GOAL #2: Ensure stable TRT revenue for essential city services

The amenity trap cannot be addressed without significant, stable funding.

The City of Bend has long recognized the value of tourism and the need to capture tax revenue from visitors through its lodging tax. Because its lodging tax rules pre-date the statewide TRT rules, the city currently receives 65% of TRT revenues, an advantageous percentage compared to many cities in Oregon. This money goes directly into an unrestricted general fund. In FY2024 this translated into \$14.9 million, or nearly 14% of the city’s overall budget. Visit Bend retains 35% of TRT revenue, which must be spent on tourism promotion and tourism facilities. The city’s share of TRT revenue is spent on police and fire (85%), streets (10%), and other essential services (5%).⁵ When tourism outperforms forecasts, the additional revenue from TRT collections is unrestricted, enabling the city to use this funding to address its highest priorities. These unrestricted dollars are particularly important because of their flexibility. For example, some unrestricted funding from higher-than-expected TRT revenue was recently used by the city to help fund transitional housing.

While this revenue stream has proven tremendously valuable to funding essential services in Bend, contributing \$65 million to the general fund from 2014-2023, it also points to a substantial fiscal vulnerability.⁶ Tourism is subject to macroeconomic forces beyond Bend or Visit Bend’s control such as oil prices, recessions, and global pandemics. In FY2025, Visit Bend and the city are projecting a decrease of about 3% or \$600,000. In 2020, TRT receipts dropped by 15% due to the pandemic. The city must adjust, possibly cutting important services, to accommodate this revenue shortfall.

Policy strategies to help stabilize and maximize revenue

To ensure stability and uninterrupted services for residents, and maximized TRT contributions to the city, the connection between tourism revenue and Bend’s general fund requires creative strategies and long-term planning.

Table 2 summarizes two goals for Visit Bend to consider under the overarching goal of stabilizing revenue, along with policy solutions, Visit Bend’s role in pursuing the policy, and examples of other communities that have used a similar strategy. The remainder of this section provides a brief narrative of each goal and policy solution.

OVERARCHING GOAL	POLICY SOLUTION	VISIT BEND'S ROLE	OTHER COMMUNITY EXAMPLES
Invest in economic diversification	<ul style="list-style-type: none"> • Small business fund and incubator focused on businesses connected to tourism 	<ul style="list-style-type: none"> • Lead 	<ul style="list-style-type: none"> • Williston, ND, STAR fund • Farmington, NM, economic diversification sales tax
Develop other tax revenue sources	<ul style="list-style-type: none"> • Real estate transfer tax • Tourism Improvement District • Local option sales tax 	<ul style="list-style-type: none"> • Advocate 	<ul style="list-style-type: none"> • Vermont; North Carolina; Aspen, CO • Montana resort communities • Portland, OR

Table 2. Policy solutions for Visit Bend to help stabilize tax revenue contributions into Bend's general fund.

Invest in economic diversification

When an economy depends too much on a single industry, it is susceptible to macroeconomic disruptions and unstable tax revenue. Economic diversification can help to mitigate the impact of economic shocks and build economic resilience. Bend can learn from oil- and gas-dependent communities that have learned to weather the ups and downs of resource dependence by investing tax revenue during boom years into businesses that are not immediately connected to oil and gas. In Williston, North Dakota, the START Fund uses a portion of sales tax revenue to support a small business incubator program. In Farmington, New Mexico, 0.25% of sales tax revenue is used to support economic diversification activities, including revitalizing buildings and infrastructure in their downtown area.

Visit Bend can continue to expand the umbrella of the types of projects supported by its Bend Sustainability Fund to include small businesses adjacent to Bend's primary tourism attractions, such as the grant to The Catalyst, which supported the revitalization of a community space and food cart area and multiple grants to revitalize community theater spaces. Investments in entities like outdoor recreation gear manufacturing and design companies and arts and culture organizations support Bend's primary attractions for tourism while also building other economic sectors.

Supporting availability and affordability of childcare, a primary challenge for many working families including those working in tourism-related fields, supports not only tourism businesses but economic diversification more broadly. Bend's Chamber of Commerce has partnered with Child Care Resources to improve connections between employers, their employees, and childcare availability. Visit Bend's ongoing partnership with the Chamber to connect its members in the tourism industry to Child Care Resources will directly support these tourism businesses.

Support the development other tax revenue sources

The City of Bend relies heavily on property taxes as well as lodging tax revenue for general fund operations. Additional tax mechanisms could help to develop revenue streams that fund additional programs, such as housing affordability programs. While Visit Bend cannot levy these new tax mechanisms, it can help to advocate for more revenue options for the city. Potential tax mechanisms to consider include the following:

Real Estate Transfer Tax

One possible revenue source is a real estate transfer tax (RETT), a mechanism that has been used successfully across the United States, particularly in places with high second-home ownership. Vermont, North Carolina, and several cities in Colorado specifically use revenue from RETT to fund affordable housing programs. In Vermont, the RETT rate differs for primary versus nonprimary residences, and the rate increases as the property sale price increases. The state then reinvests those funds to support projects that improve housing affordability and land conservation.

Tourism Improvement Districts

DMOs have narrowly defined rules for how to levy and spend TRT revenue. To enable more flexible revenue spending, tourism-related businesses in several communities have begun voluntarily levying their own fees to fund different

programs, known as a Tourism Improvement District (TID).^{7,8} In many communities these funds go directly to DMOs and the revenue is spent on tourism marketing and promotion, similar to lodging taxes. A TID could include more tourism-related businesses, like restaurants and retail, and spend this revenue beyond the TRT's scope but in a manner that still benefits the tourism-related businesses. For example, programs could include subsidized public transportation, childcare, or housing for employees of tourism-related businesses. A TID could also be established to raise revenue from the region and support regional programs, rather than being confined to the City of Bend. Revenue from a TID would allow Visit Bend greater flexibility to invest in programs that benefit its members and the greater community. Visit Bend supports the establishment of a TID to support workforce housing, childcare, health insurance, and transportation programs for the tourism workforce. It recently commissioned a feasibility study to understand how a TID could be developed for Bend.

Local Option Tax

Local option taxes allow communities to levy taxes to best meet their local needs. In Oregon, local governments can enact local option taxes, once approved by voters, which are applied as levies on property taxes.⁹ In Bend, the city council recently adopted a transportation fee and voters recently approved a new fire and rescue levy.¹⁰ Many communities across Oregon use these local option taxes to provide additional funding for schools.

In Montana, tourism-dependent communities have the option to enact a “resort tax” on lodging, restaurants, bars, and recreation facilities such as ski resorts. The community decides whether to levy the sales tax and how to spend resulting revenue; communities use this money for property tax relief, affordable housing projects, and infrastructure upgrades. A similar program in Bend could provide a more flexible mechanism for the city to diversify and stabilize revenue streams. Voters could decide how this revenue is spent, creating an added benefit of giving residents greater agency over the tourism economy and its impacts. While Visit Bend would not administer this program, it could play an important role in supporting policy changes at the state level.



4. CONCLUSION

Bend, Oregon, faces a challenge confronted by many high-amenity communities: the very qualities that make it a popular tourist destination – natural beauty, abundant outdoor recreation – also contribute to its livability, attracting new residents and driving growth. This rapid growth has led to concern among residents about rising housing costs, traffic congestion, and a potential decline in the very things that make Bend special.

Visit Bend has a unique opportunity and obligation to play a significant role in ensuring Bend’s long-term livability and prosperity. While Visit Bend’s legal mandate restricts its ability to directly address some amenity trap challenges, it can leverage its expertise and resources in several important ways.

First, Visit Bend can champion programs that directly support Bend’s livability. This includes advocating for funding for workforce housing programs, promoting responsible recreation practices, and utilizing its visitor data to inform parks and recreation planning efforts. Additionally, Visit Bend can be a valuable partner in emergency preparedness by disseminating critical information to visitors during wildfires or other natural disasters.

Second, Visit Bend can play a key role in maximizing and ensuring stable revenue streams for Bend’s general fund. This could involve advocating for the development of other tax revenue sources, such as a Tourism Improvement District, real estate transfer tax, or a local option sales tax, to diversify the city’s revenue sources.

Visit Bend can use several metrics to help track progress on the overarching goals of long-term livability and revenue stability. Livability indicators such as trends in resident sentiment regarding tourism, the share of second-home ownership or the share of housing units occupied by residents, and income inequality can inform Visit Bend about progress in improving the long-term livability of Bend. Economic metrics such as measures of economic diversification, the stability of TRT revenue over time, and the share of TRT contributions relative to the overall size of Bend’s general fund can help track whether Visit Bend is making progress in stabilizing TRT revenue.

By implementing these strategies and communicating its intention to balance tourism revenue with tourism impacts, Visit Bend can demonstrate its commitment to Bend’s residents and its tourism industry. Bend can continue to be a place where a thriving tourism industry coexists with a high quality of life for its residents.

ENDNOTES

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