

June 30, 2026

**To: Mayor, City Council, and City Manager
City of Eureka**

RE: Preserving and Growing Tourism as an Economic Driver for Eureka

Dear Mayor and Councilmembers,

On behalf of the Eureka Lodging Alliance, we appreciate the difficult work involved in balancing the City's budget while continuing to provide the high level of services our residents and businesses expect. We recognize the financial pressures facing the City, including rising operating costs, infrastructure needs, and increasing demands on public services. As partners in Eureka's economy, we share your goal of identifying sustainable, long-term solutions that strengthen the City's financial future.

We respectfully urge the City Council to carefully consider the long-term economic impacts of any proposal to increase Eureka's Transient Occupancy Tax (TOT).

Tourism is not simply another industry—it is one of Eureka's primary economic engines. The City's own adopted FY 2025-2026 Budget recognizes that following the decline of the timber industry, Eureka successfully diversified its economy through healthcare, education, and tourism. Today, tourism continues to support local businesses, create jobs, generate tax revenue, and contribute to the vitality of our downtown, waterfront, restaurants, retail establishments, arts organizations, and community events.

Unlike many other industries, lodging businesses bring new dollars into Eureka from outside our community. Every overnight visitor generates far more than a hotel room payment. Visitors dine in local restaurants, shop in local stores, purchase fuel, visit attractions, attend events, and support small businesses throughout the city. Each occupied hotel room generates not only Transient Occupancy Tax revenue, but also additional sales tax revenue and broader economic activity that benefits the entire community.

The City's budget notes that Eureka serves a daytime population of more than 33,000 people—significantly higher than its residential population—demonstrating the City's important role as the commercial and cultural hub of Humboldt County. Visitors are an essential component of that economic activity and contribute to the revenues that help support City services.

The Eureka Lodging Alliance believes there is a more sustainable path to increasing City revenues than raising the cost of staying in Eureka.

Rather than increasing the tax burden on visitors, we encourage the City to continue investing in strategies that increase overnight visitation. Every one-percent increase in hotel occupancy

generates additional Transient Occupancy Tax revenue without increasing the tax rate, while simultaneously increasing sales tax collections and economic activity throughout the community.

Our industry has consistently demonstrated its commitment to Eureka's success. Through the Humboldt Lodging Alliance, Eureka lodging businesses have invested hundreds of thousands of dollars into destination marketing and have accumulated significant resources within the Eureka Community Tourism Fund to support projects that improve the visitor experience, attract overnight travelers, and strengthen the local economy. We remain committed to partnering with the City on initiatives that create measurable economic returns for our community.

We recognize that balancing municipal budgets requires difficult decisions. However, policies that make Eureka less competitive as an overnight destination risk reducing visitation over time, particularly as travelers become increasingly price-sensitive and neighboring destinations compete aggressively for tourism dollars. Tourism should be viewed not as a revenue source to tax more heavily, but as an industry to cultivate and grow.

The Eureka Lodging Alliance welcomes the opportunity to work collaboratively with City leadership to identify strategies that increase visitation, strengthen local businesses, and generate sustainable revenues for the City. Together, we can continue building a community that benefits residents, visitors, and businesses alike.

Thank you for your consideration and for your continued service to the City of Eureka.

Sincerely,

Eureka Lodging Alliance