

ORDINANCE No. 190318

Amend Portland Tourism Improvement District to add Tourism and Hospitality Recovery Surcharge and revise the periodic sunset review requirement (Ordinance; amend Code Chapter 6.05)

The City of Portland ordains:

Section 1. The Council finds:

1. On June 20, 2012, City Council passed Ordinance 185443 which established a Portland Tourism Improvement District (TID) to increase the investment in marketing and promotion of Portland as a premiere travel destination and to remain competitive and not lose market share with other US cities.
2. The Tourism Improvement District provides that any person engaged in hotel management activities is assessed a two percent (2%) license fee based upon taxable room rents as reported to the Revenue Division.
3. Travel Portland, an Oregon non-profit corporation, is the comprehensive destination marketing organization operating in Portland selected as the TID Management Corporation. Travel Portland's TID Board includes representatives of the tourism and hospitality industry and provides strategic direction and oversight of the use of TID funds.
4. Programs approved by the TID Board for implementation have included partnering with the Port of Portland and Travel Oregon to support the direct airline services on Delta, Condor, Icelandair and Air Canada, significant investments in international markets, such as the Netherlands and Tokyo, using consumer facing programs to stimulate visitation from these important markets, and investment in a Winter Campaign to increase area tourism during November through March, when the hotels and hospitality businesses need it the most.
5. Through its strategic investment of TID funds to leverage the convention sales program at the Oregon Convention Center, Travel Portland has generated 108 citywide conventions with an estimated economic impact to the City of \$298 million..
6. Since the Tourism Improvement District's inception in 2012, total room nights per year have increased 19.7%, visitor spending in the region has grown by 38.2%, jobs in the tourism and hospitality industries have increased by 25.6%, and Transient Lodging Tax collections going into the City's General Fund have increased by 73%.
7. The legislation establishing the TID in City Code Chapter 6.05 includes 6.05.130 requires a sunset review to occur in 2021 and every 10 years thereafter to determine if the 2% license assessment should be terminated. Travel Portland,

through its Board, and the tourism industry, through Travel Portland's TID Board, have concluded the TID is clearly and successfully meeting its intended goals, the two percent (2%) license fee should be continued, and the ongoing sunset review requirement should be terminated.

8. The impacts of the COVID-19 pandemic to the tourism and hospitality industry have been catastrophic. Since March 2020, thousands of jobs in the sector have been temporarily or permanently lost. Hotel demand (rooms sold) decreased by 59.4% in 2020 compared to 2019, and hotel occupancy has dropped from 74.8% in 2019 to 34.2% in 2020. In addition, 19 conventions have cancelled, which took an estimated economic impact of \$45.8 million from the city. Another 14 conventions have postponed, an estimated economic impact of \$20.6 million that may not be realized.
9. The many uncertainties around recovery from this historic event require that the tourism and hospitality industry in Portland be nimble and proactive in promoting the destination to leisure travelers, business travelers and convention planners. The success of these efforts will rely largely on adequate funding. The return to pre-pandemic levels of overnight stays is predicted to take several years which means the existing funding sources for tourism and hospitality promotion will remain lower as well.
10. The current year is anticipated to see a 75% overall reduction in transient lodging revenues. For several years to come, TID revenues are estimated to remain significantly below pre-pandemic levels (-40% in FY 2021-22). If things like vaccine distribution go well and travel activities begin to resume this summer, a new one percent (1%) Tourism and Hospitality Recovery Surcharge could generate approximately \$3.1 million in the first year. These funds will enable the TID Board to invest in promotional programs and efforts critically important to the recovery of jobs, business activity, and transient lodging tax revenues.
11. Because the intent in adding a Tourism and Hospitality Recovery Surcharge is to aid in post-pandemic recovery and that recovery is expected to take many years, a sunset review of this surcharge should be undertaken by the City Council during calendar year 2026 and every five (5) years thereafter.

NOW THEREFORE, the Council directs:

- a) City Code Chapter 6.05 Tourism Improvement District is amended as shown in Exhibit A to remove the periodic sunset review requirement for the existing two percent (2%) license fee and to add one percent (1%) Tourism and Hospitality Recovery Surcharge to the existing two percent (2%) TID license fee, which surcharge will be subject to sunset review.

Passed by the Council: March 10, 2021

Commissioner Mapps & Mayor Wheeler
Prepared by: Susan Hartnett
Date Prepared: February 12, 2021

Mary Hull Caballero
Auditor of the City of Portland

By *Megan Lehman*

Deputy

Agenda No.
ORDINANCE NO. 190318
Title

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<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Mayor Wheeler and Comm. Mapps</p>	<p>CLERK USE: DATE FILED <u>February 23, 2021</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u>Keelan McClymont</u> Deputy</p> <p><small>Digitally signed by Keelan McClymont Date: 2021.02.23 21:55:29 -08'00'</small></p> <p>ACTION TAKEN: March 3, 2021 Passed to Second Reading March 10, 2021</p>
<p>Mayor—Finance & Administration - Wheeler <small>Digitally signed by Ted Wheeler Date: 2021.02.23 09:22:46 -08'00'</small></p>	
<p>Position 1/Utilities - Rubio</p>	
<p>Position 2/Works - Ryan</p>	
<p>Position 3/Affairs - Hardesty</p>	
<p>Position 4/Safety - Mapps <small>Digitally signed by Mingus Mapps Date: 2021.02.23 09:52:29 -08'00'</small></p>	
<p style="text-align: center;">BUREAU APPROVAL</p>	
<p>Bureau: OMF, Spectator Venues Program Bureau Head: <u>Tom Rinehart</u> <small>Digitally signed by Tom Rinehart Date: 2021.02.16 08:48:59 -08'00'</small></p>	
<p>Prepared by: <u>Susan Hartnett</u> Date Prepared: <u>2/12/2021</u></p>	
<p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>City Auditor Office Approval: <u>DB</u> required for Code Ordinances</p>	
<p>City Attorney Approval: <u>Ken McGair</u> <small>Digitally signed by Ken McGair Date: 2021.02.12 15:04:54 -08'00'</small> required for contract, code, easement, franchise, comp plan, charter</p>	
<p>Council Meeting Date <u>March 3, 2021</u></p>	

AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>9:45</u> Total amount of time needed: <u>20</u> (2 of 2) (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Rubio	✓	
2. Ryan	✓	
3. Hardesty	✓	
4. Mapps	✓	
Wheeler	✓	