

# ORDINANCE No. 187828

Amend Portland Tourism Improvement District code to revise the periodic sunset review and administrative cost provisions, provide a new definition, add appeal procedures, and correct references (Ordinance; amend Code Chapter 6.05)

The City of Portland ordains:

## Section 1. The Council Finds:

1. The travel industry is a major economic driver in the nation and the Portland region. Travel is among the largest traded sector employers in the United States and in Oregon. Visitors to the Portland region spent \$4.9 billion directly in 2015. Tourism supported 34,900 jobs and generated \$223 million in taxes locally and for the state.
2. 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.
3. The Tourism Improvement District provides that any person engaged in hotel management activities of a hotel with 50 or more rooms located within the District is assessed a 2% license fee based upon taxable rents as reported to the Revenue Bureau.
4. Since the Tourism Improvement District's passage in 2012, visitor spending in the region has grown by 29%, hotel occupancy has grown from 76.0% to 80.3% with a 41% increase in Average Daily Rate. This has in turn increased the Transient Lodging Tax collections by 50% in the same time period creating more General Fund dollars for the city and marketing funds for Travel Portland.
5. In partnership with the Port of Portland and Travel Oregon, Travel Portland invested TID funds to support the direct airline services on Delta, Condor, Icelandair and Air Canada.
6. Travel Portland has utilized TID funds to make significant investments in the Netherlands and Tokyo with consumer facing programs that are stimulating visitation from these important markets.
7. Through its strategic investment of TID funds to leverage the convention sales program at the Oregon Convention Center, Travel Portland has generated 91 meetings and conventions with an economic impact to the City of \$197 million as far out at 2022.
8. Travel Portland has invested almost one-half of the TID funds in a Winter Campaign to increase area tourism during November through March, when the hotels and hospitality businesses need it the most. Overall, hotel rooms sold during these months has increased by 13.5% from 2012 to 2015.

9. The legislation establishing the TID in City Code Chapter 6.05 includes a periodic sunset review provision (PCC 6.05.130) and requires an initial review to occur in 2017, the fifth year of the program, and every fifth year thereafter. Because of the clear success of the TID in meeting its intended goals, the City of Portland, Travel Portland, through its Board, and the tourism industry, through Travel Portland's TID Board, have concluded that delaying the initial review to occur in 2021 and extending the ongoing review period to ten years is appropriate and desirable.
10. The TID includes all hotels with 50 rooms or more. Adding a definition of room to the Code clarifies that all beds in dormitory or hostel style rooms are counted in determining whether a hotel is included in the TID.
11. The current TID does not provide an appeal process except when civil penalties have been imposed. Adding an appeal process for other decisions made by the Revenue Division provides hotel operators with a means to seek clarification and resolution of disputes prior to imposition of civil penalties.
12. The cost to the Bureau of Revenue & Financial Services to collect and audit TID funds can change over time due to factors such as the difference in how Online Travel Companies collect and remit them and City Council budget decisions that affect the cost to administer the Convention and Tourism Fund. Removing a specific measure for the administrative cost for the TID from the Code and addressing those costs through its implementing agreement(s) allows necessary adjustment to occur without amending the Code.
13. As the result of a 2013 study by Moss Adams LLP to review the Office of Management and Finance (OMF) and make recommendations for City management and finance functions, City Council created a Bureau of Revenue and Financial Services (BRFS) from the Revenue Bureau and Bureau of Financial Services. In July 2014, OMF prepared, and City Council authorized amendments to City Code needed to implement the BRFS functions. Amendments to Chapter 6.05 are needed to align the City Code with the current BRFS structure.

NOW THEREFORE, the Council directs:

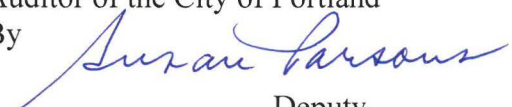
- a) City Code Chapter 6.05 Tourism Improvement District is amended as shown in Exhibit A to revise the periodic sunset review and administrative cost provisions, provide a new definition, add appeal procedures, and correct references to conform the Chapter to the current structure of the Bureau of Revenue and Financial Services.

Passed by the Council: JUN 15 2016

Mayor Charlie Hales  
Prepared by: Susan Hartnett  
Date Prepared: May 23, 2016

**Mary Hull Caballero**  
Auditor of the City of Portland

By

  
Deputy

Agenda No.  
**ORDINANCE NO. 187828**  
Title

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<b>INTRODUCED BY</b> Mayor Charlie Hales	<b>CLERK USE: DATE FILED</b> <u>MAY 31 2016</u>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance and Administration - Hales <i>JDA</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick	Mary Hull Caballero Auditor of the City of Portland  By: <u><i>Susan Parsons</i></u> Deputy
<b>BUREAU APPROVAL</b> Bureau: OMF Bureau Head: Fred Miller <i>Fred Miller</i>	
Prepared by: Susan Hartnett Date Prepared: May 23, 2016	<b>ACTION TAKEN:</b> JUN 08 2016 PASSED TO SECOND READING JUN 15 2016 9:30 A.M.
<b>Impact Statement</b> Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
<b>Portland Policy Document</b> If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>City Auditor Office Approval:</b> <i>Toni OK</i>	
<b>City Attorney Approval:</b> <i>Kamm</i>	
Council Meeting Date: <b>June 8, 2016</b>	

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input checked="" type="checkbox"/> <b>Start time: 9:45</b> <i>2 of 3 items</i>  <b>Total amount of time needed: 45 min</b> (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input type="checkbox"/>  <b>Total amount of time needed: _____</b> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Novick	✓	
Hales	✓	