



[Home](#) / [Council Documents](#)

191559

Ordinance

Amend Tourism Improvement District Code to modify the license assessment rate and remove the periodic sunset review requirement (amend Code Sections 6.05.020 and 6.05.060 and repeal Code Section 6.05.130)

Passed

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 base rate. In 2021, through Ordinance 190318, City Council added a one percent (1%) Tourism and Hospitality Recovery Surcharge subject to a sunset review in 2026. Both rates are based on the taxable room rents 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. In the years between the TID inception and the onset of the global pandemic caused by COVID-19, through strategic investment of TID funds Travel Portland implemented many successful programs to grow the travel and tourism industry in the region, including a convention sales program for the Oregon Convention Center that generated 108 citywide conventions with an estimated economic impact to the City of \$298 million. Overall, between 2012 and 2019,

Introduced by

[Mayor Ted Wheeler;](#)

[Commissioner Carmen Rubio](#)

Bureau

[Management and Finance](#)

Contact

Karl Lisle

Spectator Venues Program
Manager

✉ karl.lisle@portlandoregon.gov

📞 [503-823-5876](tel:503-823-5876)

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

December 20, 2023

Changes City Code

the total number of room nights per year increased 19.7%, visitor spending in the region grew by 38.2%, jobs in the tourism and hospitality industries increased by 25.6%, and Transient Lodging Tax collections going into the City's General Fund increased by 73%.

5. The immediate impacts of the COVID-19 pandemic to the tourism and hospitality industry were catastrophic; thousands of jobs in the sector were temporarily or permanently lost, hotel demand, as measured by rooms sold, decreased by 59.4% in 2020 compared to 2019, and hotel occupancy dropped from 74.8% in 2019 to 34.2% in 2020. In addition, more than thirty conventions cancelled or postponed.
6. The legislation establishing the TID in City Code Chapter 6.05 required the TID be subject to sunset review beginning in 2021 and every 10 years thereafter to determine if the 2% license assessment should be terminated. In early 2021, Travel Portland, through its Board, and the tourism industry, through Travel Portland's TID Board, concluded 1) the TID, prior to the impacts of the pandemic had clearly and successfully met its intended goals, 2) the two percent (2%) license fee should be continued, and 3) the ongoing sunset review of the two percent (2%) license fee should be terminated.
7. At the same time, Travel Portland and its industry partners, proposed that the many challenges to recovery from the historic pandemic and protest events that occurred in Portland would 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 and that the success of these efforts would rely largely on adequate funding. At the time, the return to pre-pandemic levels of overnight stays was predicted to take several years which meant the funding sources for tourism and hospitality promotion would remain lower as well.
8. In early 2021, TID revenues were estimated to remain significantly below pre-pandemic levels but there was reason to be hopeful that travel activities would begin to resume. To support the expected recovery, Travel Portland proposed, and City Council approved, a new one percent (1%) Tourism and Hospitality Recovery Surcharge, funding that would support promotional programs and efforts critically important to the recovery of jobs, business activity, and transient lodging tax revenues.
9. Because the intent in adding a Tourism and Hospitality Recovery Surcharge was to aid in post-pandemic recovery and that recovery was expected to take several years, a requirement to undertake sunset review of this surcharge during calendar year 2026 and every five (5) years thereafter was included in the legislation.
10. Recent data on the recovery of the travel and tourism industry shows Portland is lagging well behind initial recovery rate forecasts and is also well behind the recovery occurring in many comparable cities.


Data on hotels stays during August 2023, particularly in the downtown area, show a year over year reduction on all metrics and committed bookings for conventions in the coming years are also well below levels needed to reverse this trend.

11. Travel Portland's data from convention planners indicates the principal reasons meeting attendees as unwilling to come to Portland are related to personal safety concerns stemming from problems of visible street camping, drug use and reports of gun violence. These long-term challenges are being addressed by the City of Portland, Multnomah County, and Metro but are expected to take many years to resolve and Portland's reputation as a safe place to visit will take even longer to return.
12. Travel Portland, through its Board, and the tourism industry, through Travel Portland's TID Board, have concluded that current funding levels are vital to the recovery of travel and tourism in Portland and the Tourism and Hospitality Recovery Surcharge should be permanently added to the two percent (2%) base rate for a total three percent (3%) rate and the sunset review requirement should be removed.
13. Eliminating the requirement for future sunset review and establishing the TID fee rate at 3% will provide crucial stability to the funding needed for recovery of the travel, tourism, and lodging industry in Portland by supporting Travel Portland's longer term strategic investments in various initiatives such as sales promotions and marketing programs that position Portland as a safe, attractive destination for meetings, conventions, and leisure travel. These funds will also support continuation of Travel Portland's successful partnership with Sport Oregon, which attracts major sporting events that drive out-of-town visitation as well as providing stable, long-term funding for the Portland Film and Events Office, which supports events and film productions that yield room nights.

NOW, THEREFORE, the Council directs:

- A. City Code Chapter 6.05 Tourism Improvement District is amended as shown in Exhibit A effective July 1, 2024.

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-a_chapter-6.05_amendments-revised-12-5-23.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-a_chapter-6.05_amendments-revised-12-5-23.pdf) 83.24 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
December 20, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The code changes implemented through this Ordinance were proposed by representatives of the tourism and hospitality industry through Travel Portland, the comprehensive destination marketing organization operating in Portland selected as the Tourism Improvement District (TID) Management Corporation.

In 2021, as the impacts to the tourism and hospitality sectors from the global pandemic and the potential for “brand damage” to destination Portland increased, the required sunset review of the initial TID approached. At that time, industry representatives proposed and City Council approved code changes to: 1) make the base 2% license fee permanent, 2) add a 1% Tourism and Hospitality Recovery Surcharge to provide a funding boost in the early years of economic recovery, and 3) to apply the sunset review requirement to the new surcharge.

While the immediate impacts of the pandemic have receded, recovery of Portland’s travel and lodging industry is lagging well behind initial forecasts and is also well behind the recovery occurring in many comparable cities. Industry representatives who are proposing these code changes, believe stable and permanent funding through the TID is essential to long term recovery and ongoing vitality of this crucial economic sector, including its jobs and related business activity. The promotion efforts funded the TID fee are directed toward increasing overnight stays which increase transient lodging tax collections, including the 5% that goes directly to the City’s General Fund.

A companion Resolution to this Ordinance completes the required sunset review for the 1% Tourism and Hospitality Recovery Surcharge and continues it. This Ordinance amends City Code Chapter 6.05, effective July 1, 2024, to: 1) terminate the Tourism and Hospitality Recovery Surcharge, 2) eliminate the periodic sunset review requirement, and 3) set the TID fee at 3%.

Financial and Budgetary Impacts

The goal of these code changes is to provide stable and predictable funding for efforts that can aid in recovery for the tourism and hospitality industry, which will have a direct and positive impact to the City’s General Fund. The City’s General Fund receives a 5% transient lodging tax based on the rental rate for each hotel and short term rental stay in Portland. In addition,

business activity by hotels and from spending by visitors generate jobs and business tax revenue.

This Ordinance and Code amendment makes permanent the current 1% Tourism and Hospitality Recovery Surcharge, keeping the TID charge at a consistent 3% going forward.

Community Impacts and Community Involvement

While the TID license fee is levied on hotels and short-term rentals that book through platforms, the fee is typically passed on to guest so the direct financial impact from these code changes are to visitors to Portland who stay in a hotel or short-term rental for less than 30 days. As noted above, the hospitality industry is proposing these changes and has concluded that continuation of the current 3% TID fee, along with the other taxes paid by their guests, will not adversely affect their competitiveness with other destinations.

100% Renewable Goal

Not applicable.

Budget Office Financial Impact Analysis

This ordinance amends City Code, effective July 1, 2024, to: 1) terminate the Tourism and Hospitality Recovery Surcharge (which was 1%), 2) eliminate the periodic sunset review requirement, and 3) increase the Tourism Improvement District (TID) fee to 3% (from the previous 2%). The goal of these code changes is to provide stable and predictable funding for efforts that can aid in recovery for the tourism and hospitality industry, which will have a direct and positive impact to the City's General Fund. The City's General Fund receives a 5% transient lodging tax based on the rental rate for each hotel and short term rental stay in Portland.

Agenda Items

1026 Time Certain in [December 13, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/13) (<https://www.portland.gov/council/agenda/2023/12/13>)

Passed to second reading

Passed to second reading December 20, 2023 at 9:30 a.m.

**1066 Regular Agenda in [December 20, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/20)
(<https://www.portland.gov/council/agenda/2023/12/20>)**

Passed

Commissioner Mingus Mapps Yea

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Absent