

**Department:** Nondepartmental

**Program Contact:** Eric Arellano

**Program Offer Type:** Existing Operating Program

**Program Offer Stage:** As Adopted

**Related Programs:**
**Program Characteristics:**
**Executive Summary**

This program offer budgets the revenue and expenditures associated with the County's commitment to fund the Oregon Convention Center and the Visitors Development Initiative. This program operates under intergovernmental agreements (IGAs) between Multnomah County, the City of Portland, and Metro. The program accounts for proceeds of the Transient Lodging Tax and Motor Vehicle Rental Tax that are passed through to Metro for operation of the Oregon Convention Center and other tourism related entities.

**Program Summary**

This program accounts for a portion of taxes collected from area hotels, motels, and vehicle rental agencies. The Transient Lodging Tax has supported the Oregon Convention Center since 1986. The tax is set at 11.5% on all hotel and motel room rentals in Multnomah County. Cities retain 5% of the tax generated within their boundaries. Another 1% supports regional tourism promotion. The remaining 5.5% supports programs associated with the Oregon Convention Center, the Regional Arts & Culture Council (RACC), and the Visitors Development Board. The Motor Vehicle Rental Tax was increased by the Board of County Commissioners in April, 2000. This 2.5% increment is entirely dedicated to support the activities noted above.

This program supports the Oregon Convention Center which hosts programs, conferences, and events that bring visitors and business groups to Portland. The tourism and travel industry is among the leading private sector employers in Oregon. Large conventions generate significant activity for local hotels, restaurants, and retail establishments. A report prepared in 2018 by Crossroads Consulting Services documents the dollar impact of the visitors facilities managed by Metro. The report estimated the total economic impact at \$773 million and over 7,300 jobs. The COVID-19 pandemic severely impacted convention center bookings (cancelled or delayed) in 2020-21. The more recent easing of COVID-19 restrictions and improved pandemic conditions have helped slowly boost convention center activity.

The Visitors Facilities Intergovernmental Agreement (VFIGA) was amended in FY 2020. The VFIGA supports regional visitor facilities and visitor industry development in the Portland-Multnomah County area. The agreement is between the City of Portland, Multnomah County, and Metro. The amended agreement established the Multnomah County "Livability and Safety Support Services" allocation. The funding supports services and programs for people experiencing homelessness, or who are at risk of becoming homeless, and services and programs addressing the community livability and safety concerns associated with homelessness.

**Performance Measures**

| Measure Type | Primary Measure                                                         | FY21 Actual | FY22 Budgeted | FY22 Estimate | FY23 Offer |
|--------------|-------------------------------------------------------------------------|-------------|---------------|---------------|------------|
| Output       | Impact (\$ in millions) of Convention Center Visitors to County Economy | N/A         | 443           | 350           | 550        |
| Outcome      | Number of Employees in Travel/Tourism Industry (Est.)                   | N/A         | 4,070         | 3,500         | 5,300      |

**Performance Measures Descriptions**

The Oregon Convention Center (OCC) generates significant economic activity to metropolitan Portland and the State. Multnomah County accounts for more than 2/3rds of tourism related activity. Travel/tourism accounts for approximately 10% of metropolitan area employment. Due to the COVID-19 pandemic, the Convention Center has seen a reduction in event (cancelled or delayed) activity but is slowly increasing in FY 2022. Last year during the height of pandemic, the Convention Center opened shelters for individuals experiencing homelessness and served as COVID-19 mass vaccination center.

## Legal / Contractual Obligation

This program is mandated by IGAs that dictate how the revenues received in the Special Excise Tax Fund are allocated. There is no discretion in allocating the revenue - all receipts are turned over per County Code and pursuant to terms specified in the IGAs.

## Revenue/Expense Detail

|                         | Adopted<br>General Fund | Adopted<br>Other Funds | Adopted<br>General Fund | Adopted<br>Other Funds |
|-------------------------|-------------------------|------------------------|-------------------------|------------------------|
| <b>Program Expenses</b> | <b>2022</b>             | <b>2022</b>            | <b>2023</b>             | <b>2023</b>            |
| Contractual Services    | \$0                     | \$30,187,210           | \$0                     | \$35,315,375           |
| <b>Total GF/non-GF</b>  | <b>\$0</b>              | <b>\$30,187,210</b>    | <b>\$0</b>              | <b>\$35,315,375</b>    |
| <b>Program Total:</b>   | <b>\$30,187,210</b>     |                        | <b>\$35,315,375</b>     |                        |
| <b>Program FTE</b>      | 0.00                    | 0.00                   | 0.00                    | 0.00                   |

| <b>Program Revenues</b>   |            |                     |            |                     |
|---------------------------|------------|---------------------|------------|---------------------|
| Taxes                     | \$0        | \$30,091,530        | \$0        | \$35,225,475        |
| Interest                  | \$0        | \$8,000             | \$0        | \$8,000             |
| Beginning Working Capital | \$0        | \$87,680            | \$0        | \$81,900            |
| <b>Total Revenue</b>      | <b>\$0</b> | <b>\$30,187,210</b> | <b>\$0</b> | <b>\$35,315,375</b> |

## Explanation of Revenues

The Transient Lodging Tax was originally established in 1972. A supplemental countywide tax of 3% was adopted in February 1986 and is dedicated primarily to operations of the Oregon Convention Center. The County adopted an additional tax of 2.5% that is dedicated to the Visitors Development Initiative.

The Motor Vehicle Rental Tax was originally established in 1976. The tax was increased to 12.5% in April 2000, with the additional 2.5% dedicated to the Visitors Development Initiative.

## Significant Program Changes

**Last Year this program was:** FY 2022: 10025 Convention Center Fund

The travel industry has been one of the hardest hit by the COVID-19 pandemic. Lodging occupancy rates have been at historical lows locally. Transient Lodging Taxes have seen improvement in FY 2022 but still well below peak level collections. Transient Lodging Taxes are estimated to be at 55% of peak level in FY 2022. Motor Vehicle Rental Taxes have recovered much faster, taxes are estimated to be at 82% of peak level in FY 2022.