

CASE STUDY

How Portland's Strategic Funding Revitalized a World-Class Destination



A Successful Past

The vibrant city of Portland, Oregon, is a diverse destination famous for its natural scenery, farm-to-table dining, unique coffee shops, and craft breweries. It is also home to the world's largest independent bookstore and countless other famous attractions.

Historically, Portland has continually been recognized for its high performance as a destination, including being named the best-performing destination in Resonance Consultancy's U.S. Tourism Quality Indexed Rankings in 2016. Even then, the City recognized opportunities for growth.

Jeff Miller, President & CEO of Travel Portland, commented: “We believe Portland is one of the top tourism destinations in the world, and it is an honor to see our city receive high rankings across multiple categories in this survey...In addition, the diversity of offerings, ranging from outdoor recreation and family attractions to culinary adventures and cultural experiences, translates to the city truly having something to offer every visitor.”

Portland's diversity of attractions offers something for every visitor, and its success inspired further innovation to continue achieving excellence. One such innovation was the Portland Tourism Improvement District (PTID), formed in 2012. Through collaborative efforts between the city and the hotel community, the PTID enabled a new, stable funding stream through an assessment of 2% per night on guest room revenues for hotels and short-term rentals within the city of Portland. Before enacting the PTID, Travel Portland's budget was approximately \$8 million. After the PTID's first full year of operation, their budget increased to \$18 million, of which the TID contributed \$8 million, an impressive 42% of Travel Portland's budget.

Research and analysis have highlighted significant progress since the PTID's creation. From 2013 to 2018, MMGY Global Research reported that intent to travel to Portland among U.S. adults nearly doubled. From 2013 to 2017, Travel Portland's consumer marketing campaigns generated incremental visitor spending of \$418.5 million and incremental state and local taxes of \$21.3 million, as shown in studies by Longwoods International. Travel spending in the state was \$12.3 billion in 2018 — a 4.2% increase from 2017, according to the Oregon Tourism Commission's economic impact report.

In 2019, tourism supported 37,000 local jobs in the industry and generated \$5.6 billion in spending at local businesses. The funding provided by the PTID has had a significant impact on Portland's tourism economy.

An Unprecedented Event

Portland was on a high track for unprecedented success and growth, but just like many other destinations, the city faced challenges that threatened to unravel years of progress in its tourism sector when the COVID-19 pandemic hit. Hotel revenues plummeted by a staggering 80% compared to pre-pandemic levels as rooms sat vacant. Unemployment rose exponentially, and local businesses were losing significant revenue due to the absence of visitors.

Although the PTID was due for a sunset review in 2021, leaders in Portland's tourism industry recognized the importance of its stable funding and rallied for action to revive the prosperity of Portland's tourism economy in the face of the pandemic.

An Innovative Solution

Recognizing the urgency of the moment, Portland's City Council responded to the crisis with bold measures. They extended the life of the Portland Tourism Improvement District indefinitely and introduced an additional 1% Tourism and Hospitality Recovery Surcharge. This raised the total fee on overnight stays to 3% to promote Portland to potential visitors. This surcharge, aimed at jumpstarting post-pandemic recovery efforts, will provide funding to continually support the destination's evolving economic conditions and tourism trends.



The Results

The combination of the PTID assessment and the Tourism and Hospitality Recovery Surcharge, Portland's 16 percent per-night hotel assessment aligns with those of other major West Coast cities and similarly sized U.S. cities, putting Portland on track to be competitive with other comparable destinations.

Now, with the additional increase of the assessment, the PTID is generating \$14.5 million, accounting for nearly half of Travel Portland's total budget of approximately \$30 million.

These additional funds allow further investment in the tourism industry by providing improvements to the Travel Portland site, implementing equity, diversity and inclusion practices, monitoring and enhancing Portland's reputation as a visitor destination, and generating more convention business for the city.

The PTID stands as a testament to the city's resilience and innovation through economic challenges. By leveraging collective industry expertise and community spirit, Portland emerged stronger, more united, and more determined than ever as a global tourism leader. With each passing year, the PTID continues to forge new pathways for sustainable growth, ensuring that Portland remains an irresistible destination for travelers seeking adventure, culture, and outstanding hospitality.