



Portland Expo Center

Fiscal Year 2010-11 Economic and Fiscal Impact Analysis Report

January 2012



January 11, 2012

Ms. Teri Dresler, General Manager
Metro Visitor Venues
600 NE Grand Avenue
Portland, OR 97232

Dear Ms. Dresler:

In accordance with our agreement, Crossroads Consulting Services LLC has completed its economic and fiscal impact analysis associated with operations of the Portland Expo Center in Fiscal Year 2011. The report presented herein includes the summary of our analysis.

The findings and assumptions contained in the report reflect analysis of secondary sources of information including data that was obtained from the Metro Visitor Venues department as well as management at the Portland Expo Center. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. We have no obligation, unless subsequently engaged, to update our report or revise the information contained therein to reflect events and transactions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by Metro and may not be relied upon by any third party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and as such can be made available to the public upon request.

Our analysis does not constitute an examination, compilation or agreed upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed our on-going relationship and look forward to providing you with continued services in the future. If you have any questions about our analysis, please feel free to contact Susan Sieger at 813.281.1222.

Sincerely,

Crossroads Consulting Services LLC

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Executive Summary

The Portland Expo Center is a unique business entity that generates significant economic activity to downtown Portland and the Tri-County region. The primary purpose of this study is to estimate the economic and fiscal impacts associated with the on-going operations of the Portland Expo Center. Economic impacts are estimated in terms of spending, jobs and earnings which create fiscal impacts and are reflected as changes in tax revenues.

In FY 2011, the Portland Expo Center hosted 93 events that attracted over 390,000 in total attendance. As shown in the table below, this activity was estimated to generate approximately \$33.7 million in total spending which supported 380 full and part-time jobs and created \$12.9 million in personal earnings in the Tri-County region in FY 2011.

Estimated Economic Benefits From Portland Expo Center Operations - FY 2011	
Category	Amount
Spending	
Direct Spending	\$19,610,000
Indirect/Induced Spending	14,117,000
Total Spending	\$33,727,000
Total Jobs	380
Total Earnings	\$12,875,000

Note: Earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the facility.

Tax revenues generated from Portland Expo Center-related activities were estimated to be \$1.0 million in FY 2011, of which \$403,000 or 39% occurred at the State level.

Estimated Fiscal Benefits From Portland Expo Center Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$339,000
Corporate Excise & Income Tax	39,000
Transient Lodging Tax	25,000
Total	\$403,000
Metro	
Excise Tax	\$330,000
Total	\$330,000
Multnomah County	
Transient Lodging Tax	\$284,000
Business Income Tax	9,000
Total	\$293,000
GRAND TOTAL	\$1,026,000

Note: Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland's general fund and to Travel Portland.



The following table shows a summary of key comparative data from the Portland Expo Center for the last four fiscal years. The facility has realized net operating income each of the last four fiscal years and is unique among the Metro visitor venues in that it receives no additional funding or revenue support, such as transient lodging tax, contributions or government support. However, total attendance and related economic and fiscal benefits have decreased each of the last three fiscal years.

Summary of Key Comparative Data - Portland Expo Center				
Category	FY 2008	FY 2009	FY 2010	FY 2011
Utilization:				
Events	107	110	98	93
Total Use Days	437	449	415	371
Total Attendance	510,100	454,000	420,600	390,300
Financial Operations:				
Operating Revenues	\$6,078,000	\$5,579,000	\$5,081,000	\$5,090,000
Operating Expenses	4,606,000	4,646,000	4,214,000	4,846,000
Net Operating Results	\$1,472,000	\$933,000	\$867,000	\$244,000
Economic/Fiscal Impacts:				
Direct Spending	\$21,883,000	\$20,413,000	\$19,807,000	\$19,610,000
Indirect/Induced Spending	15,290,000	14,971,000	14,280,000	14,117,000
Total Spending	\$37,173,000	\$35,384,000	\$34,087,000	\$33,727,000
Total Jobs	420	400	370	380
Total Earnings	\$13,654,000	\$13,233,000	\$13,018,000	\$12,875,000
Total Fiscal Benefits	\$1,584,000	\$1,343,000	\$1,160,000	\$1,026,000

As a point of reference, the Portland Expo Center had 13 full-time, benefitted employees in FY 2011.

The next section of the report includes an overview of Metro and its visitor venues as well as the general methodology used to estimate the economic and fiscal impacts associated with the Portland Expo Center's on-going activities.

Introduction and General Methodology Overview

Introduction

Metro, the regional government, crosses city limits and county lines to build a resilient economy, keep nature close by and respond to a changing climate. Representing a diverse population of 1.5 million people in 25 cities and three counties, Metro's directly elected council gives voters a choice in decisions about how the region grows and communities prosper. In addition to its charter responsibilities established nearly 30 years ago – to provide planning, policy making and services to preserve and enhance the region's quality of life – Metro operates a family of visitor venues that provide a diverse range of cultural and educational activities and experiences; memorable gathering places for celebrations and business events; and significant economic return by hosting conventions, trade/consumer shows, art performances and live exhibits.

Metro's visitor venues group is comprised of the Portland Expo Center, Oregon Convention Center (OCC), Portland Center for the Performing Arts (PCPA) and Oregon Zoo. Formed in July 2010 to enhance collaboration on operational issues, the team actively works towards a common mission of maintaining world-class gathering and entertainment spaces for residents and visitors.

Through its Metropolitan Exposition Recreation Commission (MERC), Metro benefits from business and community leaders whose expertise and guidance set the strategic business direction for three of the venues: Portland Expo Center, OCC and PCPA. Commission members are nominated by Clackamas, Multnomah and Washington Counties and the City of Portland and appointed by the Metro Council to serve four-year terms.

The Oregon Zoo also benefits from a key public/private partnership through the Oregon Zoo Foundation (OZF) which is comprised of business and community leaders. The OZF's mission is to foster community pride and involvement in the Oregon Zoo and to secure financial support for the zoo's conservation, education and animal welfare programs.

The Metro visitor venues are varied in building type, history, business focus and client mix:

- Portland Expo Center is the region's primary destination for public events and consumer shows, some of which have been held there for 50 years;
- OCC is designed to maximize economic benefit for the State and region by attracting out-of-town visitors to conventions and local residents to special events and trade shows;
- PCPA is the cultural hub for the metropolitan region hosting a variety of performances and entertainment events in its multiple theatres; and
- Oregon Zoo is the State's most popular attraction whose mission is to inspire visitors to learn about endangered species protection and take action towards native habitat restoration.

The individual and aggregate contributions each makes towards the region's economy is powerful and significant. Combined, the venues hosted more than 1,400 events/performances in FY 2011 that attracted nearly 3.3 million people and offered a wide range of experiences for visitors and residents – contributing to the quality of life for the region and beyond.

Through market-driven best practices, the Metro visitor venues have been financially successful, even despite the economic downturn, and are positioned to achieve long-term financial success by pursuing the following strategies:

- Exceeding customers' expectations and providing a consistent, enjoyable visitor experience;
- Building and maintaining alliances with community and business partners;
- Effectively marketing the venues to retain existing customers and attract new business;
- Establishing and achieving annual benchmarks in sustainable business operations;
- Employing prudent financial measures that protect the public investment and minimize debt; and
- Pursuing strategic initiatives to meet long-term business objectives and client needs.

The primary purpose of this study is to estimate the economic and fiscal impacts associated with on-going operations of the Portland Expo Center. Economic impacts are estimated in terms of spending, jobs and earnings which create fiscal impacts which are reflected as changes in tax revenues.

General Methodology Overview

An estimate of the economic benefits that occur in the region as a result of on-going operations of the Portland Expo Center can be approached in several ways. The approach used in this analysis considers expenditures generated from facility operations from items such as personal services, food/beverage, goods and services, MERC/Metro administration and capital outlay as well as spending by attendees, sponsoring organizations/event producers and exhibitors outside the facility on items such as lodging, restaurants, retail, entertainment and transportation as the initial measure of economic activity in the marketplace. Once the amount for direct spending is estimated, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings.

This analysis also estimates the fiscal impacts generated from on-going operations of the Portland Expo Center. The governmental entities considered in this fiscal analysis are Metro, Multnomah County and the State of Oregon. Revenues generated from personal income tax, corporate excise and income tax, business income tax, Metro excise tax and transient lodging tax were estimated.

The number of events and attendance, event mix, origin of attendees, facility financial operations, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers and specific taxes quantified are all variables that influence the economic and fiscal impact estimates.



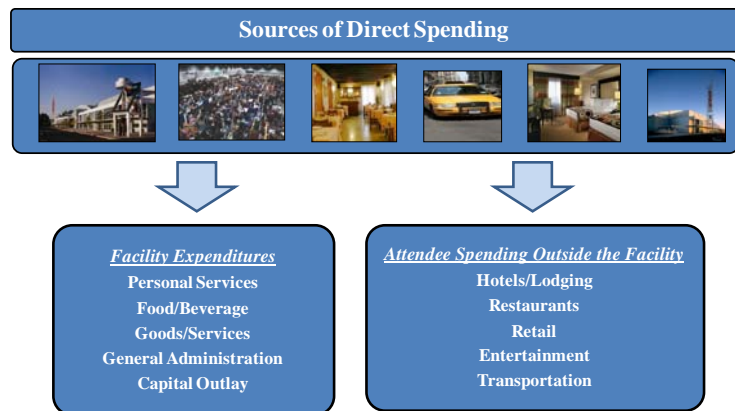
All dollar amounts depicted in this report are rounded to the nearest thousand and are presented in current dollars unless otherwise noted.

Methodology – Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of Portland Expo Center operations. This spending occurs both inside and outside of the facility. Direct spending related to Portland Expo Center operations is generated from facility expenditures (including capital outlay) as well as attendees, event producers and exhibitors.



Indirect/Induced Impacts

The economic activity generated by Portland Expo Center operations affects more than just the facility itself. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Multiplier Effect

In an effort to quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for *Impact Analysis for Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the local area resulting from Portland Expo Center operations.

For purposes of this analysis, the following industry multipliers were used:

Tri-County Region Multipliers			
Category	Spending	Employment*	Earnings
Hotels	1.7532	16.0	0.5660
Eating & Drinking Places	1.7273	21.9	0.6111
Retail Trade	1.5902	21.1	0.7474
Entertainment	1.8781	31.4	0.7365
Transportation	1.7603	13.6	0.6700
Business Services	1.7076	12.2	0.6729
New Construction	1.7521	13.6	0.6847

Note: *Indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

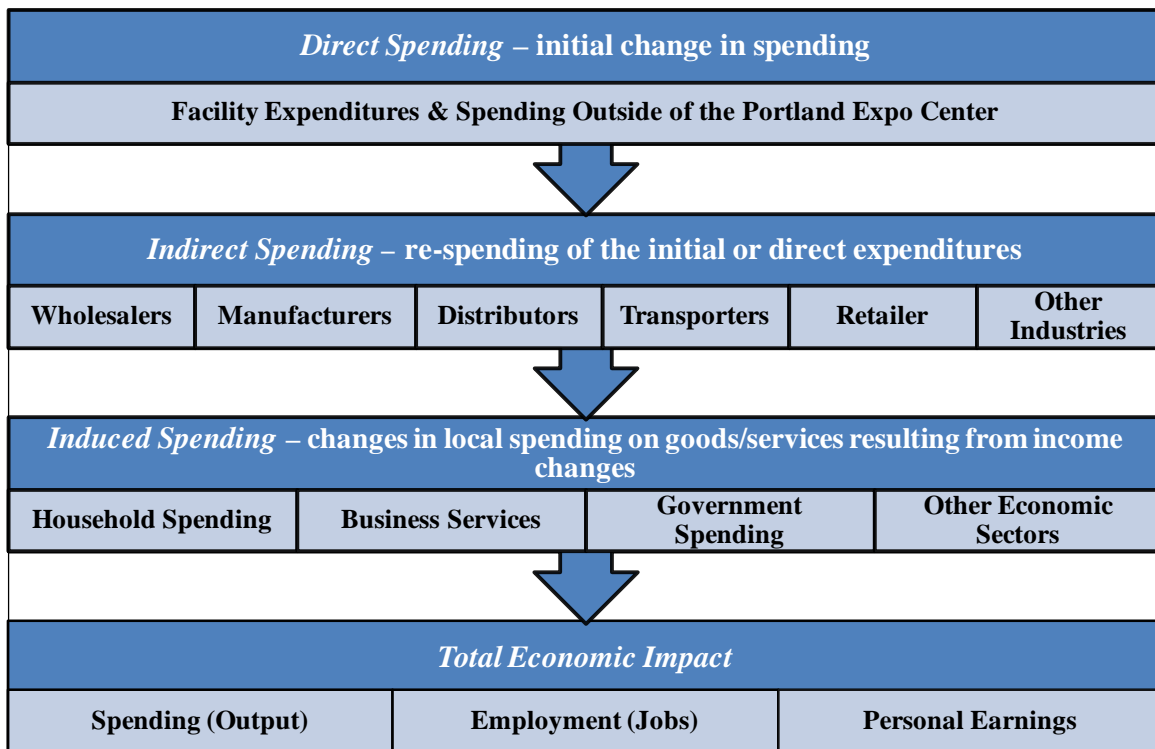
These multipliers reflect IMPLAN's latest available economic data reflecting 2009 transactions and the complex interactions among regions.

Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined below:

- **Spending (output)** represents the total direct, indirect and induced spending effects generated by Portland Expo Center operations. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- **Employment (jobs)** represents the number of full and part-time jobs supported by Portland Expo Center operations. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- **Personal earnings** represent the wages and salaries earned by employees of businesses associated with or impacted by Portland Expo Center operations. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

The following graphic illustrates the multiplier effects for calculating total economic impact.





Methodology - Fiscal Impact Analysis

The estimated spending generated by the on-going Portland Expo Center operations creates tax revenues for area municipalities and the State. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the facility, additional spending occurs in other areas within the State, particularly spending on items such as business services and everyday living expense of residents. Major tax sources impacted by facility operations were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes, such as property taxes, may also be positively impacted by the on-going operations of the Portland Expo Center, this analysis estimated the revenues generated from the following taxes based on the direct and indirect/induced spending amounts previously defined:

State of Oregon

- Personal Income Tax
- Corporate Excise and Income Tax
- Transient Lodging Tax

Multnomah County

- Transient Lodging Tax
- Business Income Tax

Metro

- Excise Tax

Economic/Fiscal Impact Analysis

General Overview of the Portland Expo Center

This section of the report summarizes the estimated economic impacts and tax revenues to the Tri-County region as a result of on-going Portland Expo Center operations and other business activity that supported the facility for the 12 months ending June 30, 2011.

The Portland Expo Center is a multi-purpose exhibition facility that serves as the region's primary destination for public events and consumer shows. As far back as 1921, the Portland Expo Center site has presented some of the largest exhibitions in the Northwest. In 1994, MERC took over management of the aging complex from Multnomah County. With the initial support of the Intel Corporation, a new exhibition hall opened in 1997. Subsequent to expansion, several event producers were able to increase and enhance their offerings. By 2001, the modernization of the campus continued with an additional facility offering meeting rooms, a spacious lobby and a full-service commercial kitchen.

The campus currently includes a complex of five interconnected buildings offering the following components:

- 333,000 square feet of multi-use exhibition space
- 10 meeting rooms
- Professional catering facilities
- On-site parking for 2,200 vehicles
- Acres of outdoor exhibition space
- Convenient access to mass transit including the TriMet Interstate Max Light Rail

The modernization and expansion of the Portland Expo Center have allowed the venue to continue to accommodate a variety of consumer shows, some of which have been serving the public for over 50 years. These events exemplify the unique business-to-consumer relationship that is made possible by the Portland Expo Center. In addition, the facility also hosts corporate events, banquets, concerts and community events.

The region benefits from the on-going operations of the Portland Expo Center in a number of ways, including such tangible and intangible benefits as:

- Providing a means for Statewide wholesale and retail businesses to showcase their merchandise in an efficient manner;
- Supporting smaller, local businesses by bringing a critical mass of buyers together to see their products;
- Providing a venue for show producers to supply related industry educational sessions that are often funded by local municipalities elsewhere;

- Enhancing show spin-off spending on related items (e.g., fuel, life-jackets and trailers for boat sales);
- Generating public awareness and funding of non-profit organizations' missions for related industries (e.g., several show producers spend a portion of their gate revenue on related non-profit groups and/or educational scholarships);
- Providing an alternative venue within Portland and the State of Oregon for larger consumer shows indirectly freeing exhibition space and dates at the Oregon Convention Center for conventions/tradeshows which generate more economic impact;
- Providing an alternative entertainment option for residents and visitors, including OCC convention attendees;
- Promoting the industries that host their events at the venue as well as enhancing business for other area companies involved in related services (e.g., advertising, transportation, printing, security, etc.); and
- Generating additional economic activity and enhanced fiscal revenues.

While the value of some of these benefits is difficult to measure, the economic activity generated by the Portland Expo Center can be quantified in terms of spending, employment and earnings. Based on information from a variety of sources including, but not limited to, representatives from area municipalities, Portland Expo Center management, event producers, exhibitors and attendees, this analysis summarizes the estimated economic benefits and tax revenues generated from Portland Expo Center operations in FY 2011.

Summary of Event Activity at the Portland Expo Center

The Portland Expo Center's mission is to provide facilities and services to host consumer and trade shows as well as generate maximum financial return and economic benefits. In FY 2011, the Portland Expo Center hosted 93 events that drew more than 390,000 people. Consumer/public shows account for approximately 53% of events, 77% of total use days and 94% of total attendance.

Summary of Event Activity at the Portland Expo Center - FY 2011						
Event Type	Events	Move-in/ Move-out days	Event Days	Total Use Days	Total Attendance	Average Attendance
Consumer/Public	49	141	146	287	365,832	7,500
Miscellaneous/Other	17	13	33	46	16,851	1,000
Meeting	22	1	22	23	1,059	50
Tradeshow/Convention	4	8	6	14	5,791	1,400
Food & Beverage/Catering	1	-	1	1	800	800
Total	93	163	208	371	390,333	

Note: Miscellaneous/Other includes events such as Roller Derby, Celebrate Portland, Islamic Center of Portland, etc.
Source: Expo Center Management.

Summary of Estimated Economic Impacts from Portland Expo Center Operations

The table below summarizes the estimated economic impacts generated from on-going Portland Expo Center operations in terms of spending, jobs and earnings and is followed by a discussion of each component.

Estimated Economic Benefits From Portland Expo Center Operations - FY 2011	
Category	Amount
Spending	
Direct Spending	\$19,610,000
Indirect/Induced Spending	14,117,000
Total Spending	\$33,727,000
Total Jobs	380
Total Earnings	\$12,875,000

Note: Earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the facility.

Direct Spending

As mentioned previously, the first step in calculating economic impact is estimating the direct spending. The benefits generated in the Tri-County region result from the impact of direct spending both by attendees and activities that support events held at the Portland Expo Center. Direct spending impacts are annually recurring in nature. The primary types of spending quantified in this analysis include:

- Attendee spending outside the facility;
- Event producer spending outside the facility;
- Exhibitor spending outside the facility; and
- Budgetary spending and capital outlay by the Portland Expo Center.

In order to assist with developing an estimate of direct spending generated by Portland Expo Center events, surveys were conducted with event attendees, exhibitors and producers to obtain input on their spending patterns both inside and outside of the facility. This research does not represent a statistically valid survey effort.

Attendee and Exhibitor Surveys

Between FY 2008 and FY 2010, on-site surveys were conducted with nearly 2,800 attendees and 2,100 exhibitors from a total of 24 consumer shows held at the Portland Expo Center. Results were tabulated using a web-based survey system and analyzed to gain an understanding of where respondents reside, their length of stay in Portland, travel party size, where overnights stay (e.g. hotel, private residence, etc.) as well as estimated daily spending inside and outside the Portland Expo Center.

Consumer Show Producer Surveys

In 2008, direct interviews were also conducted with 11 event producers representing 21 consumer shows, one tradeshow and the Rose City Rollers. Most of these events are held annually at the Portland Expo Center. Combined these events accounted for approximately 55% to 60% of annual attendance for FY 2008 through FY 2010. Discussions with producers sought to understand the origin and daily spending of production personnel, exhibitors and attendees. Key findings of these discussions were used to estimate the spending generated by Portland Expo Center event activity and are included, where relevant, on the pages that follow.

The three categories that comprise direct spending are attendee spending, event producer/exhibitor spending and budgetary spending by the Portland Expo Center.

Attendee Spending Outside the Portland Expo Center

Based on information provided by management, input from event producers as well as on-site surveys conducted at Portland Expo Center events, attendees were categorized as high impact, defined as those that stay overnight in a hotel room, or low impact, generally local patrons attending events.

Approximately 10% of attendees at consumer shows, 10% of attendees at miscellaneous/other events and 5% of convention/tradeshow attendees were estimated to be high impact and the remaining attendees were assumed to be low impact.

Based on on-site surveys conducted by Portland Expo Center management as well as interviews with production companies discussed previously and inflated to reflect current dollars, a per day spending amount of \$80 was applied to high impact attendees and \$20 was applied to low impact attendee days. Spending by attendees inside the Portland Expo Center is taken into account by the facility's budgetary spending.

Event Producer & Exhibitor Spending

Consumer and trade show producers make substantial investments in the events that they host. These organizations purchase goods and services from either the Portland Expo Center or from outside sources. Items such as exhibit space and various event services are typically provided by the Portland Expo Center which are reflected as revenues for the venue. Since this spending is eventually reflected in the budgetary spending by the Portland Expo Center, these amounts are excluded from event producer spending to avoid double counting. Further, producer spending with external vendors that takes place before or during a show such as advertising, printing, security, transportation, etc. is considered part of the induced/indirect spending that is generated by Portland Expo Center operations.

Based on the previous on-site surveys of Portland Expo Center exhibitors and interviews with event producers and inflated to reflect current dollars, an estimate of exhibitor personnel per event attendee was calculated and applied to estimated spending per exhibitor personnel per day. Similar to event producer spending, estimates were made for spending by exhibitors outside the facility to



avoid double counting of items purchased inside the Portland Expo Center. Event producer and exhibitor spending per personnel per day are shown in the following table.

Per Day Spending	High Impact	Low Impact
Producer Personnel	\$94	\$40
Exhibitor Personnel	\$72	\$30

Budgetary Spending and Capital Outlay for the Portland Expo Center

Budgetary spending refers to the expenditures generated by the Portland Expo Center. Regardless of the source or magnitude of the revenues that the building produces, this analysis focused on the operating expenditures occurring in the area economy. Based on information provided by management, Portland Expo Center operating expenditures (including capital outlay) were approximately \$4.8 million in FY 2011.

Summary of Direct Spending Inputs

Based on the previously described assumptions, the total direct spending related to Portland Expo Center attendees, event producers and exhibitors outside the facility as well as Portland Expo Center operating expenditures was estimated to be approximately \$19.6 million in FY 2011. The table below summarizes the breakdown of estimated direct spending among these groups.

Estimated Direct Spending From Portland Expo Center Operations - FY 2011	
Category	Amount
Attendee Spending	\$10,116,000
Event Producer/Exhibitor Spending	4,648,000
Budgetary Spending/Capital Outlay by Facility	4,846,000
Total	\$19,610,000

Finally, these direct spending amounts estimated to be generated from Portland Expo Center operations were applied to the multipliers previously shown in order to calculate estimates for total spending, total jobs and total earnings.

Indirect and Induced Impacts

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the Tri-County region. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes. According to the IMPLAN model, direct spending spurred by Portland Expo Center operations was estimated to generate \$14.1 million in indirect/induced spending.

Total Spending

Outputs from the IMPLAN model indicate that total spending (i.e., direct, indirect and induced) from Portland Expo Center operations was estimated to be \$33.7 million in FY 2011.



Total Jobs

Based on the IMPLAN model, which calculates the number of jobs per \$1.0 million in direct spending, the economic activity associated with Portland Expo Center operations in FY 2011 was estimated to support approximately 380 total jobs. These jobs are created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area.

Total Earnings

Outputs from the IMPLAN model indicate that total earnings generated from Portland Expo Center operations in FY 2011 were estimated to be \$12.9 million.

Summary of Estimated Fiscal Impacts from Portland Expo Center Operations

As summarized in the table below, Portland Expo Center operations in FY 2011 were estimated to generate approximately \$1.0 million in tax revenues.

Estimated Fiscal Benefits From Portland Expo Center Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$339,000
Corporate Excise & Income Tax	39,000
Transient Lodging Tax	25,000
Total	\$403,000
Metro	
Excise Tax	\$330,000
Total	\$330,000
Multnomah County	
Transient Lodging Tax	\$284,000
Business Income Tax	9,000
Total	\$293,000
GRAND TOTAL	\$1,026,000

Note: Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland's general fund and to Travel Portland.

The following outlines significant assumptions utilized in this analysis.

State of Oregon

Personal Income Tax – The State of Oregon imposes a personal income tax which is calculated on a graduated scale. Personal income tax is the State of Oregon’s largest source of revenue. Based on information from the State of Oregon Department of Revenue, the Statewide effective tax rate for personal income is 5.6%. This effective tax rate was applied to 47% of total earnings estimated to be generated by Portland Expo Center operations, which represents the State’s average taxable income as a percentage of total income.

Corporate Excise and Income Tax – Corporate excise and income tax is the second largest source of revenue for the State. All corporations doing business in Oregon pay excise tax while corporations not doing business in the State but having income from an Oregon source pay income tax. The corporate tax rate is 6.6% of Oregon taxable income up to \$250,000 and 7.6% on taxable income greater than \$250,000. For purposes of this analysis and based on information from the State of Oregon Department of Revenue, the 6.6% tax rate (which applies to approximately 95% of the 2008 tax returns filed) was applied to 3.0% of direct spending estimated to be generated by Portland Expo Center operations in order to reflect net taxable income.

Transient Lodging Tax – Public and private lodging providers began paying a 1% State transient lodging tax in 2004. This tax is in addition to, not in place of, any local transient lodging tax. This tax continuously appropriates funds to the Oregon Tourism Commission to promote tourism programs in the State. The 1% tax rate was applied to 100% of direct hotel spending estimated to be generated by Portland Expo Center operations.

Metro

Excise Tax – Metro imposes an excise tax of 7.5% of total earned revenues of MERC facilities. The tax is remitted on a monthly basis to Metro and is a General Fund Revenue dedicated to the funding of general government activities as well as various planning, parks and green spaces activities. This line item reflects the actual excise tax amount paid by the Portland Expo Center.

Multnomah County

Transient Lodging Tax – Multnomah County imposes a tax of 11.5% of the rent charged by the operator of any structure or any portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less for dwelling, lodging or sleeping purposes.

This tax is generally allocated as follows:

- Five points of the tax collected by Multnomah County goes to the individual city where the establishment is located
- One point of the tax is allocated to the City of Portland to contract with a not-for-profit agency to promote the destination (i.e., OCC)
- A three point surcharge rate of the tax is allocated to the excise tax fund of which hotel operators can deduct 5% of the three points for administrative costs. The remaining amount is dedicated to various projects such as the OCC, the Portland Center for the Performing Arts, and the Regional Arts and Culture Council
- A 2.5 point surcharge rate of the tax is allocated to the Visitors Facilities Trust Account (VFTA) of which hotel operators can deduct 5% of the 2.5 points for administrative costs

For purposes of this analysis, the 11.5% tax rate was applied to 100% of direct hotel spending estimated to be generated in Multnomah County by Portland Expo Center's operations.



Business Income Tax – A business income tax is imposed on each business within Multnomah County equal to 1.45% of the net income from that business within the County. This tax is administered by the City of Portland. For purposes of this analysis, the 1.45% tax rate was applied to 3.0% of total direct spending in the County in order to reflect net taxable income estimated to be generated by Portland Expo Center operations.

Other Jurisdictions

In addition to those jurisdictions previously described, other area governments could potentially benefit from the Portland Expo Center's operations which generate patron spending at regional business establishments. Conversations with management at a sample of hotels and restaurants suggest event activity at the Portland Expo Center positively impacts their business as well as that of other nearby establishments.

Summary of Estimated Economic and Fiscal Impacts for the Portland Expo Center – FY 2011

The Portland Expo Center is a unique business entity that generates significant economic activity to metropolitan Portland and the State of Oregon. In FY 2011, the Portland Expo Center hosted 93 events that attracted more than 390,000 in total attendance. This activity was estimated to generate direct spending of approximately \$19.6 million. Outputs from the IMPLAN model indicate that Portland Expo Center operations in FY 2011 generated total spending (i.e., direct, indirect and induced impacts) of \$33.7 million which was estimated to support 380 jobs that created \$12.9 million in personal earnings. These transactions were subject to taxes that were estimated to generate approximately \$1.0 million in FY 2011.