



Portland Center for the Performing Arts

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 Center for the Performing Arts 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 Center for the Performing Arts. 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

Table of Contents

1	Executive Summary	1
2	Introduction and General Methodology Overview	3
3	Economic/Fiscal Impacts Analysis	8

Executive Summary

The Portland Center for the Performing Arts (PCPA) is a unique business entity that generates significant economic activity to the Portland metropolitan area. The primary purpose of this study is to estimate the economic and fiscal impacts associated with the on-going operations of the PCPA to the area. 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 PCPA hosted 880 performances that attracted nearly 770,000 in total attendance. As shown in the table below, this activity was estimated to generate \$57.5 million in total spending which supported 640 full and part-time jobs and created \$22.2 million in personal earnings.

Estimated Economic Benefits From PCPA Operations - FY 2011	
Category	Amount
Spending	
Direct Spending	\$33,625,000
Indirect/Induced Spending	23,845,000
Total Spending	\$57,470,000
Total Jobs	640
Total Earnings	\$22,234,000

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

Tax revenues generated from PCPA-related activities were estimated to be approximately \$1.4 million in FY 2011.

Estimated Fiscal Benefits From PCPA Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$585,000
Corporate Excise & Income Tax	67,000
Transient Lodging Tax	55,000
Total	\$707,000
Multnomah County	
Transient Lodging Tax	\$634,000
Business Income Tax	15,000
Total	\$649,000
GRAND TOTAL	\$1,356,000

Notes: No excise tax is collected from the PCPA.
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 presents the trend in PCPA utilization, financial operations and economic/fiscal impacts for the last four fiscal years. Although event activity and related operating revenues decreased between FY 2010 and FY 2011, economic and fiscal impacts remained relatively consistent.

Summary of Key Comparative Data - PCPA				
Category	FY 2008	FY 2009	FY 2010	FY 2011
Utilization:				
Performances	802	1,091	934	880
Total Use Days	1,227	1,615	1,229	1,129
Total Attendance	817,100	938,100	776,800	769,600
Financial Operations:				
Operating Revenues	\$7,471,000	\$9,259,000	\$7,999,000	\$7,605,000
Operating Expenses	9,766,000	10,886,000	10,866,000	11,089,000
Net Operating Results	(\$2,295,000)	(\$1,627,000)	(\$2,867,000)	(\$3,484,000)
Economic/Fiscal Impacts:				
Direct Spending	\$32,748,000	\$37,682,000	\$33,649,000	\$33,625,000
Indirect/Induced Spending	23,034,000	27,613,000	23,868,000	23,845,000
Total Spending	\$55,782,000	\$65,295,000	\$57,517,000	\$57,470,000
Total Jobs	630	730	610	640
Total Earnings	\$20,842,000	\$24,692,000	\$22,280,000	\$22,234,000
Total Fiscal Benefits	\$1,414,000	\$1,721,000	\$1,407,000	\$1,356,000

As a point of reference, the PCPA had 32 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 PCPA'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 PCPA, Oregon Convention Center (OCC), Portland Expo Center 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: PCPA, OCC and Portland Expo Center. 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:

- PCPA is the cultural hub for the metropolitan region hosting a variety of performances and entertainment events in its multiple theatres;
- 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;
- 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; 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.

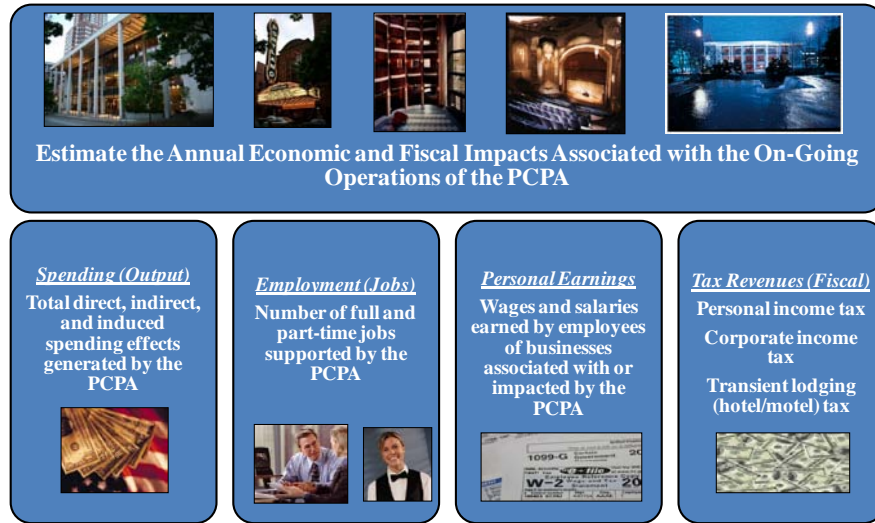
The primary purpose of this study is to estimate the economic and fiscal impacts associated with on-going operations of the PCPA. Economic impacts are estimated in terms of spending, jobs and earnings which create fiscal impacts which are reflected as changes in tax revenues.

General Methodology Overview

An estimate of the economic benefits that occur as a result of on-going operations of the PCPA 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, show producers and cast/crew 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 PCPA. The governmental entities considered in this fiscal analysis are Multnomah County and the State of Oregon. Revenues generated from personal income tax, corporate excise and income tax, business income 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.



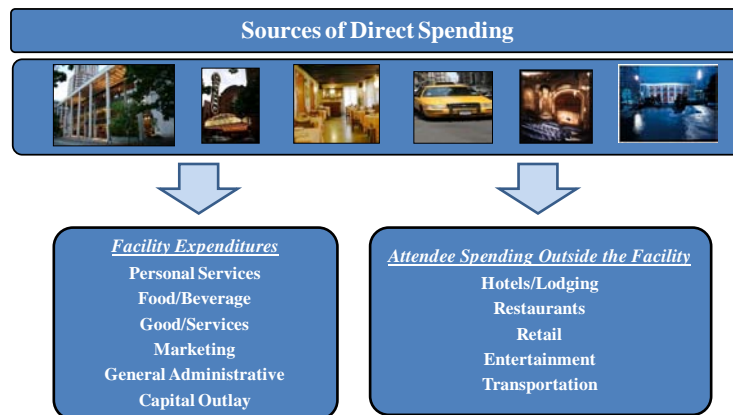
All dollar amounts depicted in this report are rounded to the nearest thousand and are presented in current dollars unless otherwise noted.

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 PCPA operations. This spending occurs both inside and outside of the facility. Direct spending related to PCPA operations is generated from facility expenditures (including capital outlay) as well as attendees, event producers and cast/crew members.



Indirect/Induced Impacts

The economic activity generated by PCPA 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 PCPA 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.

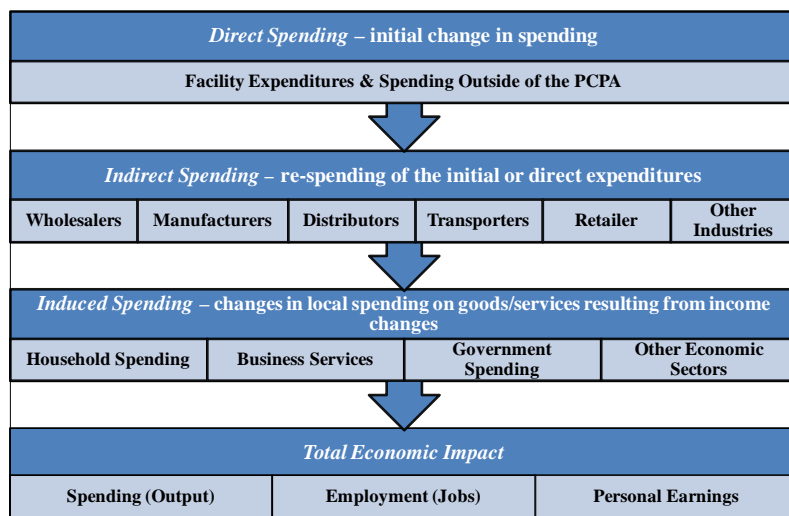
These multipliers reflect IMPLAN’s latest available economic data reflecting 2009 transactions and the complex interactions among regions.

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 PCPA 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 PCPA 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 PCPA 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 PCPA operations creates tax revenues for Multnomah County 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 expenditures 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 PCPA, this analysis estimated the revenues generated from personal income tax, corporate excise and income tax, and transient lodging tax at the State level as well as business income tax and transient lodging tax at the County level.

Economic/Fiscal Impact Analysis

General Overview of the PCPA

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

The PCPA is home to Portland's finest music, theatre, dance, lectures and more which are held each year in one of its three separate buildings: the Keller Auditorium, the Arlene Schnitzer Concert Hall and the Antoinette Hatfield Hall which houses the Newmark Theatre, the Dolores Winningstad Theatre and Brunish Hall. MERC began overseeing the PCPA in the 1980s through an Inter-Governmental Agreement (IGA) with the venue's owner, the City of Portland. Since that time, these facilities have undergone significant renovation and improvement, in part due to generous private support.

PCPA is a premier arts and entertainment venue in the Pacific Northwest that has been recognized as one of the top 10 performing arts centers in the nation. Similar to other performing arts facilities, PCPA's mission is to provide responsibly managed performance spaces that host diverse cultural arts activities for both area residents and out-of-town visitors, not to operate as a for-profit business. Located seven blocks southeast of the other theatres, the Keller Auditorium hosts diverse events such as grand opera, rock, western and jazz concerts, ballet and modern dance performances and national tours of Broadway musicals and plays. The original building was constructed in 1917 and was completely renovated in 1968 with substantial technical improvements made in 1993. Keller Auditorium features seating for 2,992 people, a 107 x 41-foot stage, excellent acoustics and sight lines, orchestra pit for 70 musicians, dressing rooms and a rehearsal room.

Opened in 1984, the beautifully restored Arlene Schnitzer Concert Hall was originally the Portland Public Theatre which was built in 1928. The Italian Rococo Revival architecture was said to be the national showcase of Rapp & Rapp, renowned Chicago theatre architects. Portland resident Arlene Schnitzer and her late husband, Harold, contributed generously to the completion of this phase of the PCPA. The one-year, \$10 million renovation involved repairing, recasting or replacing much of the theatre's ornate interior as well as making it comfortable and safe for today's audiences and performers. The Concert Hall hosts a variety of events including classical, jazz, pop, rock, folk and gospel music, dance, theatre, travel films, conferences and weddings. Features include seating for 2,776, a 94 x 32-foot stage, an orchestra pit for 15; a choir loft, dressing rooms and a portable, flexible acoustical shell.

Located in the heart of downtown Portland, the 127,000 square foot Antoinette Hatfield Hall includes two theatres; a multi-purpose space suitable for recitals, receptions or other events; a small restaurant, box office and administrative offices for PCPA.

The Newmark Theatre was designed primarily for drama productions. It is also suitable for opera, dance, ballet, chamber orchestra, recitals, conferences and films. The theatre features continental-style seating for 880 people. The Dolores Winningstad Theatre is a high-tech, updated version of a



Shakespearean courtyard theatre, designed to be a multi-purpose space, providing maximum flexibility for drama, dance, chamber music, recitals, lectures and receptions. The Dolores Winningstad Theatre features flexible seating for 292 patrons. Brunish Hall is a 3,500 square-foot multi-purpose space that is simple in its design yet features amenities that allow it to be used as a performance space, meeting and/or banquet space.

PCPA is home to several tenant performance companies including, but not limited to, the following:

- Oregon Ballet Theatre
- Oregon Children's Theatre
- Oregon Symphony Orchestra
- Portland Opera
- Portland Youth Philharmonic
- Tears of Joy Puppet Theatre

The PCPA is located in the Cultural District downtown which includes other institutions dedicated to fine and performing arts such as the Oregon Historical Society, Portland Art Museum and the Northwest Film Center. The PCPA's three unique properties contribute to the vibrancy of Portland's center city and its cultural identity.

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

- Supporting the vibrancy of downtown Portland by attracting residents and visitors to business establishments;
- Contributing to arts educational institutions including children's theater;
- Providing a venue for lectures, symposiums and other unique speaking engagements;
- Generating public awareness and funding of arts organizations;
- Providing an alternative entertainment option for both residents and visitors, including OCC convention attendees and business travelers;
- Enhancing business for other area companies involved in related services purchased by arts organizations (e.g., advertising, transportation, printing, etc.);
- Attracting in-kind and cash contributions from local arts supporters; 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 from on-going PCPA operations can be quantified in terms of spending, jobs and earnings. Based on information from a variety of sources including, but not limited to, representatives from area municipalities, PCPA management, event producers and attendees, this analysis summarizes the estimated economic benefits and tax revenues generated from PCPA operations in FY 2011.

Summary of Event Activity at the PCPA

In FY 2011, PCPA hosted 880 performances that accounted for more than 1,100 total use days and attracted nearly 770,000 attendees. Approximately 68% of performances, 74% of total use days and 60% of total attendance were generated from performing arts related events. Nine (9) Broadway shows generated 83 performances that accounted for approximately 22% of total attendance. In addition, concerts generated approximately 10% of the total attendance. These shows contribute to the economic impact by attracting overnight attendees as well as cast, crew and production members from out-of-town that generate spending on items such as lodging, restaurants, entertainment and transportation.

Summary of Event Activity at the PCPA - FY 2011				
Event Type	Performances	Total Use Days	Total Attendance	Average Attendance Per Performance
Performing Arts	599	831	461,200	800
Broadway	83	86	165,500	2,000
Lectures	29	29	33,400	1,200
Meetings/Receptions	21	23	2,500	100
Concerts	40	42	73,000	1,800
Miscellaneous	108	118	34,000	300
Total	880	1,129	769,600	

Notes: (1) Miscellaneous events include film festivals, Music on Main, Jazz at the Art Bar, and graduations.

(2) One event can have multiple performances.

Source: PCPA management.

Summary of Estimated Economic Impacts from PCPA Operations

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

Estimated Economic Benefits From PCPA Operations - FY 2011	
Category	Amount
Spending	
Direct Spending	\$33,625,000
Indirect/Induced Spending	23,845,000
Total Spending	\$57,470,000
Total Jobs	640
Total Earnings	\$22,234,000

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 area result from the impact of direct spending both by attendees and activities that support events held at the PCPA. Direct spending impacts are annually recurring in nature. The primary types of spending quantified in this analysis include:

- Attendee spending outside the facility;
- Show producer spending outside the facility;
- Cast/crew spending outside the facility; and
- Budgetary spending and capital outlay by the PCPA.

Attendee Spending Outside the PCPA

Based on information provided by management, input from event producers as well as the *2007 Arts & Economic Prosperity Report* commissioned by Americans for the Arts, the Regional Arts & Culture Council and Northwest Business for Culture & the Arts, attendees were categorized as high impact, defined as those staying overnight in a hotel room, or low impact which generally include local patrons. This report collected 905 surveys from attendees at a range of arts events in Portland to gain an understanding of where they were from as well as their level and distribution of spending. In 2006, 76% of respondents indicated they were residents of the Tri-County region while the remaining 24% were considered non-residents. For purposes of this analysis, we assumed 12% (or one-half the estimated percentage of non-residents) of attendees at performing arts events, Broadway shows and concerts were high impact. In addition, spending estimates from the *Arts & Economic Prosperity Report* were adjusted to avoid double counting spending that was accounted for in budgetary spending and inflated to reflect current dollars. Based on these assumptions, a per day spending amount of \$113 was applied to high impact attendees and \$18 to low impact attendees. Spending by attendees inside PCPA venues is taken into account by the facility's budgetary spending.

Cast/Crew and Producer Personnel Spending Outside PCPA

Cast and crew members involved in a Broadway production come from out-of-town and as such generate spending on lodging, food/beverage, retail, entertainment and transportation. Based on discussions with event producers, an estimate of cast/crew personnel per event attendee was calculated and applied to the estimated spending per cast/crew per day.

Broadway show producers make substantial investments in the events that they host. These organizations purchase goods and services from either PCPA or from outside sources. Items such as facility rental and various event services are typically provided by PCPA which are reflected as revenues for the venue. Since this spending is eventually reflected in the budgetary spending by the PCPA, 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 indirect/induced spending that is generated by PCPA operations.

The estimated event producer spending amounts used in this analysis are limited to company personnel spending on items outside PCPA such as lodging, food/beverage, retail and transportation. Based on surveys previously conducted with production companies representing Broadway shows, an estimate of producer personnel per event attendee was calculated. Event producer spending amounts were applied to the estimated personnel per day.

The table below illustrates the per-day spending amounts applied to cast/crew and event producer personnel. High impact producer and cast/crew spending is assumed only for Broadway shows based on surveys of event producers.

Per Day Spending	High Impact	Low Impact
Cast & Crew	\$126	\$18
Producer Personnel	\$126	n/a

Budgetary Spending and Capital Outlay for the PCCA

Budgetary spending refers to the expenditures generated by the PCPA. 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, PCPA operating expenditures (including capital outlay) were approximately \$11.1 million in FY 2011.

Summary of Direct Spending Inputs

Based on information provided by PCPA management, event producers, attendees and the 2007 *Arts & Economic Prosperity* report, the total direct spending related to PCPA attendees, show producers and cast/crew as well as PCPA operating expenditures was estimated to be \$33.6 million in FY 2011. The table below shows the breakdown of estimated direct spending among these three categories.

Estimated Direct Spending From PCPA Operations - FY 2011	
Category	Amount
Attendee Spending	\$21,819,000
Event Producer/Cast & Crew Spending	717,000
Budgetary Spending by Facility/Capital Outlay	11,089,000
Total	\$33,625,000

Note: Amounts are rounded to the nearest thousand.

Finally, these direct spending amounts estimated to be generated from PCPA 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 area. 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 PCPA operations was estimated to generate \$23.8 million in indirect/induced spending.

Total Spending

Outputs from the IMPLAN model indicate that total spending (i.e., direct, indirect and induced) from PCPA operations was estimated to be \$57.5 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 PCPA operations in FY 2011 was estimated to support approximately 640 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 PCPA operations in FY 2011 were estimated to be \$22.2 million.

Summary of Estimated Fiscal Impacts from PCPA Operations

As summarized in the table below, PCPA operations in FY 2011 were estimated to generate approximately \$1.4 million in tax revenues.

Estimated Fiscal Benefits From PCPA Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$585,000
Corporate Excise & Income Tax	67,000
Transient Lodging Tax	55,000
Total	\$707,000
Multnomah County	
Transient Lodging Tax	\$634,000
Business Income Tax	15,000
Total	\$649,000
GRAND TOTAL	\$1,356,000

Notes: No excise tax is collected from the PCPA.
 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 PCPA 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 PCPA 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 PCPA operations.

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

The 11.5% tax rate was applied to 100% of direct hotel spending estimated to be generated in Multnomah County by PCPA 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 PCPA operations.

Other Jurisdictions

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

Summary of Estimated Economic and Fiscal Impacts for PCPA – FY 2011

The PCPA is a unique business entity that generates significant economic activity to downtown Portland and the State of Oregon. In FY 2011, the PCPA hosted 880 performances that attracted nearly 770,000 in total attendance. This activity was estimated to generate direct spending of approximately \$33.6 million. Outputs from the IMPLAN model indicate that PCPA operations in FY 2011 generated total spending (i.e., direct, indirect and induced impacts) of \$57.5 million which was estimated to support 640 jobs that created \$22.2 million in personal earnings. These transactions were subject to taxes that were estimated to generate approximately \$1.4 million in FY 2011.