



Oregon Zoo

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 Oregon Zoo 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 Oregon Zoo. 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	9

Executive Summary

The Oregon Zoo is a unique business entity that generates significant economic activity to the Portland area. The primary purpose of this study is to estimate the economic and fiscal impacts associated with the on-going operations of the Oregon Zoo and the Oregon Zoo Foundation (OZF) to the area. Economic impacts are estimated in terms of spending, jobs and earnings which create additional fiscal impacts and are reflected as changes in tax revenues.

In FY 2011, the Oregon Zoo admitted more than 1.5 million visitors, approximately 700,900 of which were admissions paid at the gate and 682,300 were purchased through membership fees. As shown in the table to the right, this activity was estimated to generate approximately \$72.0 million in total spending which supported 760 full and part-time jobs and created \$30.2 million in personal earnings.

Estimated Economic Benefits From Oregon Zoo Operations - FY 2011	
Category	Amount
Spending	
Direct Spending	\$43,109,000
Indirect/Induced Spending	28,922,000
Total Spending	\$72,031,000
Total Jobs	760
Total Earnings	\$30,192,000

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

Tax revenues generated from zoo-related activities were estimated to be approximately \$1.2 million in FY 2011.

Estimated Fiscal Benefits From Oregon Zoo Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$795,000
Corporate Excise & Income Tax	85,000
Transient Lodging Tax	22,000
Total	\$902,000
Multnomah County	
Transient Lodging Tax	\$258,000
Business Income Tax	19,000
Total	\$277,000
GRAND TOTAL	\$1,179,000

Notes: No excise tax is collected from the Oregon Zoo.
 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 compares Oregon Zoo admissions, financial operations and capital improvements as well as OZF financial operations for the last two fiscal years. Paid and member admissions decreased by 3% and 9% respectively between FY 2010 and FY 2011 which was likely attributable to economic conditions. The net operating results for the Oregon Zoo improved by 3% in FY 2011 over the prior fiscal year. Capital improvements nearly doubled over the prior fiscal year which had a positive effect on economic and fiscal benefits in FY 2011. OZF revenues primarily consist of membership revenues, contributions, planned giving, event revenues, and other income while operating costs include those related to personnel, materials/supplies, equipment/technology, communications and event-related expenditures. Zoo program support expenditures encompass both OZF program and donor program support.

Summary of Key Comparative Data - Oregon Zoo		
Category	FY 2010	FY 2011
Admissions		
Paid	719,307	700,877
Members	751,087	682,256
Free	164,584	153,170
Total Admissions	1,634,978	1,536,303
Zoo Financial Operations		
Operating Revenues	\$19,084,000	\$19,654,000
Operating Expenses	24,695,000	25,075,000
Net Operating Results	<u>(\$5,611,000)</u>	<u>(\$5,421,000)</u>
Zoo Capital Improvements		
	\$4,795,000	\$9,559,000
OZF Operations		
Revenues	\$7,752,000	\$6,755,000
Operating Costs	2,099,000	2,305,000
Zoo Program Support	4,666,000	2,875,000
Net Operating Results	<u>\$987,000</u>	<u>\$1,575,000</u>

As a point of reference, the Oregon Zoo had 157 full-time equivalent employees (excluding temporary and seasonal staff) and the OZF had 14 full-time and one part-time employee (excluding volunteers) 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 Oregon Zoo'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 Oregon Zoo, Oregon Convention Center (OCC), Portland Center for the Performing Arts (PCPA) and Portland Expo Center. 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: OCC, Portland Expo Center 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 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:

- 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.
- 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
- 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.

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/performance 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 Oregon Zoo. 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 Oregon Zoo can be approached in several ways. The approach used in this analysis considers expenditures generated from Oregon Zoo and OZF operations from items such as personal services, contracted services, materials/supplies, utilities, food, repairs/maintenance, general administrative and capital improvements as well as spending by visitors outside the zoo 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 Oregon Zoo (including OZF operating costs but excluding program and donor program support). 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 and type of admissions, origin of visitors, 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.



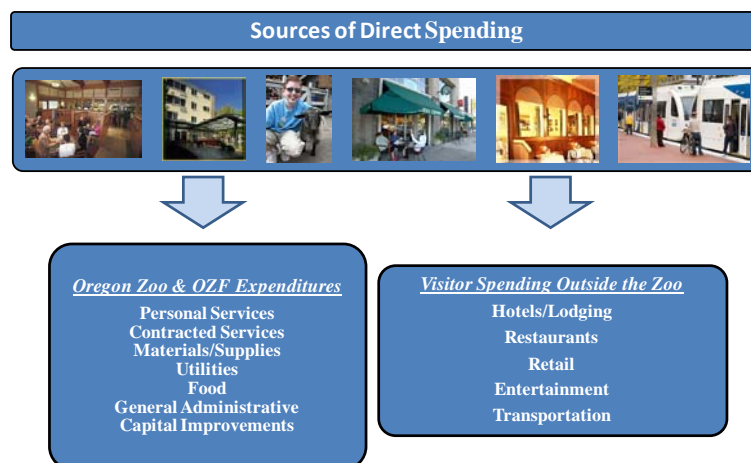
All dollar amounts depicted in this report are rounded to the nearest thousand and are presented in current dollars unless otherwise noted.

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 Oregon Zoo operations. This spending occurs both inside and outside of the facility. Direct spending is generated from Oregon Zoo and OZF expenditures (including capital improvements) as well as from visitors.



Indirect/Induced Impacts

The economic activity generated by Oregon Zoo operations affects more than just the attraction 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 Oregon Zoo 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.

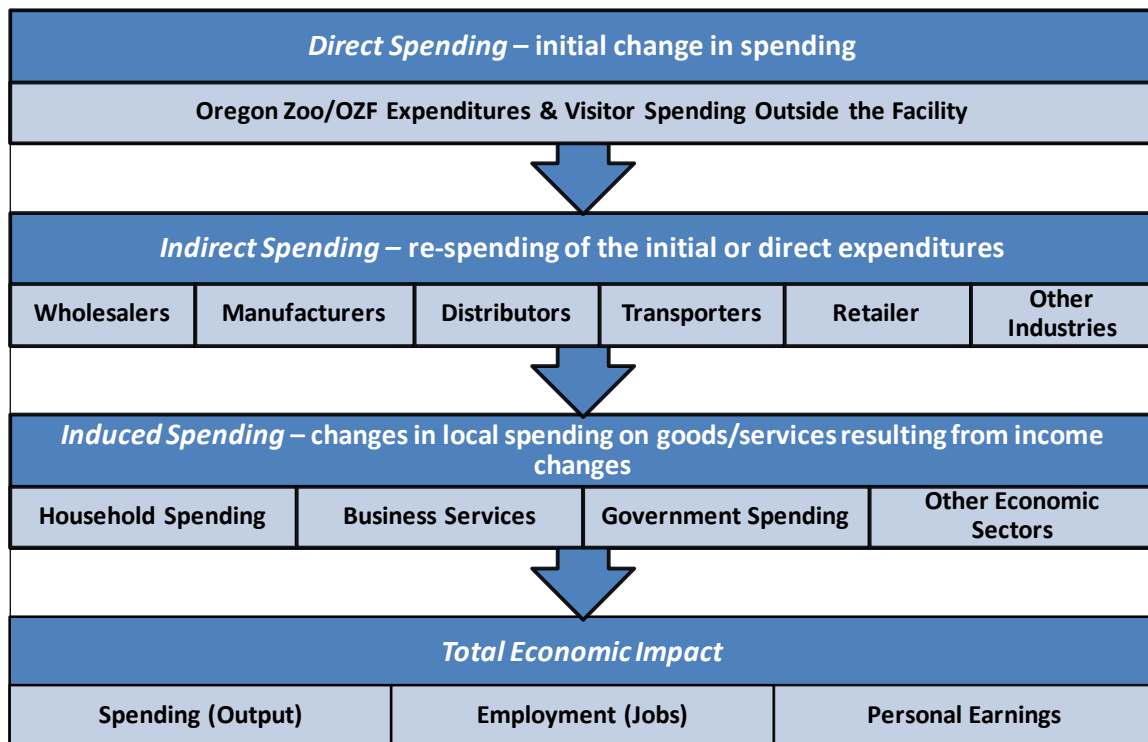
These multipliers reflect IMPLAN's latest available economic data reflecting 2009 transactions and the complex interactions among regions.

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 Oregon Zoo 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 Oregon Zoo 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 Oregon Zoo 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 Oregon Zoo 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 attraction, 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 Oregon Zoo 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 Oregon Zoo, 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 in Multnomah County.

Economic/Fiscal Impact Analysis

General Overview of the Oregon Zoo

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

In 1887, Richard Knight, a local pharmacist who collected animals as a hobby, officially presented his menagerie to the City of Portland and the oldest zoo west of the Mississippi was created. The 64-acre Oregon Zoo is home to approximately 2,200 specimens representing 260 species of birds, mammals, reptiles, amphibians and invertebrates. Of these, 21 species are endangered and 33 are threatened. The Oregon Zoo displays animals from all corners of the world, including Asian elephants, Humboldt penguins and polar bears. From the mist-filled Africa Rain Forest to the majestic Great Northwest exhibit, the zoo encourages visitors to understand and experience the natural world.

Committed to conservation of endangered species and their habitats – both locally and around the globe – the zoo is a center for wildlife conservation and field research. The Oregon Zoo's award-winning education programs serve nearly 700,000 people both at the zoo and at schools, senior and community centers around the region. A summer concert series, seasonal events and the zoo railway help this popular Oregon attraction draw approximately 1.5 million visitors each year. The Oregon Zoo is also a leader in sustainable business practices, but most importantly, it is a safe place for families to share moments of discovery and fun.

The zoo is currently engaged in a master planning effort to map out the vision for the next 20 years. This master plan will provide designs for the nine current 2008 bond projects as well as future direction for the zoo campus. The zoo is leveraging the master plan to become a game-changing zoo dedicated to animal welfare and sustainable infrastructure.

In FY 2011, approximately 71% of the Zoo's financial resources were derived from business enterprise operations including revenues from admission fees, food/beverage sales, tuition/lecture ticket sales, temporary exhibits, train admissions and parking. Seven percent (7%) was generated from contributions, grants and memberships and by a conservation surcharge of \$0.25 per admission dedicated towards conservation efforts. Combined, these revenues accounted for 78% of the Zoo's FY 2011 operating expenses.

The OZF was created in 1997 by the merger of the private, non-profit support organization (Friends of the Zoo) with the Zoo's development office. Annual OZF support funds a large portion of zoo capital projects. In FY 2011, OZF contributed \$2.9 million.

Objectives of the OZF include identifying and retaining a diverse range of private funders to support the overall vision and mission of the zoo. These objectives fall into several categories, such as donors, members, restricted gifts, grants and sponsorships. In addition, the OZF partners with zoo staff to provide funding for conservation, education and endangered species recovery programs.



The Oregon Zoo is home to several primary exhibits including, but not limited to, the following:

- The Great Northwest
- Primates, including the Red Ape Reserve
- Asian Elephants
- Pacific Shores
- Predators of the Serengeti
- Africa

The Oregon Zoo is located in the 400-acre Washington Park area which includes other attractions such as the Portland Children’s Museum, World Forestry Center Discovery Museum, Hoyt Arboretum, Portland Japanese Garden and International Rose Test Garden. The Oregon Zoo’s unique offerings contribute to the vibrancy of Portland and the surrounding region.

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

- Supporting the vibrancy of the Tri-County metro area by attracting residents and visitors to surrounding business establishments;
- Providing a regional conservation education destination and resource promoting environmental stewardship;
- Providing a venue for lectures, symposiums, banquets and other unique engagements;
- Generating public awareness of endangered species, environmental issues and sustainability;
- Providing a recreational destination for tourists, families and community members; and
- Supporting local businesses through its operations such as generating additional economic activity and enhanced fiscal revenues and services as a major regional employer, from internal staff to contractors for projects such as exhibit construction and general maintenance.

While the value of some of these benefits is difficult to measure, the economic activity generated by the Oregon Zoo 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, Oregon Zoo management and the OZF, this analysis summarizes the estimated economic benefits and tax revenues generated from Oregon Zoo operations in FY 2011.

Summary of Attendance at the Oregon Zoo

In FY 2011, the Oregon Zoo admitted more than 1.5 million visitors, approximately 700,900 of which were admissions paid at the gate and 682,300 were purchased through membership fees. These paid visitors contribute to the economic impact by attracting overnight attendees from out-of-town that generate spending on items such as lodging, restaurants, entertainment and transportation.

Summary of Admissions at the Oregon Zoo - FY 2011	
Category	Number
Paid	700,877
Members	682,256
Free	153,170
Total Admissions	1,536,303

Source: Oregon Zoo management.

Summary of Estimated Economic Impacts from Oregon Zoo Operations

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

Estimated Economic Benefits From Oregon Zoo Operations - FY 2011	
Category	Amount
Spending	
Direct Spending	\$43,109,000
Indirect/Induced Spending	28,922,000
Total Spending	<u>\$72,031,000</u>
Total Jobs	760
Total Earnings	\$30,192,000

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

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 visitors and activities that support events held at the Oregon Zoo. Direct spending impacts are annually recurring in nature. The primary types of spending quantified in this analysis include:

- Attendee spending outside the Oregon Zoo;
- Oregon Zoo budgetary spending;
- Oregon Zoo capital improvement spending; and
- OZF operating expenditures (excluding OZF program and donor program support).

Attendee Spending Outside the Oregon Zoo

Based on information provided by management, as well as Oregon travel industry research, a portion of attendees were categorized as high impact, defined as those staying overnight. In FY 2011, approximately 15% of Oregon Zoo paid admissions were generated from residents outside the State of Oregon or Vancouver, Washington. Further, the Oregon Zoo commissioned a visitor intercept survey of attendees during the summer 2010. More than 300 surveys were collected with 20% of respondents coming from greater than one-hour drive. For purposes of this analysis, 10% of paid admissions were assumed to be high impact. In addition, spending estimates from the 2011 Dean Runyan Travel Impacts study were adjusted to avoid double counting spending that is accounted for in the zoo's budgetary spending. Based on these assumptions, a spending amount of \$88/day was applied to high impact attendees. Non-overnight attendee spending outside the zoo is not accounted for in this analysis as it is assumed that this spending would occur within the region without operation of the zoo. Spending by attendees inside the Oregon Zoo is taken into account by the facility's budgetary spending.

Oregon Zoo Budgetary Spending

Budgetary spending refers to the expenditures generated by the Oregon Zoo. Regardless of the source or magnitude of the revenues that the venue produces, this analysis focused on the operating expenditures occurring in the area economy. Based on information provided by management, operating expenditures for the Oregon Zoo were approximately \$25.1 million in FY 2011.

Oregon Zoo Capital Improvement Spending

The Oregon Zoo incurred approximately \$9.6 million in capital improvement expenditures during FY 2011 which was double the amount spend in FY 2010. Capital improvement projects included work on the veterinary medical center, the Penguin Filtration project as well as the Zoo Master Plan. Some capital projects, such as the veterinary medical center, are funded by the recent zoo improvement bond issue.

Oregon Zoo Foundation Operating Expenditures

The OZF incurred approximately \$2.3 million in operating costs during FY 2011. In order to avoid double-counting and provide a more conservative estimate, expenditures related to OZF program and donor program support are excluded as some of these funds flow directly to zoo operations.

Summary of Direct Spending Inputs

Based on information provided by Oregon Zoo management, visitor intercept surveys, travel research, the total direct spending related to Oregon Zoo attendees as well as Oregon Zoo and OZF operating expenditures was estimated to be \$43.1 million in FY 2011. The table below summarizes the breakdown of estimated direct spending by these three categories.

Estimated Direct Spending from Zoo Operations - FY 2011	
Category	Amount
Attendee Spending	\$6,167,000
Zoo Operations & Capital Improvements	34,637,000
Zoo Foundation Operations	2,305,000
Total	\$43,109,000

Finally, these direct spending amounts estimated to be generated from Oregon Zoo 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 Oregon Zoo operations was estimated to generate \$28.9 million in indirect/induced spending in FY 2011.



Total Spending

Outputs from the IMPLAN model indicate that total spending (i.e., direct, indirect and induced) from Oregon Zoo operations was estimated to be \$72.0 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 Oregon Zoo operations in FY 2011 was estimated to support approximately 760 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 Oregon Zoo operations in FY 2011 were estimated to be \$30.2 million.

Summary of Estimated Fiscal Impacts from Oregon Zoo Operations

As summarized in the table below, Oregon Zoo operations in FY 2011 were estimated to generate approximately \$1.2 million in tax revenues.

Estimated Fiscal Benefits From Oregon Zoo Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$795,000
Corporate Excise & Income Tax	85,000
Transient Lodging Tax	22,000
Total	<u>\$902,000</u>
Multnomah County	
Transient Lodging Tax	\$258,000
Business Income Tax	19,000
Total	<u>\$277,000</u>
GRAND TOTAL	\$1,179,000

Notes: No excise tax is collected from the Oregon Zoo.
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 Oregon Zoo 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 Oregon Zoo 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 Oregon Zoo 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 Oregon Zoo, 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 Oregon Zoo 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 Oregon Zoo operations.

Summary of Estimated Economic and Fiscal Impacts for Oregon Zoo – FY 2011

The Oregon Zoo is a unique business entity that generates significant economic activity to the region. In FY 2011, the Oregon Zoo attracted more than 1.5 million in total attendance. This activity was estimated to generate direct spending of approximately \$43.1 million. Outputs from the IMPLAN model indicate that total spending (i.e., direct, indirect and induced impacts) was \$72.0 million in FY 2011 which was estimated to support approximately 760 jobs that created \$30.2 million in personal earnings. These transactions were subject to taxes that were estimated to generate approximately \$1.2 million in FY 2011.