



Canby's Tourism Mission: "To inspire Canby area visitors to explore the many unique experiences, events, and attractions our community offers."

Taking Tourism to the Next Level

A Transient Room Tax Proposal

CANBY, OREGON - MAY 2ND, 2018

What is A Transient Room?



The official definition ... A room in a Transient Lodging Facility. This type of facility could be any structure, or any portion of any structure, which is occupied or intended or designed for transient occupancy, for thirty (30) days or less, for dwelling, lodging, or sleeping purposes.

A transient room could be in ...

- ▶ A hotel, motel, or inn
- ▶ A bed and breakfast
- ▶ A private home booked through Airbnb, Home Away, Vacasa, etc.
- ▶ A place to pitch a tent or park an RV...
campgrounds, mobile home or trailer parks
- ▶ Or other places with short term rooms for rent ...
condominiums or apartments, hostels, studio hotels, lodging houses, rooming houses, public or private dormitories, fraternities or sororities, or public and private clubs



Why Invest in Tourism?

- ▶ The Canby Community Vision identified supporting tourism and creating a transient room tax under the Arts and Culture Aspiration:
“Increase, coordinate, and promote arts and events that can build community cohesiveness and attract tourism to Canby”
- ▶ Tourists support our restaurants, attractions and events.
- ▶ Canby has a wide variety of visitor attractions, events and natural assets to build on.
- ▶ A stable, consistent source of dedicated funding to invest in tourism efforts will enhance attractions, increase visitors and build momentum over time.

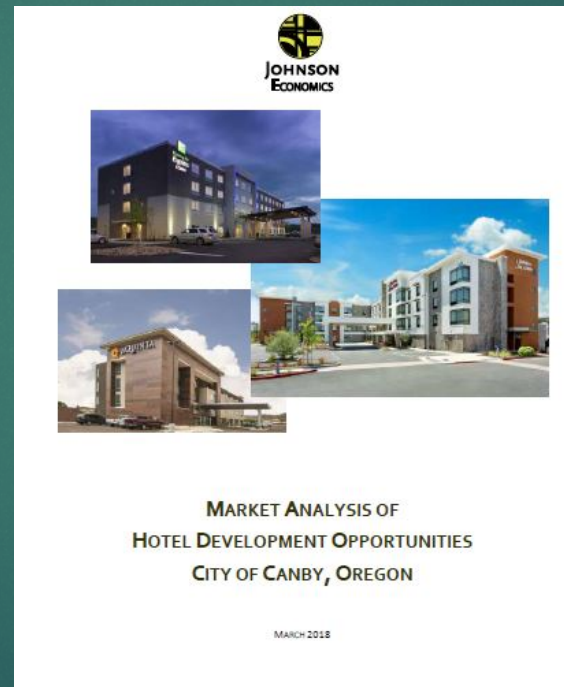


Recent City Tourism Efforts:

- ▶ Canby Visitor and Newcomers Guide
- ▶ New Tourism website... See: www.visitCanby.com
- ▶ Wayfinding Signs
- ▶ Hotel Study



Logo for the new Visit Canby Website



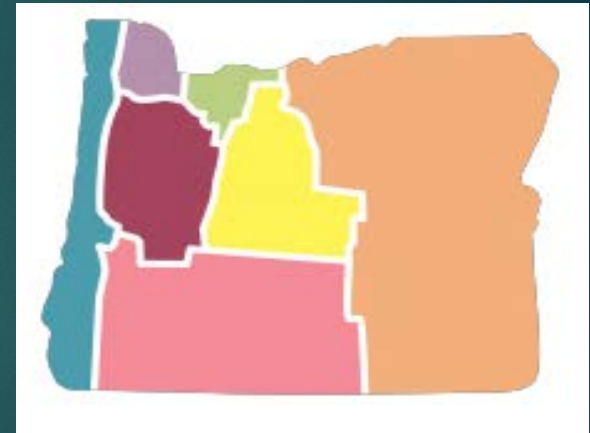
Hotel Study completed by Johnson Economics



Future Tourism Wayfinding Signs

Transient Room Tax Overview

- ▶ Of the 241 cities in Oregon, 86 have Transient Room Taxes. Of those, the vast majority (79) have a tax rate of 6% or higher. Only 3 cities have a 3% tax rate.
- ▶ Four cities in Clackamas County have Transient Room Taxes that range from 3% to 6%
- ▶ Transient Room Taxes raise funds to support tourism efforts. Cities can fund advertising and development of heritage, agritourism, recreation, and other tourism assets.
 - ▶ 70% of funds collected must be used for tourism promotion and tourism related facilities
 - ▶ 30% of the funds are unrestricted
- ▶ Can be collected at the state, county, and city level
 - ▶ The State has a 1.8% tax that supports Travel Oregon and Destination Marketing Organizations. Canby is served by Clackamas County and marketed as part of "Oregon's Mt. Hood Territory".
 - ▶ Clackamas County has a 6% tax that funds extensive tourism promotion, grants to communities for tourism development, and the Clackamas County Fairgrounds and Event Center.



Tourism Regions
in Oregon

Local Transient Room Tax Rates

Portland Metro Cities

Clackamas County Cities

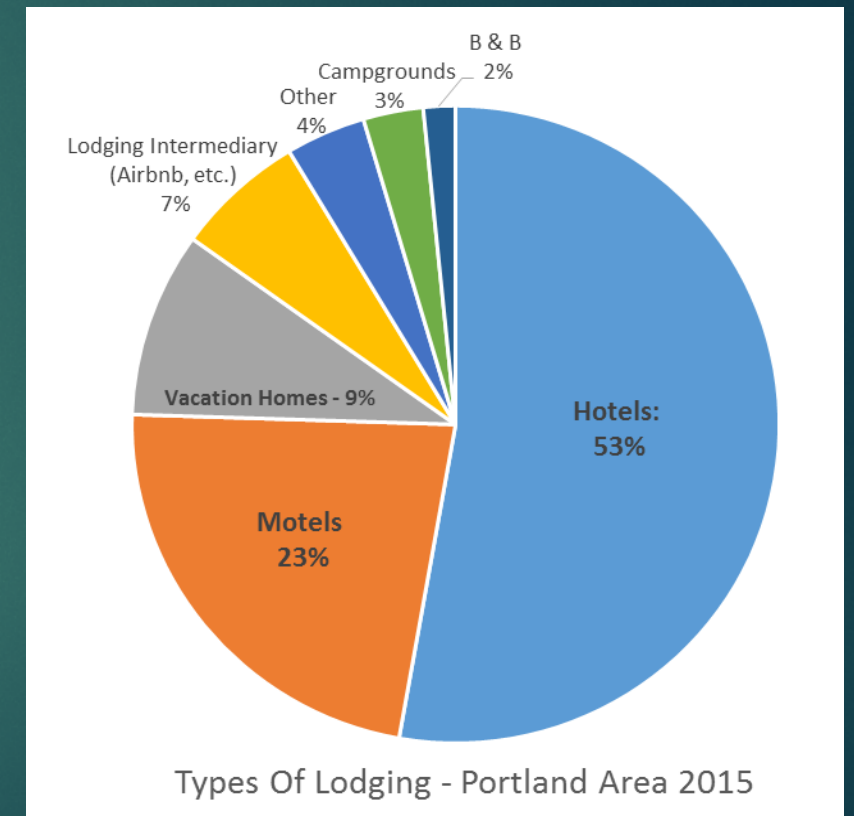
	Portland	Beaverton	Hillsboro	Lake Oswego	Wilsonville	Oregon City	Sandy	Canby
City	8%	4%	3% (proposed)	6%	5%	6%	3%	0%
County	5.5%	9%	9%	6%	6%	6%	6%	6%
State	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Total	15.3%	14.8%	13.8%	13.8%	12.8%	12.8%	10.8%	7.8%

Average Transient Room Tax Revenues

Portland	Beaverton	Hillsboro	Lake Oswego	Wilsonville	Oregon City	Sandy
\$50,543,000	\$861,000	\$1,830,000 (estimated)	\$1,146,000	\$470,000	\$180,000	\$37,000

Lodging Choices

- ▶ Hotels and motels account for the majority of transient room stays in the area
 - ▶ In recent years, short-term rentals and online hosting platforms like VRBO and Airbnb are a popular option.
- ▶ Rising demand for lodging in Canby comes from...
 - ▶ Lots of business and event driven travel
 - ▶ Visitors looking for a business class hotel are choosing to stay in Wilsonville, Oregon City, and Bridgeport Village



What Drives Demand For Lodging In Canby?

- ▶ Clackamas County Event Center
 - ▶ Clackamas County Fair
- ▶ Business trips to the Industrial Park
- ▶ Tourism related stays
 - ▶ Heritage and agritourism
- ▶ Group stays for school/tourist groups
- ▶ Sporting events
- ▶ Family events



Canby Pioneer Industrial Park



Canby High School Basketball



Clackamas County Fair

Collections Logistics

- ▶ People staying in lodging facilities pay the Transient Room Tax
- ▶ Transient lodging providers collect the tax with payment or at checkout.
 - ▶ Lodging operators keep 5% of the tax to cover their cost of administration
 - ▶ The tax is added on to the listed room rate
 - ▶ The tax is not listed on a travel or hotel booking website upfront
 - ▶ Hotel taxes do not significantly affect demand or peoples decision to stay in a community or lodging facility.
- ▶ Lodging providers and operators already collect this tax for the state and county. Adding a City tax should not cause significant challenges for them.
- ▶ The following entities are exempt from the tax:
 - ▶ Anyone who stays in a lodging facility for 30 consecutive days in a year
 - ▶ Any lodging facility charging less than \$15 a day
 - ▶ Stays in a hospital, health care facility, or long-term care facility
 - ▶ Dwellings at a nonprofit youth or church camp, or nonprofit facility





Expected Revenue

Based on current Canby lodging and occupancy rates

Projected revenues based on current conditions

Total room nights (Current): 12,775

Rate: \$76

Annual Occupancy Rate		3% Tax rate	4% Tax rate	5% Tax rate	6% Tax rate
Low	35%	\$9,120	\$12,455	\$15,590	\$19,120
Moderate	50%	\$12,956	\$17,190	\$21,440	\$25,830
High	70%	\$18,020	\$23,998	\$30,455	\$36,200

Assumptions based on current Motel 6 with 35 rooms at an average room rate of \$76



Estimated Future Revenue

Based on Canby's current hotel an a new 80 room upper mid-scale hotel.

Projected revenues with a new hotel

New total room nights: 34,675

Combined Avg. rate: \$93

Annual Occupancy Rate		3% Tax rate	4% Tax rate	5% Tax rate	6% Tax rate
Low	35%	\$39,780	\$52,774	\$65,967	\$79,010
Moderate	50%	\$56,756	\$75,391	\$94,238	\$113,042
High	70%	\$79,340	\$105,547	\$131,934	\$158,231

Assumptions: The current Motel 6 plus a new 80 room hotel w. average room rates of \$100/night

How Could Canby Invest Transient Room Tax Revenues?

- ▶ 70% of the revenue must be dedicated to tourism

- ▶ It can be used to support projects like:

- ▶ Tourism website and brochures
- ▶ Heritage trails
- ▶ Signage projects
- ▶ Advertising and promotion
- ▶ Tourism attraction development

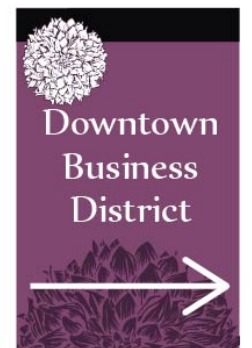
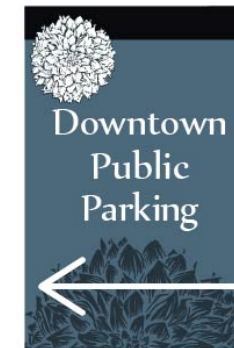


VisitCanby.com homepage



Women's Heritage Trail brochure

Color palette



Concept art for downtown signage

How Could Canby Invest Transient Room Tax Revenue?

- ▶ 30% of the funds are unrestricted - Uses could include
 - ▶ Supporting and coordinating local events
 - ▶ Could offset the cost of renting equipment, or to cover the cost of police/public works involvement for events
 - ▶ Infrastructure directly related to events
 - ▶ Projects that are not directly related to tourism



Canby Street Dance



Light Up the Night



Independence Day
Celebration

Challenges with online short term rentals

- ▶ Online travel services are popular and convenient for finding and paying for lodging.
- ▶ VRBO and Airbnb and others have resisted collecting and paying lodging taxes to states, counties and cities.
- ▶ Clackamas County and the city of Portland currently have lawsuits against Airbnb to get them to comply with Transient Room Tax regulations
- ▶ HB 4120 seeks to hold these online services accountable. It was approved by the Legislature and was signed by the Governor on March 16th
- ▶ It expands definition of “transient lodging intermediary” to include a person that collects consideration for occupancy of transient lodging and person that receives fee or commission and requires transient lodging provider to use specified third-party entity to collect consideration for occupancy of transient lodging.
- ▶ Individual lodging providers would register with the state, county, and city beginning July 1.
 - ▶ Some individual Airbnb establishments are already collecting the tax.



Next Steps...

- ▶ Hear public input on the Transient Room Tax Proposal (May 2018)
- ▶ The City Council could enact legislation to establish a Transient Room Tax to:
 - ▶ Include all short-term rental platforms
 - ▶ Begin collecting revenues July 1, 2018
 - ▶ Educate lodging providers on the collections process and benefits of the program.
 - ▶ Expand tourism development and promotion efforts
 - ▶ Create a visitor friendly environment and service industry to support and attract tourists
- ▶ Attract additional lodging providers in Canby



Staff Recommendation

- ▶ Impose a 6% Tax Rate – this will raise enough funding to create an impact quickly.
- ▶ Recommended Use of Funds: Devote 100% to support tourism
 - ▶ 70% for tourism promotion and development
 - ▶ 30% should fund other tourism related expenses
- ▶ Canby Economic Development staff is best suited to implement the program.



Questions?

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