

Palm Springs Tourism Infrastructure District FAQs

WHAT IS A TOURISM INFRASTRUCTURE DISTRICT (TID)?

A TID is a type of special assessment district where a coalition of businesses have agreed to organize their efforts to pool funds together to fund capital improvements that support long-term economic vitality, enhance the visitor experience, and strengthen the destination's competitiveness.

WHY IS THIS PROJECT ESSENTIAL FOR PALM SPRINGS?

Investing in Our Shared Ecosystem: The Palm Springs Convention Center is an economic engine that sustains the vibrant, year-round lifestyle of our city. A modernized, competitive facility brings consistent visitation that allows our local restaurants, boutique retail, and cultural attractions to thrive. Without a strong convention calendar to sustain these businesses, the local amenities that make Palm Springs so desirable would inevitably suffer.

Enhancing the STR Guest Experience: When visitors book a Short-Term Rental (STR), they are not just renting a property—they are booking the Palm Springs experience. They expect a dynamic downtown, world-class dining, and thriving arts and culture. By funding infrastructure that keeps the city's economic core healthy, the TID ensures that the surrounding amenities STR guests rely on remain robust. A premium destination experience directly translates to glowing reviews, repeat bookings, and sustained demand for STR properties.

Elevating the Destination Brand: The proposed 1% assessment on room rental revenue is an industry-led investment in the long-term health of the Palm Springs brand. The funding source is designed to modernize our infrastructure, improve downtown connectivity, and keep us competitive with other premier destinations. When the overall destination brand is elevated, every lodging sector benefits from increased global desirability, stronger occupancy, and the ability to maintain competitive nightly rates.

WHAT IS BEING PROPOSED?

The proposed Palm Springs TID includes:

- A 1% assessment on room rental revenue for all lodging stays
- Industry-led governance through an Owners' Association, including STR representation
- Dedicated funding for modernization and expansion of the Palm Springs Convention Center and improvements to downtown connectivity

This is not a tax imposed on the industry—the assessment is a self-assessment led by the industry, designed to invest in its own future.

WHY A TID—AND NOT A TOT INCREASE?

The lodging industry carefully evaluated funding options to support long-term tourism growth. Ultimately, a TID was selected over a Transient Occupancy Tax (TOT) increase because it provides greater accountability and direct industry control.

A TOT is a general tax, voted on by residents, that flows into the City's General Fund and supports a wide range of municipal services. In contrast, a TID is a business-led assessment that can only be used for specific purposes that directly benefit the businesses paying into it.

This distinction matters.

A TID ensures that every dollar collected is reinvested back into tourism infrastructure—specifically, improvements that drive visitation, increase demand, and ultimately support occupancy and nightly rates across all lodging types, including STRs.

WHY ARE SHORT-TERM RENTAL (STRs) INCLUDED?

Short-term rentals are an essential pillar of the Palm Springs lodging ecosystem. The proposed TID is an industry-wide investment in the overall health, brand, and infrastructure of our destination, which directly supports the success of the STR market in several key ways:

The Compression Factor: A key factor in convention markets is compression—when total lodging demand exceeds what any one segment can accommodate on its own. According to the CSL Convention Industry Futures Study, Palm Springs has approximately 1,243 hotel rooms within a half-mile of the Convention Center and between roughly 455 and 796 committable rooms available for group business at any given time, depending on seasonality.

To put that into context, major events such as ESRI’s Annual Conference—one of the largest conventions hosted in Palm Springs has 4,500 attendees—generate significant citywide demand that extends well beyond traditional hotel inventory. For events of this scale, it is not possible to accommodate all attendees within hotel room blocks alone. Instead, attendees book across the full lodging spectrum, including short-term rentals and boutique hotels, to meet the total demand.

This is not incidental—this diverse package is fundamental to how Palm Springs functions as a convention destination. STRs play a critical role in meeting this demand, particularly for group travel, extended stays, and attendees seeking alternatives to traditional hotel accommodations. Without this broader lodging capacity, Palm Springs would be significantly constrained in its ability to compete for and host large-scale events like ESRI.

In this way, STRs benefit both:

- Directly, through convention attendees, group travel, and event-driven demand
- Indirectly, through increased visitation, longer stays, and a stronger, more competitive destination

The TID is designed to grow total demand—not shift business between lodging types—ensuring that when Palm Springs attracts more visitors, that demand flows across the entire lodging market, including STRs.

Diverse Lodging is a Competitive Advantage: Palm Springs has a unique competitive advantage compared to other convention destinations. Rather than relying on a single type of lodging, the destination offers a diverse mix of large hotels, small hotels, and short-term rentals. This variety is increasingly attractive to meeting planners who are seeking destinations that can accommodate different group sizes, preferences, and experiences, while also offering a more authentic, flexible, and experience-driven stay.

Fueling the Local Ecosystem Your Guests Expect: When visitors book an STR, they are buying into the complete Palm Springs experience—world-class dining, boutique retail, and a vibrant arts and culture scene. The Convention Center acts as a vital economic engine that brings consistent, year-round visitation to sustain these local businesses. If the Convention Center loses its competitive edge, the surrounding amenities that STR guests rely on will inevitably suffer. By investing in the center, we ensure the entire city remains a premier, thriving destination.

Elevating the Destination Brand and Nightly Rates: A modernized, top-tier convention center elevates the global brand profile of Palm Springs. When the overall destination is perceived as premium, modern, and highly desirable, every lodging sector benefits. A stronger destination brand translates directly to increased global visibility, stronger overall occupancy, and the ability for STR operators to maintain highly competitive nightly rates.

Enhancing Walkability and the Guest Experience: A significant portion of the TID funding is dedicated to improving pedestrian access and connectivity between the Convention Center and downtown businesses. STR guests highly value walkability and seamless access to dining and entertainment. Creating shaded, inviting, and modernized pedestrian corridors makes the city more attractive to your renters, directly improving their stay and leading to better reviews and repeat bookings.

A Guest-Funded Investment in Our Future: Note that the 1% assessment is a "pass-through" cost paid by the visitor, not an out-of-pocket expense for the STR operator. The TID functions as a seamless way for guests to help fund the civic infrastructure and vibrant downtown amenities they enjoy during their stay, ensuring Palm Springs remains a top-tier destination for decades to come.

DO CONVENTIONS DRIVE FUTURE DEMAND FOR LODGING, SPECIFICALLY STRS?

Yes, conventions are not one-time economic events — they are long-term demand generators. A positive destination experience converts attendees into repeat visitors who often return on their own dime and choose STRs for their stay.

Conventions are often the first introduction visitors have to Palm Springs, generally staying in hotels as part of a room block. However, a VGPS study shows that 85% of attendees are likely to return to the same event and 77% would attend a different event if the destination experience is positive. Just as importantly, 79% say they are likely to return for leisure travel. This creates a clear pipeline: visitors first come for a convention, then return later on their own—and at that point, many choose STRs for a more personalized and flexible stay.

This means STRs play a critical role in capturing the downstream economic impact of conventions, including repeat visitation, longer stays, and increased local spending.

HOW MUCH MONEY WOULD THE TID RAISE?

The PSTID is projected to raise approximately \$4 million annually, based on current modeling.

HOW WOULD THE FUNDS BE USED?

The funds would primarily be used to pay for the debt service portion of the budget used to fund capital improvements. The focus of the capital improvements program is to fund a portion of the planned modernization and expansion to the Palm Springs Convention Center, specifically modernizing the convention center's existing facilities, including exhibit halls, ballroom, meeting rooms, and the lobby, as well improving pedestrian access and connectivity between the convention center and downtown businesses. These improvements are designed to increase visitation and increase the desirability of the Palm Springs Convention Center as a tourist, meeting, event, and culinary destination, thereby increasing sales for assessed lodging businesses.

Any assessment funds collected in excess of what is needed to bond obligations, design costs or administrative expenses, may be used for sales and marketing programs to drive visitation to assessed businesses, if funds allow.



ARE THESE ASSESSMENTS AND TAXES MAKING STRs NOT COMPETITIVE?

We understand concerns about pricing and competitiveness. The 1% assessment is passed through to guests, similar to TOT, and in most cases represents a relatively small increase in the total cost of a stay.

The structure of the combined TOT and TID creates a clear differential in pass-through rates, with group-serving hotels at approximately 17.5% compared to 13.5% for short-term rentals. That gap gives STRs a modest but meaningful pricing advantage in the marketplace, particularly for price-sensitive travelers, and naturally positions them to capture a portion of demand during conventions and peak periods.

Lodging Type	TOT (%)	TBID (%)	Current Total Pass Thru (%)	+ Proposed PSTID 1%	Proposed Total Pass Thru (%)
Group Meeting Hotels	13.5%	3.0%	16.5%	+1.0%	17.5%
Hotels (50+ rooms)	11.5%	3.0%	14.5%	+1.0%	15.5%
Small Hotels (49 rooms or less)	11.5%	1.0%	12.5%	+1.0%	13.5%
STRs	11.5%	1.0%	12.5%	+1.0%	13.5%

The goal of the TID is that increased demand—driven by more events, visitors, and improved destination quality—helps offset that marginal increase through stronger occupancy and pricing over time.

ARE STRs PROMOTED BY THE CONVENTION CENTER?

Yes—STRs are a key part of how Palm Springs markets itself to convention planners. Because the City does not have enough large hotel room blocks alone, we rely on a mix of hotels, small hotels, and STRs to demonstrate sufficient lodging capacity. Since STRs are legally permitted and regulated in the City of Palm Springs, this gives planners confidence that Palm Springs can fully accommodate their events.

WHEN DO WE GET TO VOTE ON THIS TID?

There is no city wide vote on this TID. TIDs are not approved by voters as they are done through a petition drive. Under state law, a TID is initiated through a petition process, where support is measured based on the share of assessment each business would pay. Once the required threshold is met, the process moves into formal notice and public hearing requirements—which is the stage we are now entering.

PROCESS, OUTREACH, AND PARTICIPATION

We recognize that some STR operators may feel they were not sufficiently engaged during earlier stages of the process.

The outreach approach used for the TID was consistent across all lodging sectors. Large hotels, small hotels, and STRs were engaged through their respective associations, with presentations provided and invitations extended for broader participation. For the STR community, this included engagement with VRON leadership, a VRON-hosted public meeting with approximately 85 participants, and communications distributed to permitted operators in January 2026.

Palm Springs has around 150 hotel operators compared to nearly 3,000 STR permit holders, making direct, one-to-one engagement more complex. This difference in scale is important to acknowledge. As with all sectors, participation ultimately depends on individual availability and engagement.

Moving forward, there are multiple opportunities for participation, including a City Council public meeting on May 12 and public hearing on May 27 where public comments can be made. There is also a STR-focused webinar scheduled on May 4. These steps are designed to ensure transparency and allow all stakeholders to engage before any final decision is made.

GOVERNANCE AND STR REPRESENTATION

The TID will be managed by a dedicated Owners' Association with representation from each lodging sector, which includes short-term rental operators, small hotel operators and large hotel operators.

This ensures STRs have a direct voice in how funds are managed and invested.