



City Council

AGENDA ITEM TYPE: Enactment Reading of Ordinance

Enactment Reading: Council Bill No. 04-25: Establishing Massage Business License Regulations

Meeting Date: June 17, 2025

Staff Member: Chris Fick
Helen Toloza

Service Area: Office of Governance and Management

Agenda Item Number:C-10

Requested Council Action and Suggested Motion:

Move to approve the enactment reading of Council Bill No. 04-25, an ordinance amending Gresham Revised Code Chapter 9, Business License and Regulations, to adopt Article 9.11, Massage Business License

Public Purpose, Community Outcome, and Strategic Plan Alignment:

The purpose of this article is to regulate massage businesses within the City of Gresham to ensure compliance with Oregon State Board of Massage Therapy requirements around massage practice, as well as to reduce the likelihood of illicit activities in certain businesses. Regionally, illicit activities such as prostitution and human trafficking are being perpetrated under the cover of massage businesses. Given this reality, it is necessary to require pertinent information from massage businesses, annual inspections to ensure their lawful operation, and operational hour limitations to reduce the likelihood of illicit activities. This is in alignment with the City's Strategic Plan for community safety to reduce risk, harm, and violence and meet the community's needs.

Background:

According to data from The Network, a national nonprofit organization that combats human trafficking, the number of illicit massage parlors in Oregon has increased from 77 in 2019 to 256 in 2024. In the City of Portland, the number has increased from 36 to 114. Anecdotal and limited evidence from the Gresham Police Department, including evidence from the alleged sexual assault of two workers at two separate massage businesses, indicate the presence of illicit massage businesses in Gresham as well. Currently, the City has roughly 40 massage businesses. In October 2024, Gresham City Council asked staff to research and report back on best practices to address the proliferation of such illicit businesses. Staff collected best practices from The Network, the Oregon State Board of Massage Therapy, and the cities of Scappoose and Gladstone, who have passed ordinances regulating massage businesses in their jurisdictions. Staff also held two listening sessions with Gresham businesses and two work sessions with City Council to obtain further feedback and directions. Currently, state law requires those practicing massage or running a massage business to obtain state licensure. However, the Oregon State Board of Massage Therapy is unable to properly investigate massage businesses to ensure compliance. Their authority also does not enable them to shutter a business, an authority that resides with cities who require local business licensure. Gresham Revised Code, however, does not require proof of proper state massage licensure for massage businesses seeking to obtain a Gresham business license. This gap in regulation and authority enables massage businesses to operate as covers for illicit activities. Recommended best practices to reduce the likelihood of illicit activities include: independent background checks on all massage business workers; in-person business license application submissions; documentation of state massage therapy licensure status; floorplans of massage businesses; disclosure of all phone numbers used by the business; mandating the cessation of business by 10pm; enabling city inspections; specifying the consequences for violations; and prohibiting the covering of front windows. Earlier this year, staff facilitated two listening sessions with Gresham business owners on February 10 and March 27 and two work sessions before Council on March 4 and April 15. Staff have drafted a proposed code that aims to limit the impact of additional requirements on lawfully operating businesses while also giving the City the tools it needs to discourage illicit businesses from opening and shutter those that may be operating. The proposed code would require: in person business license applications when first obtaining a business license; the disclosure of personal identification (valid state-issued identification, full name, birth date, residence address, etc.) for all owners, managers, and employees; photocopies of practicing massage therapists' state-issued licenses; updates to personnel and licensure status to city within 90 days of changes; disclosure of all phone numbers used by the business; the cessation of business between the hours of 10 PM and 6 AM; documentary evidence that the business owner has possession of the property in use at the time of the application; and the property management company's information. The proposed code would also enable the City to: inspect massage businesses annually and as needed, based on compliance issues and complaints; deny or revoke a business license based on the failure to adhere to City code; and permit violations uncovered by the Oregon State Board of Massage Therapy as grounds for the denial or revocation of a business license. Lastly, the proposed code grants the City manager with the authority to make decisions on business licenses issuance and revocation and outlines the process to appeal any business license

decision. Importantly, the proposed documentary requirements will be imposed on existing business license holders as their license comes up for renewal. The proposed code also specifies that updates to personnel and state licensure can be made electronically. Council will also be provided with updates from staff about how the program is working and its impact on illicit activities and massage businesses roughly one and two years after implementation of the ordinance. At Council's June 3, 2025 meeting staff presented the Council Bill to address these changes and Council voted to approve the first reading.

Recommendation and Alternatives:

Recommendation: Staff recommends that Council move to approve the enactment reading of Council Bill No. 04-25, an ordinance amending Gresham Revised Code Chapter 9, Business Licenses and Regulations, to adopt Article 9.11,

Massage Business License.

Alternatives: Direct staff to revise Council Bill No. 04-25 and return at a later date. Amending Council Bill No. 04-25 would delay enactment of the bill.

No Action: If Council takes no action, the City will not impose additional requirements on certain business in an attempt to address illicit activity within the City of Gresham.

Budget/Financial Impact:

Costs associated with developing the initial code and administrative processes related to initially implementing the proposed code changes are included as part of the current service level within the approved FY24-25 budget and the proposed FY25-26 budget. There are no additional ongoing costs necessary to cover the proposed business license process or initial code compliance inspections. The fee schedule for inspections proposed in the Code will be sufficient to cover additional inspection costs.

Public Involvement:

Public involvement related to massage business license regulations has been conducted through the Office of Governance and Management, in coordination with Code Compliance and the Gresham Police Department. Opportunities for public engagement have included:

- Business owner listening session – February 10, 2025
- City Council Work Session – March 4, 2025
- Business owner listening session – March 27, 2025
- City Council Business Meeting – April 15, 2025
- Comment period on draft ordinance for those who attended listening sessions – May 16-21, 2025

Information on the listening sessions was communicated through email and USPS mail to more than 40 Gresham massage businesses. The feedback provided has meaningfully informed Gresham's proposed code changes.

Attachments:

A. Enactment Reading CB 04-25

Reviewed Through:

Chris Fick, Senior Policy Advisor
Helen Toloza, Deputy City Attorney
Christina Still, City Recorder