

Replacement of the Additional Hotel Room Tax

Summary: With the implementation of the Harmonized Sales Tax (HST), the future of the Additional Hotel Room Tax (AHRT) is uncertain.

In August 2009, the Provincial Government announced the ending of the British Columbia Social Services Tax (governing the PST) and the start of a harmonized sales tax (HST) with the federal government. The ending of the BCSST also included the ending of the Hotel Sales Tax act which, in part, funds tourism marketing at many levels in British Columbia.

While there is an interim extension to July 2012, over 35 Destination Marketing Organizations (DMO) in the province of British Columbia are facing uncertainty for their future tourism marketing efforts that will impact the business community in all their cities and towns.

DMOs play an active and critical role in strengthening and growing the tourism industry in BC and the industry is advocating for a sustainable and long term funding model for the DMO system. This uncertainty will impact over 27 million in tourism marketing by cities and communities.

Current Situation

The Government of British Columbia have provided an extension of the collection of the 2% Hotel Tax to June 30, 2012. To implement a new system, legislation is required in 2011 to provide the certainty required for marketing and planning processes and for the health of the tourism industry.

Key Principles

The Tourism Kamloops Board is advocating for the Replacement Tax Model (RTM) to incorporate the following key principles:

- Implementation of the RTM tax would be based on the majority vote in favour by the accommodation industry within the municipality.
- There be a mandatory renewal process based on a sunset clause and performance metrics and accountability to industry.
- There be clear criteria set in the approach to establishment of eligible entity.
- RTM would ensure revenues are utilized for pure marketing purposes.
- RTM reflects the need for local stakeholder autonomy and allow for flexibility in delivering effective marketing strategies.
- RTM allows for a proportional board governance structure, representative of the tourism industry stakeholders.

THE CHAMBER RECOMMENDS

That the Provincial Government move swiftly, in collaboration with the DMO system and the broad base of the tourism industry, to implement the RTM legislation in 2011 to ensure the future of BC's tourism marketing efforts.

Submitted by Tourism Kamloops