

# Tourism Accommodation Tax

## Supporting Municipal Decision-Making



# A Joint Partnership



All partners share an interest in:

- Effective, compliant implementation
- Clear municipal decision-making
- Demonstrable success stories from early adopters

# Legislative Authority

Section 129 of the *Towns and Local Service Districts Act* authorizes towns to implement a Tourism Accommodation Tax

The tax enables towns to:

- Generate targeted revenue for tourism purposes
- Align local tourism with provincial tourism strategies
- Support tourism growth, visitation, revenues, and jobs

**Implementation is discretionary, not mandatory**

# Key Parameters of the Tax

Maximum tax rate: 4% of the daily accommodation rate

Maximum 12% of revenues may be used for administration and collection

A municipal by-law is required if a town proceeds

By-laws must:

- Comply with Section 129 of the Act
- Be posted publicly on the town's website
- Be provided to MACA for monitoring purposes



# **Provincial regulations are not required at this time**

If regulations are introduced in the future all existing and future by-laws must comply

Municipalities should design by-laws with flexibility and future compliance in mind

# Core Intent of the Tax

Revenue must be used exclusively for tourism purposes  
Funds are not intended to supplement general operating budgets


Spending should:

- Support tourism development and visitor experience
- Align with provincial tourism strategies
- Be transparent and defensible

# Purpose Matters

What is good for the community can also be good for tourism

- Is there a clear and credible connection to tourism outcomes?
- Does the investment support visitation, experience, or capacity?



# Importance of Stakeholder Engagement

- Engage local tourism stakeholders early and consistently
- Build support and shared understanding from the outset

# Regional Collaboration and Alignment

Where possible, towns are encouraged to:

- Collaborate regionally or within destination areas
- Pursue efficiencies and economies of scale

Levy investments should be aligned with:

- Provincial tourism strategies and priorities
- Existing regional tourism efforts and partnerships

# Is the Tax Beneficial for This Community?

Key municipal decision:

- Whether to implement a Tourism Accommodation Tax at this time

# Potential Benefits

An aerial photograph of a coastal town, likely in a Scandinavian region, featuring a prominent church with two spires on a hillside. The town is situated along a waterfront with several boats docked at a pier. The background shows forested hills. The image is overlaid with a semi-transparent white box containing text and a blue-to-green gradient overlay on the right side.

- Dedicated tourism-only funding stream
- Reinvestment of visitor-generated revenue
- Improved tourism assets and visitor experience
- Better alignment of tourism and municipal planning

# Considerations

- Administrative capacity and reporting obligations
- Industry readiness and support
- Community expectations and accountability
- Ability to deliver tourism-focused outcomes
- **Choosing not to proceed is a valid outcome**



# Governance and Use of Funds

- If a municipality proceeds, focus shifts to how revenues are managed

# Governance Best Practices

The background of the slide is a scenic landscape. It features a forested hillside on the left, a small town with several buildings in the middle ground, and a body of water on the right. The sky is overcast with soft, grey clouds. The overall color palette is muted, with greens, browns, and greys.

- Establish a tourism advisory committee (Section 48 of the Act), or
- Use an existing suitable tourism committee/regional tourism organization
- Ensure tourism sector representation
- Use clear, transparent decision-making and reporting processes

# Permitted Tourism Purposes

- Destination & Product Development
- Tourist site facilities (parking, restrooms, visitor info)
- Market and digital readiness of assets
- Trails, attractions, wayfinding, signage
- Meetings & Conventions

- Event planning support
- Hosting conferences or major tourism events
- Visitor Services
- Visitor information and ambassador programs
- Accessibility improvements

# Marketing Activities: What */s* Permitted

- Collateral production (e.g., brochures)
- Consumer-focused asset development (photography/videography)
- Marketing partnerships with Regional DMOs

# Tourism Purposes: NOT Permitted

- Paid media advertising (print, radio, TV, digital, social, search)
- Website development, hosting, or maintenance
- Social media tools or management platforms
- Consumer shows and events
- Familiarization tours
- Travel media relations
- Travel trade marketplaces



# Spending in the Spirit of the Tax

Transparency and accountability are essential

- Investments should:
  - Clearly support tourism outcomes
  - Align with provincial and regional strategies
  - Be defensible to residents, industry, and visitors

An aerial photograph of a town with a river, a park, and residential areas. The title 'Role of Partner Organizations' is overlaid in large, bold, black text.

# Role of Partner Organizations

- MACA: legislative authority, guidance, oversight
- HNL & MNL: support informed municipal decision-making
- TCAR: industry insight and connection

# Key Takeaways for Municipal Engagement

- The Tourism Accommodation Tax is a local choice
- Flexibility exists — within clear legislative parameters
- Success depends on:
  - Good governance
  - Strong industry engagement
  - Tourism-focused investment decisions