

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?

An aerial photograph of a town situated in a valley. A river flows through the center, with a dam and a bridge crossing it. The town is surrounded by lush green hills and forests. The sky is clear and blue. The overall scene is peaceful and scenic.

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

- 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

A scenic landscape featuring a forested hillside, a small town with several buildings, and a body of water in the foreground. The sky is filled with soft, colorful clouds in shades of orange, yellow, and green, suggesting a sunrise or sunset. The overall atmosphere is peaceful and natural.

- 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 houses 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 *Is* 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 and a bridge. The town is built on a hillside with many houses. A bridge crosses the river, and a bus is visible on the road. The text 'Role of Partner Organizations' is overlaid on the image.

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