



TO: Mayor and Council
Chair and Board
Chief Administrative Officer and Staff

FROM: UBCM

DATE: December 10, 2009

RE: Additional Hotel Room Tax

When the Harmonized Sales Tax (HST) is implemented in July 2010, the Additional Hotel Room Tax (AHRT), an additional 2% tax that local governments can currently apply to have imposed in local tourism markets, would be eliminated. The Province has recognized the significant impact this would have on tourism marketing activities across BC and has indicated the AHRT will be retained until July 2011. In the meantime, the Ministry of Finance and the Ministry of Tourism, Culture & the Arts are undertaking a consultation process with key stakeholders.

To date, UBCM staff have spoken with a representative sample of local governments that currently receive the AHRT. The message we have clearly heard is that the AHRT is irreplaceable and that local governments must retain their voice at the table in local decision-making for tourism destination marketing.

UBCM is actively working with the Ministry of Finance to ensure the impact on local governments is considered and have presented a case for retaining the AHRT in the current delivery model. Our letter to the Ministry (Attachment 1), dated December 8, 2009, is attached. Other stakeholders have also approached the Ministry - in some cases with proposed changes to the AHRT program. In particular, the BC Hotel Association (BCHA) has prepared the attached proposal (see Attachment 2) which would change the AHRT to a Destination Marketing Fee and potentially remove local government from the fee collection and expenditure process.

We have recently become aware that the Ministry of Tourism, Culture & the Arts is preparing a "DMO Funding & Structure Green Paper" that will be distributed to stakeholders, including UBCM, by December 17. Feedback on the Green Paper will be considered at a DMO Forum in early January.

In order to ensure the voice of local government is included in the Green Paper and in subsequent conversations, we are asking our members that are currently receiving AHRT revenues, who have recently made an application for the AHRT or who may consider applying in the future to review the attachments and submit comments directly to the Minister of Finance and the Minister of Tourism, Culture & the Arts.

Please copy your comments to UBCM to help staff continue to work with the Ministry of Finance to develop a solution that recognizes and values the important role local governments play in local tourism marketing.

For more information or to submit comments or feedback, please contact:

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