

**Mayor Savage - speaking points**

**Law Amendments Committee: Bill 204 (marketing levy)**

**Thursday, October 20<sup>th</sup>, 2022 | 9:10am**

- I am here to lend my support to this bill, which will allow the Halifax region to leverage new dollars from visitors to further invest in a tourism industry that today results in about \$1.3 billion in annual spending in HRM.
- This legislation puts Nova Scotia closer to a level playing field with other Canadian provinces when it comes to tourism marketing and development.
- For example, New Brunswick recently announced legislation to support a hotel levy of 3.5% and Ontario is at 4%. While rates vary across the country, the range is from 3% to 8%
- HRM supports the increase to the 2 per cent cap on the market levy – however, Regional Council has requested that the levy cap be removed altogether.
- This would provide us with the flexibility needed to work with our industry partners to determine appropriate funding levels to respond to developments in the tourism sector and remain competitive with other destinations.

- HRM likewise welcomes the amendment enabling the levy to be applied to operations consisting of less than 20 rooms.
- Short-term rentals are playing an increasingly large role in the tourist accommodation sector. The ability to apply the levy to these operations will help ensure a more level playing field between traditional hotels and short-term rental operations while also providing greater support for destination marketing and development activities.
- Tourism dollars spent in our province benefit everyone – not just the businesses on the front lines, but residents and communities as well. It supports rural, urban suburban parts of HRM, improving the lot for many small to mid-size businesses.
- The need to increase the levy is one of those instances where there seems to be agreement, between the city and province, Destination Halifax and the Hotel Association.
- HRM and the Hotel Association entered into an MOU in 2022 to support an increase in the current marketing levy.

- the Hotel Assoc. has agreed to support the lifting of the 2 per cent cap and the Municipality has agreed to match this investment.
- An increased levy will make us more competitive in marketing our region and allow marketing and tourism investment to realize the potential of the expanding tourism sector and enhance our competitive position relative to other jurisdictions.
- Consider this: The average investment by our Canadian competitors is right now more than 2.5 times greater than in HRM. And, unlike many of its urban competitors Destination Halifax is mandated to a geographic area the size of PEI.
- While DH continues to benefit from municipal contributions that make up 11 % of its revenue; it has received no provincial funding since it was canceled in 2016. This, combined with the lower levy, means Halifax is now in last place among its competitors for per hotel room marketing investment.
- The work that can be undertaken with additional revenues from an increased levy to draw more people to the region



pays dividends to provincial and municipal coffers. Indeed, the business case prepared by HRM, the Hotels Assoc and Destination Halifax found a modest 2.5 % increase in visitation would generate over \$265 M annually in new revenues to the tourism industry; over \$1 million in new sales tax; and over \$1 million in property taxes.

- Tourism supports all communities through economic contributions of taxes created by payroll and sales taxes, but also tourism infrastructure, amenities, and community programming is often used by and created for the benefit of both visitors and residents.
- There was broad consultation on changes undertaken with this work, which reinforces the vision of the Integrated Tourism Master Plan to support and grow our local tourism industry, and by extension support our diverse economy.
- This will further allow us to promote the Halifax Region as a destination of choice for leisure and business travellers, and build a better Halifax experience for not just tourists, but for everyone.

Thank you.