

Item 9.2.1

Background on Hotel Levy for Halifax



& Outlook for 2022 and Beyond

Background on Levy

- Proposed by Hotel Association of Nova Scotia in 2001 in partnership with HRM
- Created in 2001 by the Provincial Act (Bill 94 – Halifax Regional Municipality Marketing Levy Act) Enabling HRM to collect this as a tax
- HRM By Law H-400 Respecting the Marketing Levy
 - 2% on properties > 20 rooms in size
 - 60% of funds collected to support Discover Halifax
 - 40% of funds collected to support SEAC

MEMORANDUM OF UNDERSTANDING

between

The Halifax Regional Municipality

and

The Hotel Association of Nova Scotia

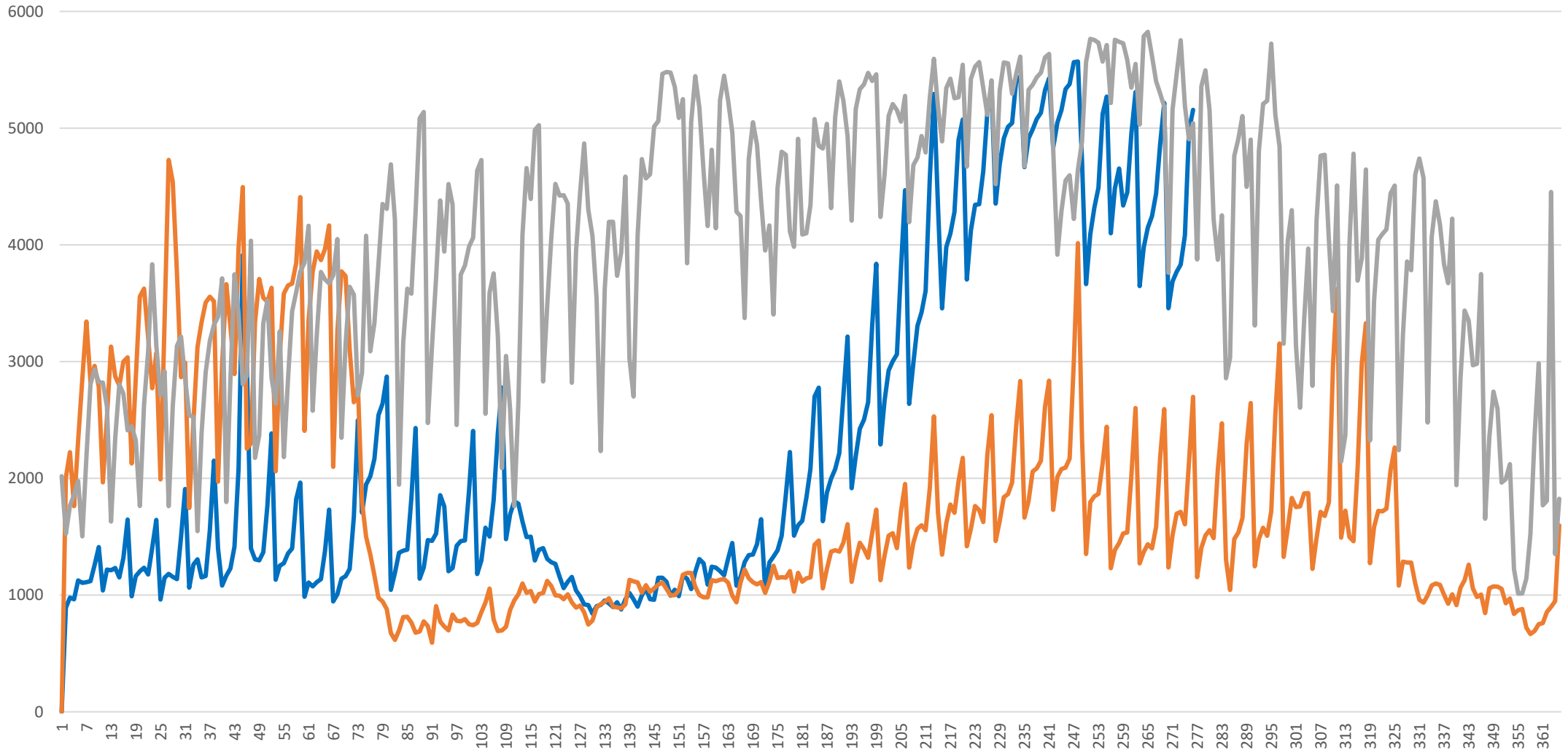
- Whereas: The Halifax Regional Municipality (HRM) Council has approved a resolution requesting that the Province of Nova Scotia introduce enabling legislation that would provide HRM with the authority to levy a hotel room tax;
- Whereas: The HRM Council has approved the form of the legislation enabling the HRM to levy the hotel room tax;
- Whereas: The HRM Council has endorsed the concept of a Destination Marketing Organization (DMO) that will coordinate tourism marketing efforts in the Municipality;
- Whereas: The details of the collection and expenditure and governance of the tax will be addressed by the HRM Council in the form of a By-Law following Provincial approval of the enabling legislation;
- Whereas: The Hotel Association of Nova Scotia (HANS) has been the initiator of the DMO concept and the raising of its funding through a hotel room tax; and
- Whereas: HANS and HRM will be an integral component in the planning and implementation of the activities of the DMO; therefore:

The Senior Staff of the HRM, in consultation with the HANS, have agreed to recommend the following principles to HRM Council with respect to the establishment of a Destination Marketing Organization:

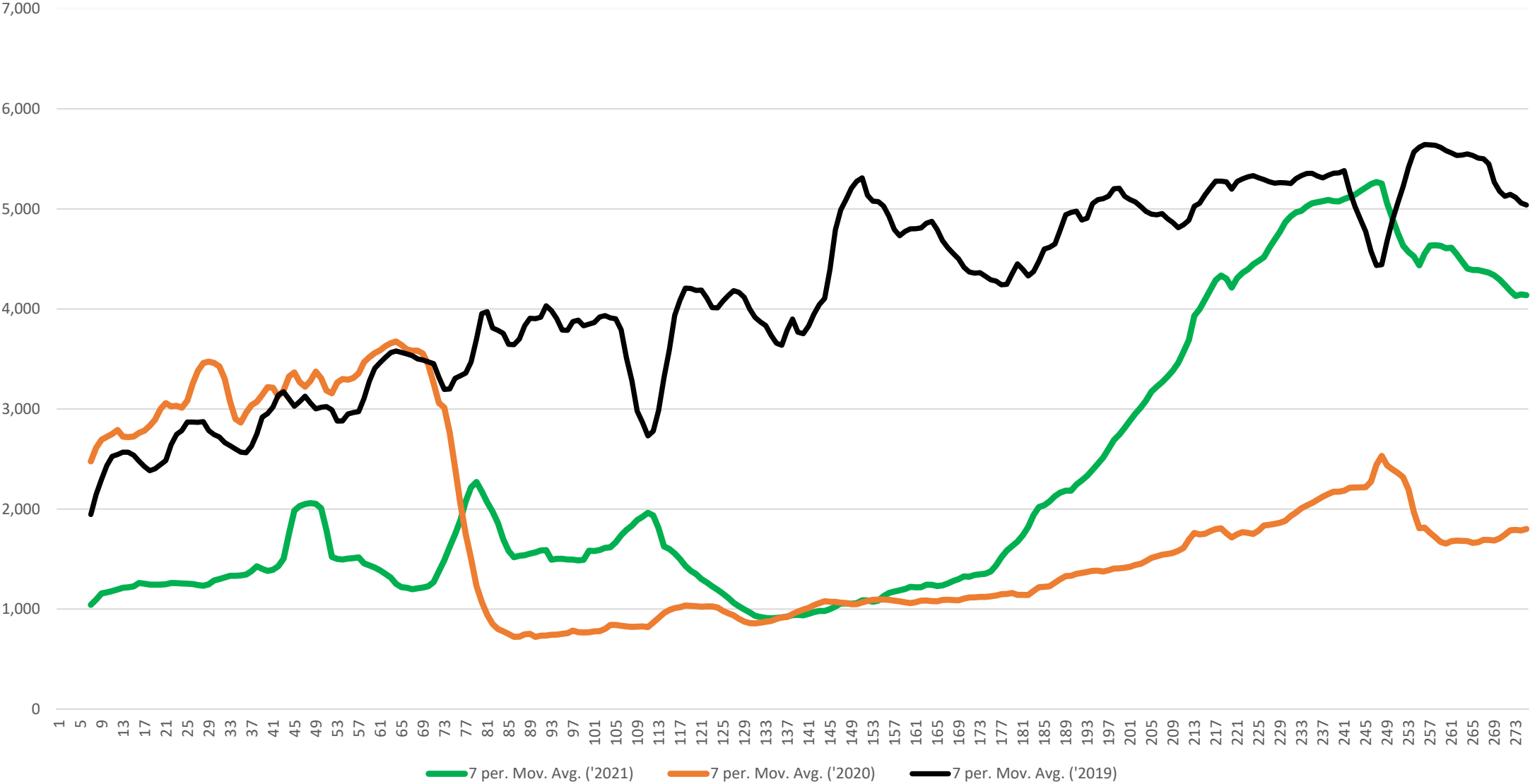
- 1.1 HANS is responsible for defining the make-up of the Board of Directors of the DMO. Earlier discussions between HRM and HANS should be used as guidance. HRM will require 2 (two) representatives (1 elected, 1 staff) on the Board. The transition of HRM staff and resources will be subject to the approval of the Deputy CAO, Dan English.

Rooms Sold Daily

- 2021
- 2020
- 2019



Number of Daily Rooms Sold
7 Day Moving Average
(2019, 2020, 2021)



Revenue Considerations

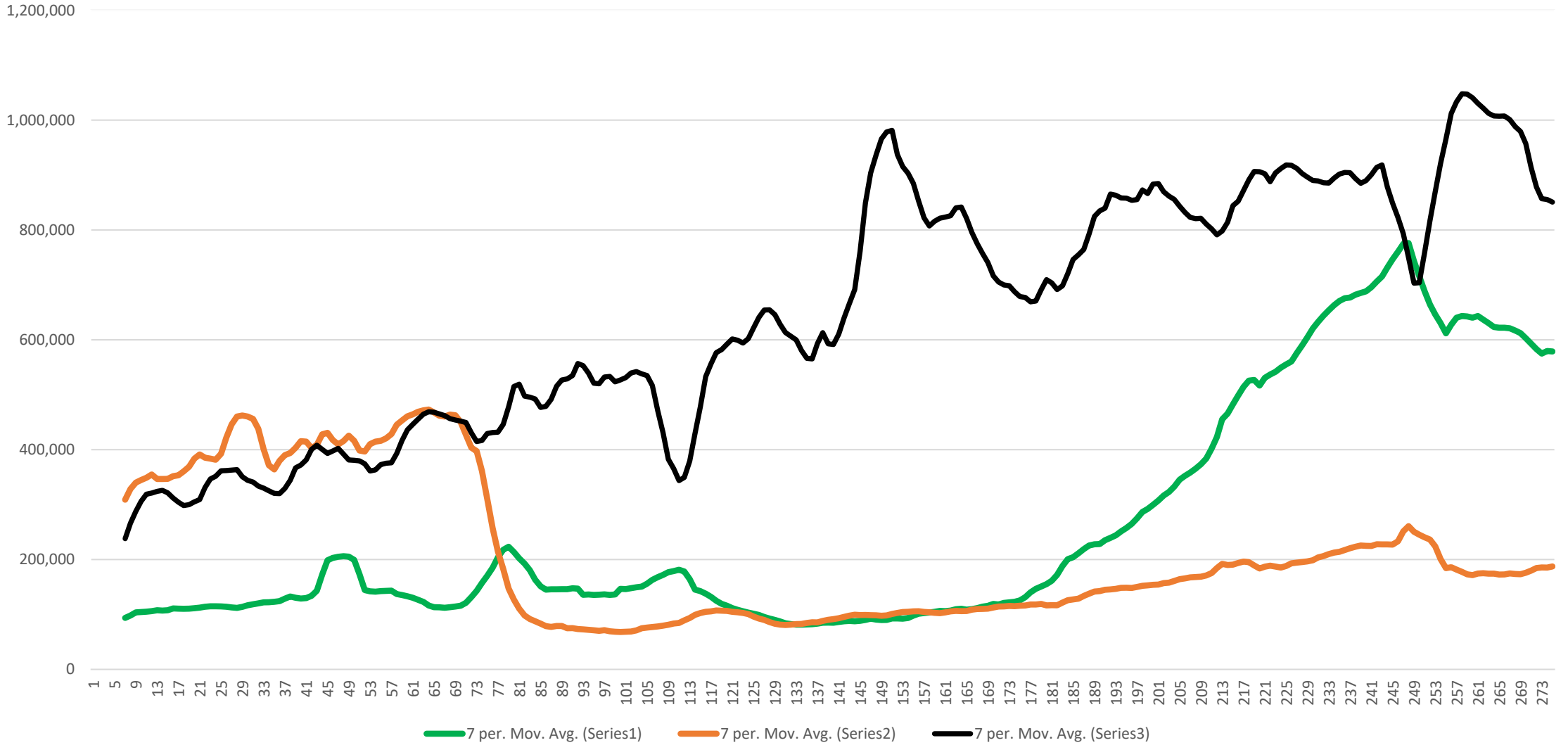


DROP IN ROOMS SOLD



DROP IN RATE

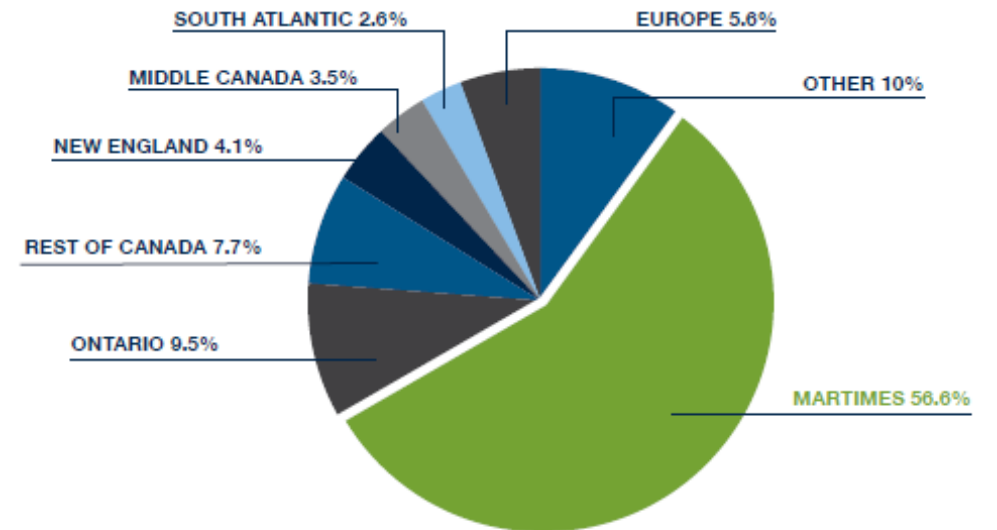
Total Revenue STR
7 Day Moving Average
(2019, 2020, 2021)



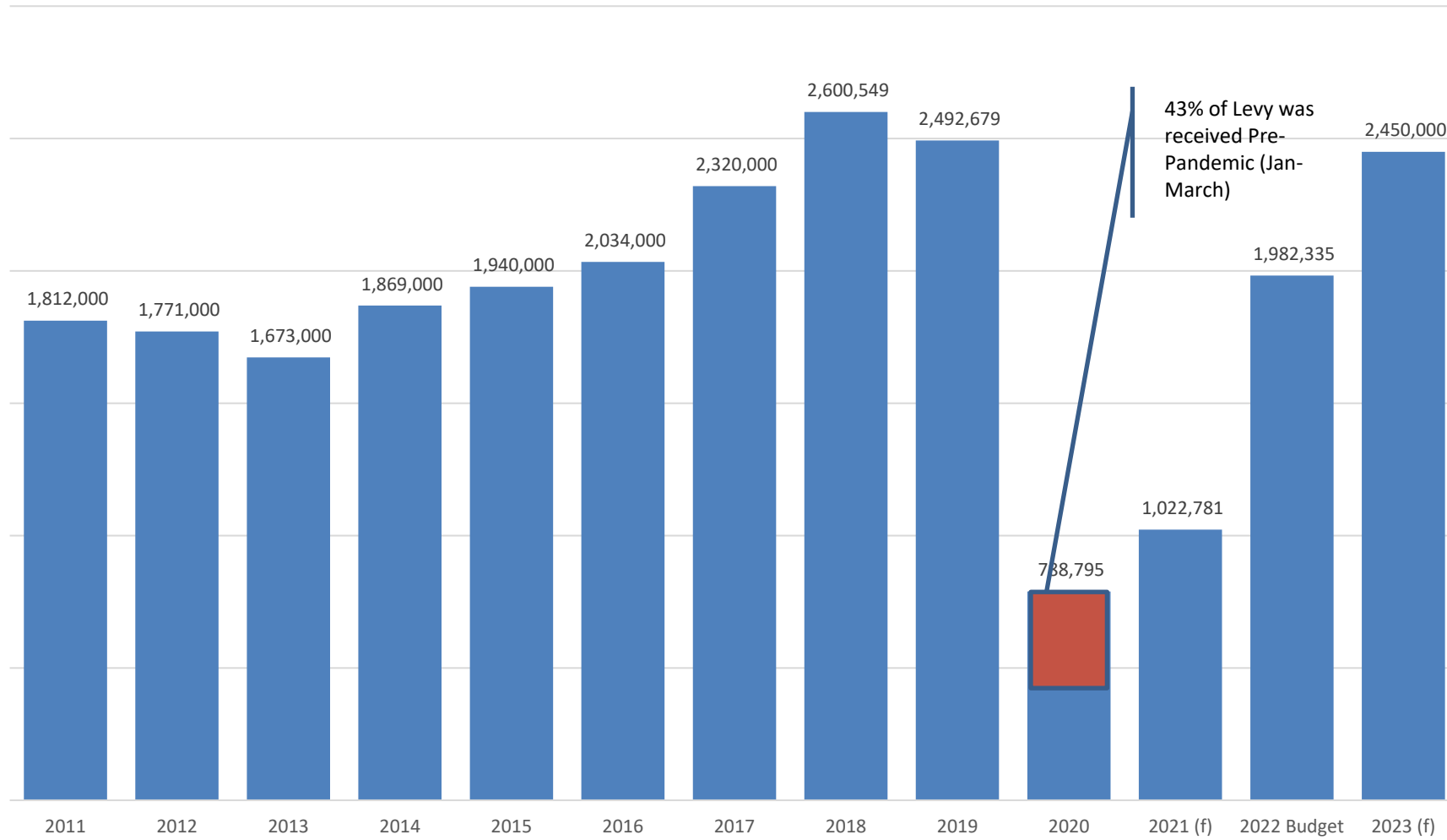
Recovery Led by VFR and Leisure

All visits, trip purpose

TRIP PURPOSE (UNIT: PERSON VISITS)	3,921,534	100.0%
To visit friends or relatives	1,627,821	41.5%
Pleasure	1,333,434	34.0%
Shopping	328,359	8.4%
All other pleasure	1,005,074	25.6%
Business (includes business convention)	570,483	14.5%
Business convention	224,831	5.7%
All other/Not stated (includes non-business convention for TSRC)	389,797	9.9%

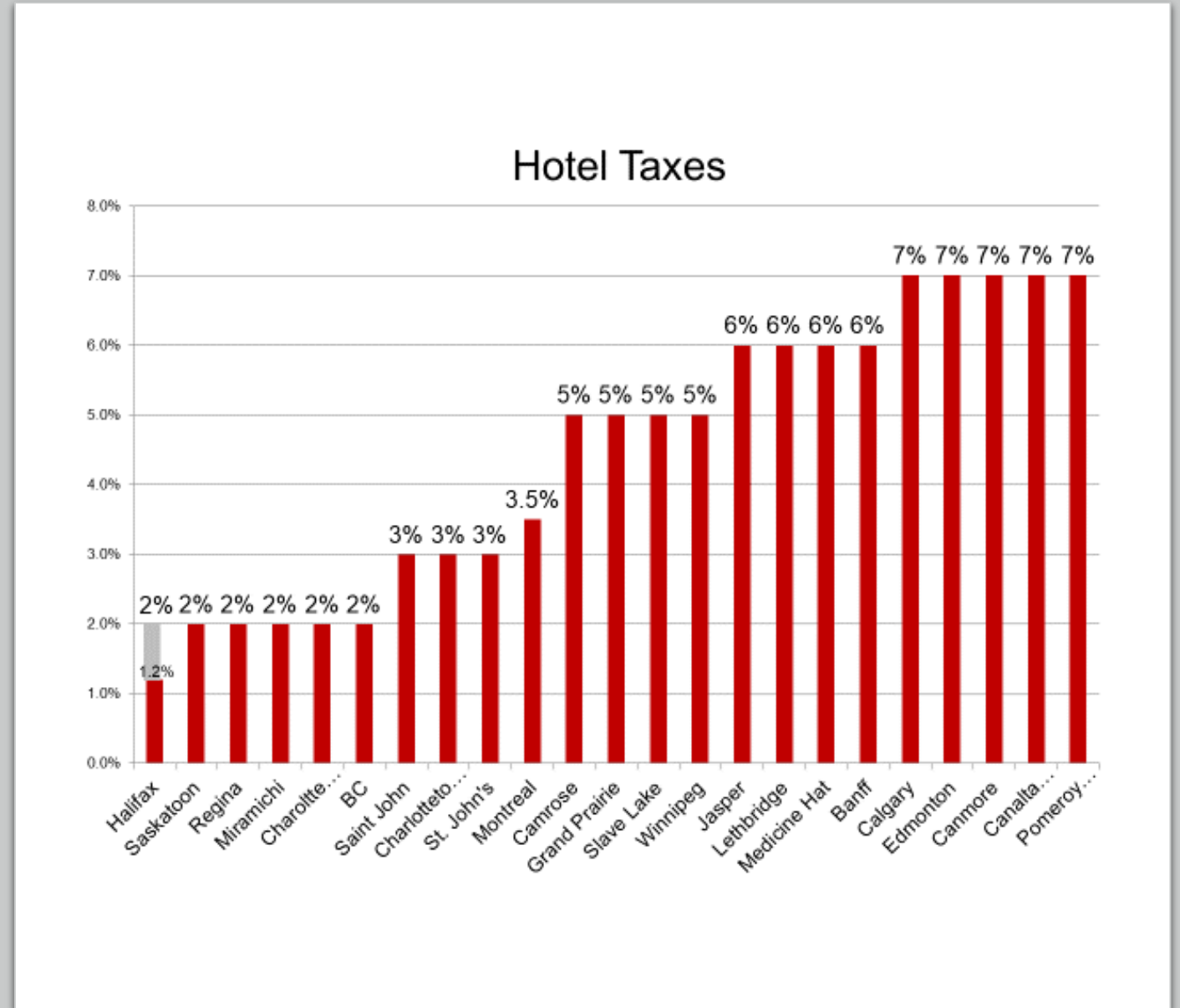


Revenue Hotel Levy (Discover Halifax)



Competitive Landscape for Hotel Levies in Canada

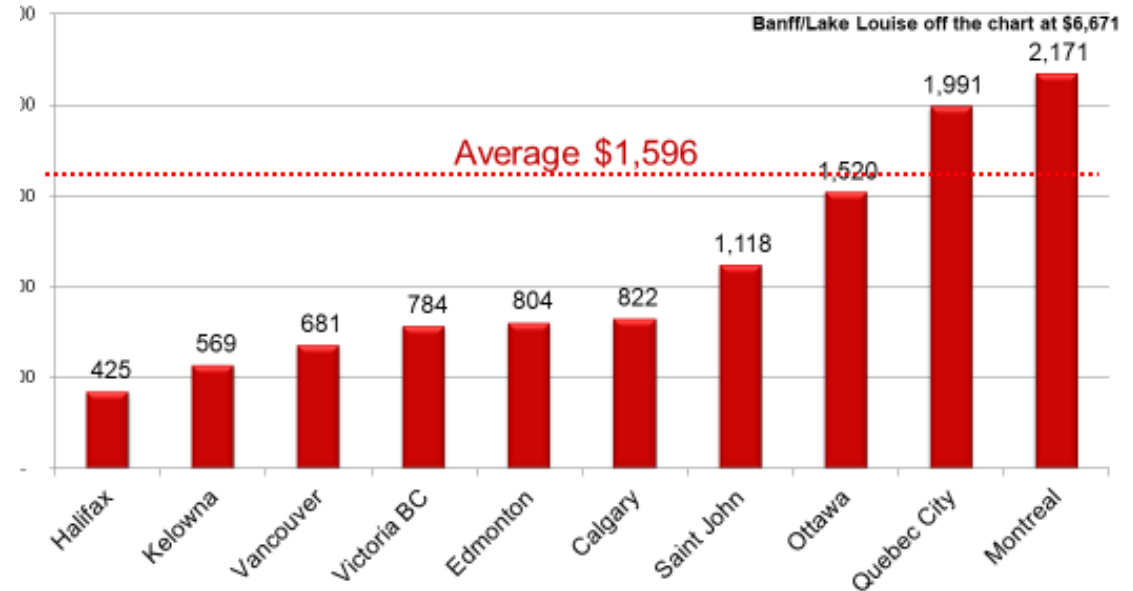
- The graph here shared as part of HANS presentation to CPED in 2016.
- Since this time, many jurisdictions have increased their levies including a new levy introduced in NB (3.5%) and Ontario (4%).



Competitive Investment in DMO's

- The graph here shared as part of HANS presentation to CPED in 2016.

DMO Budget's on Per Room Basis (2016)



Halifax would need to find over \$6 million to reach the average funding/room ratio

Note: Funding and delivery structures will differ significantly between regions and this snapshot analysis should be analyzed for differences in mandates and structures for each city. It may not be a full and accurate comparison as a result.

DESTINATION NEXT

Futures Study 2019

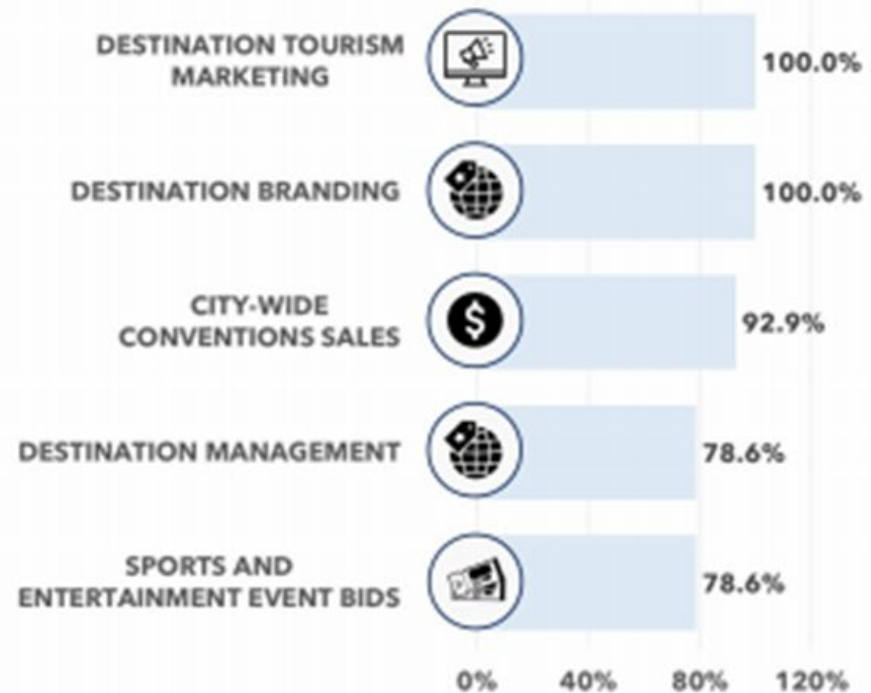
A Strategic Road Map for the Next Generation
of Global Destination Organizations



DESTINATIONS
INTERNATIONAL

CANADIAN DMO

TOP 5 ORGANIZATIONAL FUNCTIONS



Opportunities

- The Hotel Association of Nova Scotia have presented an option to HRM council to increase the hotel levy by 1% and asked for a matching contribution. The levy increase in an average year would equate to about \$2M annually
- Opportunity to include hotel levy on accommodations < 20 rooms in size including Airbnb. This is estimated at \$450-500K annually
- The proposal from HANS includes the development of a dedicated events office through the 60% portion to Discover Halifax in addition to the 40% contribution to the Events Fund managed by SEAC

