

March 26, 2024

Marketing Levy

Amendments to By-Law M-400

Background

- By-law M-400 was adopted in August 2023 and came into effect October 1, 2023.
- Expanded the type of accommodation subject to the marketing levy to include short-term rentals.
- Also increased the maximum amount of levy that could be charged from two percent to three percent.
- Short-term rental operators registered under the Province's *Tourism Accommodations Registration Act* are required to collect and remit a marketing levy to Halifax Regional Municipality.
 - Municipality distributes 65% of the levy to Discover Halifax, a destination marketing organization whose mandate is the promotion of the tourism industry.
 - The remaining 35% is deposited in the Municipality's Community Events Reserve, administered through the Marketing Levy Special Event Reserve grants program.

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Challenges

- Municipality went from collecting the levy from ~50 operators to ~2,000 operators, without adding additional staffing resources.
- Operators are required to submit a remittance report whether a levy was collected during that period or not.
- Remittances were frequently not submitted on time from original ~50 operators
 - By-law imposes a penalty of \$25/day for non-remittance to ensure compliance
 - Penalty created confusion for short-term operators, who were new to the process.

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Solution: Online Marketing Platform Operators Collect & Remit the Levy

- Staff approached AirBnB in 2023 requesting the platform collect and remit the marketing levy on behalf of short-term rental operators.
 - Advised would only work with a Province.
- Mayor requested the Province change legislation requiring online marketing platform operators collect and remit the levy.
- Staff, along with the Association of Municipal Administrators, also urged the Province to make legislation changes.
- Province gave first reading to Bill 419 on March 5, 2024, requiring short-term accommodation marketing platforms to collect and remit marketing levies to the Municipality.
- Staff will return to Council in the coming months with a report on changes required to implement this change.
 - Staff will address Councilor Cleary's motion in this report, proposing an amendment allowing short-term rental operators with one unit to report and remit the marketing levy quarterly or semi-annually.

Solution: Proposed By-Law Changes

Recommendation changes:

- Forgive fines and issue refunds for those who paid the fines and had \$0 to remit, for the reporting periods of October 1, 2023 to March 31, 2024.
- Give the Treasurer or designate the authority to waive, remove, or reduce the fines.
 - Inclusive of all fines assessed (previous and future).
 - Staff are creating a guide providing parameters.
 - Examples include:
 - operators remitting for the first time,
 - operators with multiple accounts and remitted to the wrong account, and
 - returned mail.

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Communication Plan & Implementation of Changes

- Staff will contact impacted operators by mail and email within 30 days of the by-law amendment.
- Staff will issue refunds via cheque within 60 days of the by-law amendment.
- Staff will investigate issues with fines for operators not impacted by the proposed amendment on a case-by-case basis and provide a resolution within 60 days of the inquiry.
- Staff have developed a working group for the next phase of changes:
 - Work with online platform operators to implement change
 - Corporate Communications developing communications plan
 - Billing system changes
 - Short-term rental operators formed a group in February 2024, STRANS
 - HRM Staff and Discover Halifax will have a point of contact, similar to HANS (Hotel Association of Nova Scotia) for communication