

Subject: Marketing Levy By-law
From: Kayla Byrne, Municipal Clerk
Date: Feb. 3, 2026 – COTW
Feb. 10, 2025 – 1st reading



Recommendation

That Council approve first reading of the Marketing Levy By-law as presented.

Alternatives

- Refer the draft By-law back to Committee of the Whole
- Conduct additional targeted engagement with operator
- Do not proceed with a marketing levy

Background

At its Dec. 9, 2025, meeting, Council directed staff to proceed with drafting a Marketing Levy By-law, with an effective date of Jan.1, 2027. It was determined that approving a by-law early in 2026, but having an enactment date of early 2027 would give operators more time to adjust their systems. Attached to this report is the proposed by-law for Council's consideration.

It is important to distinguish between the purpose of this by-law and other regulatory frameworks. The Marketing Levy By-law is a financial by-law that enables the Town to collect a levy on short-term accommodations under the Municipal Government Act. It is not a short-term rental licensing or enforcement tool.

Compliance with zoning, land-use rules, and provincial registration requirements is addressed through the Land Use By-law and the Short-Term Rentals Registration Act. Those systems govern whether an accommodation may operate. This by-law governs only the collection and use of the marketing levy once accommodation is being sold.

The draft By-law sets out the framework for how the marketing levy will be collected and administered. All short-term accommodation operators in Lunenburg are required to collect a 3% levy on the purchase price of each stay. The levy is paid by the guest at the time of booking and held by the operator on behalf of the Town.

Operators are responsible for submitting the collected levy to the Town, along with a simple monthly remittance form provided by the Town. If an operator does not have any bookings in a given month, they may submit a "nil" return, including in advance for seasonal closures. Monthly remittance is being proposed because it was the option most supported by operators

in the November survey. Six respondents selected monthly reporting, compared to five who preferred quarterly. Monthly remittance is also consistent with how many other municipalities administer their marketing levies.

The By-law also gives the Town the authority to verify compliance through records and, if necessary, inspections or audits.

Feb. 3 COTW update:

Council reviewed this by-law at its February 3, 2026 Committee of the Whole meeting and referred the by-law to a regular meeting of Council for first reading.

During the Committee of the Whole discussion, the committee recommended a refinement to the Records Section (Section 11) to make it clear that Operators would not need to have a separate record system specifically for the levy. This change has been made and is highlighted in yellow.

Discussion

In developing the draft Marketing Levy By-law, staff have also considered several questions and themes that have been raised by Council through earlier discussions:

- Does it need to be called a “Marketing Levy”?
No. The short title of the by-law could be more descriptive, such as “Short-Term Accommodation Marketing Levy By-law,” to reflect the application of the levy clearly.
- Can the marketing levy be expanded beyond short-term rental accommodations (for example, to other tourism-related businesses)?

No. The Town does not have the authority to implement a general tourism tax. Council’s authority to apply a marketing levy comes from the *Municipal Government Act* and is limited to accommodation as defined in the Act.

While the Town cannot impose a broader tourism tax, it may charge user fees for the use of municipal assets and services. Common examples include designated tour bus parking or fees for the use of municipal facilities or public spaces for events, where charges are based on service use, space, or cost recovery rather than tourism activity itself.

Any consideration of additional user fees would be separate from the marketing levy and would require specific direction from Council to explore options, costs, and implications.

- What can the funds be used for?
The *Municipal Government Act* restricts the use of marketing levy funds to purposes authorized by provincial legislation, which currently include tourism promotion. The

Town does not have authority to use these funds for other purposes unless the Act is amended by the Province.

This may include, but is not limited to, the following types of activities:

- Marketing and advertising campaigns to promote the Town as a tourism destination
- Destination branding, visitor guides, and promotional materials
- Digital marketing, website content, and social media promotion related to tourism
- Support for festivals, events, or initiatives that attract visitors and promote tourism
- Research, data collection, or studies related to tourism promotion and visitor trends
- Visitor information services and wayfinding related to tourism
- Grants or contributions to organizations formed to promote tourism, whether non-profit or otherwise, as determined by Council

Council may choose to deliver tourism promotion directly or allocate some or all of the marketing levy funds to a tourism organization.

In November 2025, all registered short-term rental operators received a short survey about the levy. Of the 49 registered operators, 24 completed the survey. One of the questions asked operators to pick their top three choices for the use of the funds.

The top three choices were:

- Festivals, events, or cultural programming (10 votes)
- Marketing and advertising to attract visitors (8 votes)
- Supporting local tourism or cultural organizations (7 votes)

Staff recommend collecting the levy for at least one year to get a clearer picture of how much funding it generates. That will give Council a stronger basis for deciding how the funds should be used. Staff also recommend continuing to engage operators during this time to help shape how the funds are spent.

Financial

It is difficult to estimate how much revenue the marketing levy would generate accurately. However, if approved, it is expected to create a new income stream for the Town that can support tourism promotion. The actual amount will depend on seasonal demand, nightly rates, and overall occupancy levels.

Communications

So far, notices and a survey have been circulated to all registered operators. Further, whenever the levy is included in a Council agenda, the operators are notified.

Staff plan to support the by-law with a simple education and information package, similar to

what [Annapolis County](#) offers. This will include easy-to-follow instructions and a simple remittance form.

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Marketing Levy By-law

1. TITLE

This By-law may be cited as the *“Marketing Levy By-law”*.

2. PURPOSE

The purpose of this By-law is to establish the collection, administration, and use of a marketing levy on short-term accommodations in accordance with Section 75A of the *Municipal Government Act*.

3. DEFINITIONS

“Accommodation” has the same meaning as in Section 75A of the *Municipal Government Act*.

“Inspector” means a person appointed by the Town to carry out inspections or audits under this By-law.

“Marketing Levy” has the same meaning as in Section 75A of the *Municipal Government Act*.

“Nil Remittance Return” means a remittance return submitted for a reporting period in which no marketing levy is collected.

“Operator” has the same meaning as in Section 75A of the *Municipal Government Act*.

“Purchase Price” has the same meaning as in Section 75A of the *Municipal Government Act*.

“Platform Operator” has the same meaning as in Section 75A of the *Municipal Government Act*.

“Remittance” means the payment of Marketing Levy funds collected by an Operator to the Town in accordance with this By-law.

“Reporting Period” means the monthly period for which a marketing levy return is required to be submitted under this By-law.

“Town” means the Town of Lunenburg, Nova Scotia.

4. APPLICATION OF BY-LAW

This By-law applies to short-term accommodation, as defined in Section 75A of the *Municipal Government Act*, that is located within the Town of Lunenburg.

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A marketing levy of three per cent (3%) applies to the purchase price of short-term accommodation in the Town.

The operator must collect the marketing levy from the purchaser at the time the accommodation is purchased, regardless of how payment is made, and must remit the levy to the Town in accordance with the timelines and procedures set out in this By-law.

If a third party processes or collects payment on behalf of an operator, the operator remains responsible for ensuring that the marketing levy is properly collected and remitted in accordance with this By-law.

Any person who collects an amount from a purchaser that is described as, or intended to be, a marketing levy under this By-law must remit that amount to the Town in accordance with this By-law.

5. EXEMPTIONS FROM THE MARKETING LEVY

The marketing levy does not apply to:

- a) accommodation with a daily purchase price of \$20.00 or less;
- b) students accommodated in housing owned or operated by a post-secondary institution while registered and attending that institution;
- c) accommodation provided to a person for more than 30 consecutive days;
- d) a person and their immediate family accommodated while the person or a member of their family is receiving medical treatment at a hospital or provincial health-care centre, or is seeking specialist medical advice, where the person provides reasonable confirmation of entitlement to the operator, in a form acceptable to the Town.

Where requested by the Town, an operator must be able to demonstrate that an exemption applies.

6. REMITTANCE OF LEVY

The Town may require an operator to provide records or other information reasonably necessary to verify accommodation sales and the amount of marketing levy collected for any reporting period.

A separate remittance return must be submitted for each place of business, unless the Town has approved a consolidated return.

Each remittance must be submitted with a completed remittance return, in the form provided by the Town.

Operators shall remit the marketing levy monthly, no later than 30 days after the end of each month, in accordance with this By-law.

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Where an operator does not operate during a reporting period, the operator may submit a nil remittance return, including a nil return submitted in advance for a period of non-operation.

If no marketing levy is collected during a reporting period, the operator shall still submit a nil return using the prescribed remittance form.

If an operator stops operating or sells a business, the operator must submit a final remittance return and pay any marketing levy collected within 15 days of the date operations end or the business is sold.

7. CALCULATION OF LEVY FOR PACKAGED ACCOMMODATION

Where accommodation is sold as part of a package that includes meals or other services, the marketing levy applies only to the accommodation portion of the package price.

The accommodation portion shall be calculated based on the standard price the accommodation would be sold for on its own, without meals or other services, at the same facility.

8. INTEREST

If an operator fails to remit the marketing levy by the required due date, interest shall be charged on the outstanding amount at a rate of 1.5% per month and shall continue until the amount owing is paid in full.

9. REFUND OR ADJUSTMENT OF MARKETING LEVY

If an operator has remitted a marketing levy to the Town for a sale that is later written off as uncollectible, the Town may allow the operator to recover the levy by adjusting a future remittance, in a manner acceptable to the Town.

If the Town determines that a marketing levy, or a portion of a marketing levy, has been paid in error, whether as a result of a request by an operator or otherwise, the Town shall refund the overpaid amount to the person entitled to receive it. No interest shall be paid on any refund.

10. CLAIM FOR REFUND

To request a refund under this By-law, a person must:

- a) submit a written request to the Town, signed by the person who paid the amount being claimed; and
- b) provide information or documentation sufficient to show that the person is entitled to the refund.

If the person who paid the amount is a corporation, the refund request must be signed by a director or an authorized employee of the corporation.

11. RECORDS

Every operator shall keep accurate and complete records sufficient to allow the Town to verify:

- a) accommodation sales;
- b) the amount of marketing levy collected; and
- c) the amount of marketing levy remitted to the Town.

Records relating to the marketing levy shall be maintained in a manner that allows the Town, upon review or audit, to determine whether the marketing levy has been properly charged, collected, and remitted, without requiring the creation of separate or standalone records.

An operator shall retain all books of account, records, and documents required under this section for a period of five (5) years.

Where a receipt, invoice, bill, or similar document is issued for the sale of accommodation, the marketing levy must be clearly identified as a separate line item and must not be included in the accommodation price.

12. INSPECTION, AUDIT AND ASSESSMENT

The Town may appoint an inspector for the purpose of verifying compliance with this By-law as it relates to the calculation, collection, reporting, and remittance of the marketing levy.

Except where immediate access is reasonably necessary, the Town shall provide reasonable advance notice to an operator before conducting an inspection or audit under this By-law.

An inspection or audit shall be conducted during normal business hours, or at another time agreed to by the operator and the Town.

For the purposes of an inspection or audit, an inspector may enter a place of business or any location where relevant records are kept in order to review and verify:

- a) accommodation sales subject to the marketing levy;
- b) the amount of marketing levy collected; and
- c) the amount of marketing levy reported and remitted to the Town.

An inspector may examine books, records, and other documents reasonably required to verify compliance with this By-law.

An operator shall provide reasonable assistance and information required to allow the inspector to carry out an inspection or audit under this By-law.

If an inspection or audit indicates that the marketing levy has not been properly calculated, collected, reported, or remitted, the Town may calculate the amount of marketing levy and any applicable interest owing based on the information available.

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If an operator fails to provide reasonable assistance or information, the Town may estimate the amount of marketing levy and interest that should have been collected and remitted.

Where the Town calculates or estimates that a marketing levy is owing, the Town shall provide written notice to the operator setting out the amount payable.

An operator must remit the amount identified in the notice, including any applicable interest, within 30 days of receiving the notice, whether or not the operator objects to the amount.

An operator who disagrees with the amount payable may, within 15 days of receiving the notice, submit a written objection to the Town, signed by the operator or an authorized representative, together with information supporting the objection.

After reviewing an objection, or on its own initiative, the Town may confirm, revise, or cancel a previous calculation or estimate. The operator shall remit any final amount determined by the Town.

The reasonable costs associated with inspections or audits conducted under this By-law may be paid from marketing levy funds as part of the administration of the levy.

13. ALLOCATION OF MARKETING LEVY FUNDS

In accordance with the *Municipal Government Act*, as amended from time to time, Council may use, by resolution, marketing levy funds for purposes authorized under the Act, including the promotion of tourism, and may allocate all or a portion of those funds to organizations engaged in activities authorized under the Act.

14. ADMINISTRATION

The Chief Administrative Officer may establish administrative procedures, directives, or orders to support the administration and implementation of this By-law, provided that such procedures, directives, or orders are consistent with this By-law and the *Municipal Government Act*, as amended from time to time.

Without limiting the above subsection, administrative procedures or directives may address interim processes for the collection, reporting, and remittance of the marketing levy, including processes to be followed pending the implementation of any centralized or provincial remittance system.

Nothing in this By-law relieves a platform operator of any obligation imposed under the *Municipal Government Act*.

15. OPERATOR CONTACT INFORMATION

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An operator must notify the Town without delay of any change to the operator's contact information, business name, or accommodation details that could affect the administration, reporting, or remittance of the marketing levy.

16. NOTICE

Any notice required under this By-law shall be in writing and may be delivered personally, sent by regular mail, or sent by email to the most recent contact information provided to the Town by the operator.

A notice delivered personally or sent by email is deemed to have been received on the day it is delivered or sent, unless the Town receives notice that delivery was unsuccessful.

A notice sent by regular mail is deemed to have been received five (5) days after mailing.

17. COMPLIANCE WITH OTHER LAWS

Nothing in this By-law authorizes the operation of short-term accommodation. Operators remain responsible for complying with all applicable provincial legislation and municipal by-laws, including the *Short-Term Rentals Registration Act* and municipal land-use by-laws.

18. OFFENCES AND PENALTIES

The Town may address non-compliance with this By-law through administrative and legal measures, including requiring payment of amounts owing and recovering unpaid marketing levy amounts as a debt owing to the Town.

A person who knowingly fails to comply with this By-law may be subject to prosecution under the *Summary Proceedings Act*.

19. SEVERABILITY

If any provision of this By-law is held to be invalid, such invalidity shall not affect the validity of the remaining provisions.

20. EFFECTIVE DATE

This By-law shall take effect January 1, 2027.