

Summary Sheet

Draft Marketing Levy By-law

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What is a marketing levy?

Marketing levies are funds collected from people visiting and staying overnight to promote tourism. All provinces allow some form of marketing levy or accommodation tax. Halifax has collected a marketing levy for over twenty years.

Why are we doing this?

Lunenburg is a popular tourist destination. The economy benefits when monies are pooled for collective initiatives, like events or destination marketing. By collecting a marketing Levy, the Town of Lunenburg can undertake or support tourism initiatives currently beyond its budget without using tax revenue from full-time residents. Funds collected under the marketing levy can only be spent to promote tourism, ensuring the benefits of the funds go back to those who operate short-term rentals.

It says the marketing levy applies to short-term rentals. What's a short-term rental? What's the difference between a short-term rental and a long-term rental?

Any accommodation rented for less than twenty-eight consecutive days is a short-term rental. The marketing levy would apply to short-term accommodation rentals in Lunenburg, including hotels, motels, secondary suites, B&Bs, Airbnbs and VRBOs. All short-term rentals are required to register with the Province under the provincial Tourist Accommodations Registration Act. There are 291 bedrooms at 71 Lunenburg addresses registered with the Province. Rooms booked for more than twenty-eight straight days are long-term rentals exempt from the marketing levy.

Who pays the marketing levy?

In Nova Scotia, the cost of marketing levies is handed to the consumer because the marketing levies are added to the purchase price of accommodations. Operators collect the marketing levy from visitors and give it to the Town.

How much is a marketing levy?

Each municipality decides the best rate for a marketing levy in their community. Staff are suggesting 3% on the purchase price of accommodation. This rate is consistent with those under consideration at nearby municipalities like the Municipality of the District of Lunenburg.

I own a short-term rental. How would I collect and remit the marketing levy?

You collect the levy from tourists when they pay for their stay. You apply 3% to the purchase price before tax - HST is not subject to the levy. The levy should be a separate line item on your receipts. Twice a year, on October 31 and April 30, you would fill out a form, bring it to Town Hall and pay the levy. You should clearly show the marketing levy in your books of accounts, records, and documents so it is easy to tell how much you collected as a marketing levy and what was paid to the Town.

I offer all-inclusive packages. How would I collect the marketing levy?

The marketing levy should be 3% of the standard price of just the accommodation. The marketing levy should be applied to the accommodation cost if sold separately, without the extra meals and services. This calculation ensures the levy is applied consistently, whether accommodation is sold on its own or as part of a package.

Will the marketing levy increase my taxes?

No. And the marketing levy is not an out-of-pocket expense for operators. The cost is handed on to consumers.

It says the marketing levy only applies to short-term accommodation registered under the provincial *Tourist Accommodations Registration Act*. I own a short-term rental, but I'm not registered. Does this mean I don't have to pay the marketing levy?

No. By law, tourist accommodations must register to operate in Nova Scotia. This includes short-term rentals in or attached to a primary residence. You should do so immediately if you have a short-term rental and are not registered with the Province. Information can be found here: <https://beta.novascotia.ca/register-your-tourist-accommodation>

I let friends and family stay with me when they're visiting Lunenburg. Do I have to pay the marketing levy?

Assuming you do not collect fees from friends and family who visit and stay with you, you do not need to collect the marketing levy.

I'm renting out space to a family seeking medical assistance. Do I need to collect a marketing levy from them?

No. There are cases exempt from the marketing levy. Exemptions include those seeking medical treatment and their family. You should, however, get a letter from the people staying with you stating that they're seeking medical treatment for your records.

What does this mean for the campground?

The marketing levy would not apply to the campground. Accommodations at campgrounds that are not roofed (like campsites where travelers bring their own tents or trailers) don't have to pay the levy. They don't have to pay because they don't have to register with the province under the *Tourist Accommodations Registration Act*.