



CITY OF
YELLOWKNIFE

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JUST HOW IMPORTANT IS TOURISM IN YELLOWKNIFE'S ECONOMY?

In Yellowknife the average direct contribution to the local economy from visitors is \$250,000 a day. That adds up to over \$90 million a year. When purchases from local suppliers and service providers and spending by employees of tourism and supplier companies are added, the benefit to Yellowknife's economy increases to over \$300,000 per day. In Yellowknife there are scores of businesses that depend on tourism. These businesses employ hundreds of people who live and work in Yellowknife. They buy goods and services locally and pay taxes. An Accommodation Levy, when used to market Yellowknife as a tourism destination, will help to make more people aware our city's attractions and encourage more of them to visit us – strengthening our local economy.

WHAT SHOULD WE CALL A NEW ACCOMMODATION CHARGE ON TRAVELERS' HOTEL BILLS – A TAX OR A LEVY?

Both terms, Accommodation Tax and Levy, are in use across Canada. Some people like the term Levy because it labels the charge as separate from taxes, like the GST, which go to the government. Others prefer the term because it makes it clear that the charge isn't voluntary. The Yellowknife Hotel Association, and other businesses providing accommodation, are being asked for their preferences.

WHAT HAPPENS IF THERE IS NO ACCOMMODATION LEVY TO RAISE FUNDS TO MARKET YELLOWKNIFE TOURISM?

Without a Levy it will be very difficult for Yellowknife to raise more funds to promote Yellowknife as a tourism destination. And, without increased promotion there will be slower growth in the tourism sector. That will mean slower economic growth for Yellowknife, fewer new job opportunities and less money circulating through the Yellowknife economy.

WHY DOES YELLOWKNIFE TOURISM MARKETING NEED FINANCIAL SUPPORT FROM AN ACCOMMODATION LEVY? DOESN'T IT ALREADY GET LOTS OF MONEY FROM THE GOVERNMENT?

The territorial government supports NWT Tourism which promotes the entire territory with the "SPECTACULAR NWT" brand. Individual community tourism promotions are largely up to the individual communities themselves.

AREN'T MOST OF THE PEOPLE WHO STOP IN YELLOWKNIFE COMING BECAUSE THEY WORK WITH GOVERNMENTS OR FOR BUSINESSES? THEY'RE NOT REALLY TOURISTS AND WE WON'T GET MORE OF THEM HERE WITH ADVERTISING.

That's not really true. Conventions and business meetings bring thousands of people to Yellowknife every year. In 2015-16, business travelers, including conferences and convention attendees, made up 28% of all visitors and contributed 45% of all visitor spending. Yellowknife Aurora visitors accounted for 29% of all visitors in 2015-16 and contributed 22% of all tourism expenditures.

WHAT WILL BE THE ADDITIONAL COST TO THE GNWT WHEN STAFF USE YELLOWKNIFE HOTELS?

The additional cost to the GNWT for employees using Yellowknife hotels will be substantially lower than the cost of providing additional marketing funds to market NWT communities. And, additional visitor revenues will be collected by the GNWT through licences and corporate taxes. The amount collected by the GNWT will very likely be larger than the Accommodation Levy paid by GNWT staff using Yellowknife hotels.

WHAT IS REQUIRED TO MOVE AN ACCOMMODATION LEVY FORWARD?

The main thing needed is for the Government of the Northwest Territories to pass new legislation. That will enable communities, should they wish, to implement a municipal Accommodation Levy to raise money to market their community as a potential visitor destination.

HOW LONG WILL IT TAKE TO GET AN ACCOMMODATION LEVY IN PLACE IN YELLOWKNIFE?

It could take up to one year.

ONCE THE LEGISLATION IS IN PLACE, HOW WILL AN ACCOMMODATION LEVY BE MONITORED?

The money raised in a municipality by an Accommodation Levy will be monitored in two ways. First, the Levy money will be collected by the municipality and will be reported separately. Second, the spending of the money will be monitored by a not-for profit Destination Marketing Organization formed to approve strategic marketing plans, budgets and provide financial statements annually.

LET'S GET BEHIND A YELLOWKNIFE TOURISM LEVY

Yellowknifers love Yellowknife. We're always up for sharing our city with visitors from all over the world. Hosting visitors is a huge part of life in the "Knife." 70,000 visitors came to Yellowknife in 2016 and over the last year they spent a total of over \$90.5 million. That's \$250,000 a day.

Tourism is a big deal – not just for the hotels and restaurants but for everyone who lives here. In fact tourism is one of the fastest growing sectors of our Yellowknife economy. There are hundreds of local jobs in tourism and scores of local businesses that wouldn't exist without tourists. Tourism touches all of us. Tourism counts big time.

And this is exactly why the City of Yellowknife is leading the way to ask the Government of the Northwest Territories to allow the City to collect an Accommodation Levy on the cost of visitor accommodation and use it to promote Yellowknife as a major tourism destination.

Because the Levy is intended to be mandatory it must be collected by some level of government. In Yellowknife's case, the City of Yellowknife is asking the Government of the Northwest Territories to pass legislation that gives the City the legal right to collect the Levy. The Levy would be a small addition to the hotel bill that guests pay when they check out. It would be used strictly to promote Yellowknife as a tourism destination.

Fortunately for Yellowknife most tourists are already used to paying an additional Accommodation Levy or Tax on their hotel rooms. Almost all large cities in southern Canada already charge an accommodation Levy. All capital cities in southern Canada have an Accommodation Levy to help fund local tourism.

WHAT IS AN ACCOMMODATION LEVY?

An Accommodation Levy is a small amount added to the price paid for a hotel room. It is generally an additional one to five percent of the room cost. For example, if the room cost was \$150 per night, and the accommodation Levy was 2%, the additional cost added to an accommodation bill would be \$3.

WHY DO WE WANT AN ACCOMMODATION LEVY IN YELLOWKNIFE?

Accommodation Levies help communities to fund tourism marketing in order to develop and expand their local tourism industry. In Yellowknife, this will develop and expand our local economy and local tourism industry without an extra cost to Yellowknife taxpayers – putting money back into our community through tourism employee wages, local purchases and taxes.

WHO INITIATED THE PROPOSAL FOR THIS ACCOMMODATION LEVY?

Initially a proposal was developed by the Yellowknife Hotel Association in conjunction with the City of Yellowknife and now has the support of the NWT Association of Communities, NWT Tourism and City Council.

IF AN ACCOMMODATION LEVY PROCEEDS, WILL IT BE APPLIED ACROSS THE NWT?

The Accommodation Levy is not proposed as an "across the board" model. The proposed legislation would enable communities to make their own decision about implementing an Accommodation Levy in their community. Yellowknife is ready to proceed.

DO OTHER CITIES IN CANADA CHARGE AN ACCOMMODATION LEVY?

Almost all large cities, and many smaller cities in Canada, charge an Accommodation Levy of between 1% and 5%. Most Canadian and international travelers are used to seeing this charge on their hotel bills. However, the charge goes by many different names across Canada. It may be called a Destination Marketing Fee (DMF) if it is voluntary. It may be called a Municipal and Regional District Tax (MRDT) or an Accommodation Tax if it is mandatory. When it is called a Levy it is usually mandatory.

WHO WILL COLLECT THE ACCOMMODATION LEVY?

In Yellowknife, an Accommodation Levy will be collected by hotels, motels and most other providers of short term accommodation. The Levy will be mandatory. It will not be optional. The funds collected by the hotels will be

remitted monthly to the City of Yellowknife, who will provide the money to a proposed Destination Marketing Organization (DMO) that will be responsible for increasing the number of visitors to Yellowknife.

WHO WILL DECIDE WHAT THE ACCOMMODATION LEVY FUNDS ARE TO BE USED FOR?

The Levy collected will be managed by a not-for-profit Yellowknife tourism marketing organization that will be involved only in tourism marketing and be set up as a Destination Marketing Organization (DMO). All its marketing plans will be reviewed and approved by an independent Board of Directors that represents all tourism stakeholders in Yellowknife.

WHAT TYPES OF MARKETING CAMPAIGNS COULD BE FUNDED BY AN ACCOMMODATION LEVY?

Marketing to attract more visitors to Yellowknife for longer periods of time will be the top priority. Some campaigns could include:

- Increasing awareness of Yellowknife as a year round tourism destination.
- Promoting Yellowknife as a conference/convention centre
- Promoting larger, multi-day events such as Folk on the Rocks, Long John Jamboree, the Snow King Festival to audiences outside Yellowknife

Where appropriate, the new DMO could partner with NWT Tourism on marketing efforts.

HOW MUCH WILL BE COLLECTED ANNUALLY THROUGH AN ACCOMMODATION LEVY?

The amount collected will depend on the number of visitors to Yellowknife. Considering the number of available rooms, the current occupancy rates and a proposed Levy of between 2% and 4%, Levy collected annually in Yellowknife could be between \$750,000 and \$1.5 million.

WILL THIS ACCOMMODATION LEVY BE MANDATORY OR VOLUNTARY? DOES EVERY ACCOMMODATION FACILITY HAVE TO COLLECT THE LEVY?

In Yellowknife an Accommodation Levy will be mandatory for short term accommodation facilities within the municipal boundaries. However, in the legislation to be developed, the following exemptions are being considered:

- Accommodations purchased by the same person for a continuous period of 30 nights or more (because this is similar to monthly apartment rentals);
- Accommodation in smaller B&Bs, with three rooms or less for rent;

- Accommodation provided to patients or residents of a hospital, nursing home, Elder's residence, care facility or medical boarding house.
- Accommodation provided to a student in a college residence;
- Accommodation supplied directly by employers to their employees; and
- Hospitality rooms in hotels that do not include a bed and are used for meetings and receptions instead of overnight accommodation.

DOES THE ACCOMMODATION LEVY APPLY TO THE GST?

The Accommodation Levy will not be applied to the GST. It is calculated on the rental price of the guest room before GST is added.

WHAT IF THE ACCOMMODATION PRICE IS PART OF A PACKAGE THAT INCLUDES ADDITIONAL SERVICES?

If a tourism "package" includes the accommodation plus other goods and services (spa, meal, etc.), services that can be bought separately will not be taxed. The Levy also will not apply to optional items such as room service, movies, and telephone calls. The Levy will only apply to the room portion of the hotel bill.

WHO SUPERVISES HOW THE MONEY RAISED THROUGH THE ACCOMMODATION LEVY IS SPENT?

Money raised through a Yellowknife Accommodation Levy will be managed by a Destination Marketing Organization created to market Yellowknife as a tourism destination. Across Canada similar organizations operate with strict planning and spending guidelines. They have representation from key stakeholders on their Boards of Directors.

WHY DO WE NEED A YELLOWKNIFE DESTINATION MARKETING ORGANIZATION? WE ALREADY HAVE THE NORTHERN FRONTIER VISITORS ASSOCIATION.

The Northern Frontier Visitors Association (NFVA) is not a marketing organization. It is an advocate for the tourism industry in the North Slave Region. It also operates the Northern Frontier Visitors' Centre in Yellowknife as part of its visitor services mandate. This centre directs visitors to tourism attractions and activities in the region and across the NWT. The proposed DMO for Yellowknife could be the NFVA if they want to expand their mandate. Or it could be an entirely new organization that merges with, or works with, the NFVA. Various options will be investigated during the next few months.