Department of Municipal and Community Affairs
Government of Newfoundland and Labrador

Date: January 7, 2026

To: Town Councillors and Staff

Title: Follow-up on Tourism Accommodation Tax

Section 129 of the **Towns and Local Service Districts Act** (the "Act") authorizes towns to implement a tourist accommodation tax. This tax empowers towns to

- generate targeted revenue to support tourism-related initiatives without drawing on general funds.
- align local tourism with the provincial tourism strategy, ensuring local efforts complement broader provincial goals.
- facilitate growth in local tourism—boosting visitor numbers, tourism revenues, and job creation in an increasingly competitive environment.

Towns can use the revenue generated by a tourism accommodation tax directly for tourism purposes, or indirectly, by providing grants to third-party organizations that deliver tourism programs and services.

Mandatory By-law Required

While implementation of the tourism accommodation tax is discretionary, towns that decide to establish this tax **must create** a by-law in accordance with Section 129 of the Act.

Pursuant to the Section 129(8) of the Act, revenue generated through the tourism accommodation tax **must be used for tourism purposes**. Please view the **Guidance Document** below to ensure compliance with the Provincial Government's expectations.

Note that towns are limited to charging a maximum of 4 per cent of the daily rate, and only 12 per cent of the revenue can be used to support the collection of the tax.

By-laws **must be** posted on a town's website in accordance with Section 12 of the Act. Given the newness of this tax, the Department of Municipal and Community Affairs is requesting a copy of the by-laws be sent to the Department for monitoring purposes. Please send your by-law to the Local Governance and Land Use Planning Division by e-mail: MCAinfo@gov.nl.ca or mail to: P.O. Box 8700, St. John's, NL, A1B 4J6.

Regulations

A December 2024 circular indicated that the Provincial Government intended to implement regulations for tourist accommodation taxes under the Act. It has been determined that such regulations are not required at this time.

Should the Provincial Government decide to introduce regulations in the future, all existing and future tourist accommodation by-laws will be required to comply with those regulations, regardless of when they were enacted.

For more information contact:

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Tourism Accommodation Tax Guidance Document

To help promote effective and efficient use of the tourist accommodation taxes collected, the following guidance may be considered.

1. Engage with local tourism stakeholders to drive support and ensure that tourism accommodation operations that are expected to collect the tax are represented on decisions surrounding implementation and investments made as a result of a tax generated by their operations.

2. Consider, where possible, regional/destination area collaboration to achieve greater returns, efficiencies and economies of scale.

3. Maximize investments and leverage partnerships resources by coordinating and aligning activities around provincial strategies and priorities. For further guidance, please contact Lexie McKenzie, Manager of Strategic Initiatives, with the Department of Tourism, Culture, Arts and Recreation at email: lexiemckenzie@gov.nl.ca.

4. Establish an advisory committee with tourism sector representation, pursuant to section 48 of the Act, or work with an existing suitable tourism committee if one already exists within your town/local area. This advisory committee can provide valuable insight to enhance tourism development and growth in your community.

Funds for Tourism Purposes

Funds collected through a tourist accommodation tax **must only be used** for the purposes of tourism. Tourism purposes should align with the goals of provincial tourism strategies.

Tourist accommodation taxes collected may be considered for the following tourism purposes:

<u>Destination and Product Experience Development</u>

- Upgrading or building facilities at key tourist sites, including parking, restrooms, and visitor information services.
- Enhancing market-readiness and digital readiness of assets and experiences.
- Product experience enhancement.
- Construction, maintenance, or enhancement of tourist attractions (e.g., trails).
- Development of wayfinding systems (e.g., directional signage for visitors, language services).

<u>Meetings, Conventions</u>:

- Support for event planning, logistics, and marketing.
- Assistance with costs of hosting conferences, conventions, or major tourism-related events.

Visitor Services, which may include:
- Visitor Information Services Activities (e.g., mobile visitor services, ambassador programs).
- Projects to improve accessibility for visitors with disabilities.

Marketing Activities that are permitted may include:
- Collateral production and distribution (e.g., brochures)
- Consumer-focused asset development (e.g., production of local photography/videography)
- Marketing partnerships with Regional Destination Management Organizations

Tourism Purposes – NOT PERMITTED

Non-resident marketing activities as listed below, are not anticipated to fit within the scope of "tourism purposes" under the Act, **unless with explicit permission** of the Minister of Municipal and Community Affairs.

- Media Advertising and Production (for example: print, radio, television, out-of-home, paper direct mail, email marketing, search engine marketing, paid social media, display, and native advertising).
- Website - Hosting, Development, Maintenance.
- Social Media Management Platforms and Tools.
- Consumer Shows and Events.
- Familiarization Tours.
- Travel Media Relations.
- Travel Trade marketplaces.