

# Accommodation Tax

November 2024

Issue	Should accommodation tax be available to Saskatchewan municipalities?
Legislation	<i>The Cities Act, New Provision</i>
Related Items	<a href="#">Sub-class Authority</a>

**Background**

Some Saskatchewan municipalities are looking for additional sources of funding beyond property tax, fees, and grant funding. Municipalities may want to promote tourism in their area, invest in larger tourism infrastructure projects, host festivals, or organize special events without funding these activities using property tax revenues. An accommodation tax would allow a municipality to collect revenues from visitors from out of province or other areas within the province, without affecting property taxes of residents. The tax could be applied to stays at hotels, motels, and possibly other short-term rental properties.

**Discussion**

Saskatchewan is one of few remaining provinces that has not introduced legislation enabling an accommodation tax. The frameworks used by other provinces range from a very centralized, provincial approach to a localized, community-based approach. Some of the key factors that need to be considered if an accommodation tax provision is established in Saskatchewan include where it would be allowed, what kinds of properties would be subject, and what limits and approvals for municipal authority should be in place.

In Saskatchewan, it is unlikely that smaller communities with limited accommodations would want to institute an accommodation tax, while establishing an accommodation tax may be desirable for larger centres and popular resort areas. Instead of setting a province-wide tax like Alberta, accommodation tax could be adopted by individual municipalities by bylaw and be a mandatory tax within that municipality. This would differ from destination marketing levies in place in some Saskatchewan communities that have voluntary arrangements with local accommodation businesses or associations. Since the purpose of the accommodation tax is to support tourism, there may need to be rules for how the municipality can spend the revenue from the tax.

Another factor to consider is the wider range of vacation rentals that are now available. In addition to hotels and motels, should other properties be included, such as short-term rentals and campgrounds? The accommodation tax revenue is used to boost tourism, which should in turn boost the profits of these businesses. However, the way the tax is passed on to the consumer could impact the market if set too high. The province may need to consider setting limits, such as maximum rates, or even provincial approval of bylaws.

## Options to Consider

The following options may be considered when municipal legislation is next amended:

- Whether municipalities should be granted the discretionary authority to establish an accommodation tax by bylaw.
- Possible restrictions, limitations, and transparency requirements for an accommodation tax bylaw.
- The level of provincial oversight, if any, is needed to ensure fairness and appropriate use of accommodation tax revenue by municipalities.

*The Ministry of Government Relations would like to hear your feedback on key municipal issues. Your feedback and input will help the ministry shape potential changes to municipal legislation.*

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