



City of Richmond

Report to Committee

**To:** General Purposes Committee **Date:** February 13, 2009  
**From:** Andrew Nazareth **File:** 08-4150-03-01/2009-Vol  
 General Manager 01  
 Business & Financial Services  
**Re:** **Bylaws for 2% Hotel Tax Renewal and Amendment to Change Use of Funds**

**Staff Recommendation**

1. That:
- a. Additional Hotel Room Tax Levy Bylaw No. 6817 Amendment Bylaw No. 8473 (Attachment 1);
  - b. Additional Hotel Room Tax Imposition Bylaw No. 7810 Amendment Bylaw 8470 (Attachment 2); and
  - c. Additional Hotel Room Tax Imposition Bylaw 8471 (Attachment 3),
- all be introduced and given first, second and third readings.

Andrew Nazareth  
 General Manager  
 Business & Financial Services  
 (604-267-4095)

Att. 1: Additional Hotel Room Tax Levy Bylaw No. 6817 Amendment Bylaw No. 8473  
 Att. 2: Additional Hotel Room Tax Imposition Bylaw No. 7810 Amendment Bylaw No. 8470  
 Att. 3: Additional Hotel Room Tax Imposition Bylaw No. 8471

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<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>	
Law .....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	<b>REVIEWED BY CAO</b>
			YES <input checked="" type="checkbox"/>
			NO <input type="checkbox"/>

## Staff Report

### Origin

City of Richmond Additional Hotel Room Tax Levy Bylaw No. 6817 was adopted on November 24, 1997. It provided that the Lieutenant Governor in Council was asked to make a regulation under the *Hotel Room Tax Act*, Chapter 207, R.S.B.C., 1996, declaring that effective May 1, 1998, there would be an additional two % tax on the purchase price of accommodation purchased within the City of Richmond.

(Additional Hotel Room Tax Levy Bylaw No. 6817 Amendment Bylaw No. 6978 later changed the date of May 1, 1998 to March 1, 1999.)

B.C. Regulation 228/99 deposited July 19, 1999, provided that the two percent tax would be imposed for a term expiring October 1, 2004, and that it would be used for trade and exhibition centre construction and operation as well as tourism marketing.

City of Richmond Additional Hotel Room Tax Imposition Bylaw No. 7810 was adopted on September 20, 2004. It provided that the Lieutenant Governor in Council was asked to make a regulation under the *Hotel Room Tax Act* to extend the imposition of the additional two % tax on the purchase price of accommodation purchased within the City of Richmond beyond October 1, 2004.

B.C. Regulation 432/2004 deposited October 1, 2004 provided that the two percent tax would be imposed for a term expiring October 1, 2009, and that it would be used for trade and exhibition centre construction and operation as well as tourism marketing.

On January 19, 2009, in a special meeting resolution, Council directed staff to report back with the necessary Bylaws to renew the 2% Additional Hotel Room Tax (AHRT) from October 2009 to October 2014 and to reallocate the funds accumulated in the Richmond Trade and Exhibition Centre Designated Project Fund (RTEC Fund), subject to receiving the express written support of at least 51% of the hotels and hotels representing 51% of the hotel beds in Richmond.

### Analysis

The *Hotel Room Tax Act* provides that a municipality may request that an additional tax be imposed on accommodation located within a particular municipality. As a policy, the Province requires supporting material for such an application. This material includes:

- a municipal bylaw which sets out the rate of tax to be charged, whether the tax is to apply to the whole of the municipality or just part, the purpose(s) for which the money will be used, and the desired effective date of the new tax
- a current list of all the registered operators that are currently collecting the 8% AHRT located within the municipality
- evidence that the local accommodation sector has been consulted and the majority supports both the business plan and the application for the new tax

The Province collects the AHRT and remits it monthly to the municipality. Once the City receives the funds, a modest administrative fee of \$20.00 per hotel per month is deducted with the remaining funds forwarded to Tourism Richmond. The AHRT is imposed for a period of five years and, in order to extend the tax the City must reapply. There is no limit as to how many times the municipality can apply to renew the tax.

Since 1999, 1% of the 2% AHRT collected has been accumulating into the RTEC Fund, with the remaining 1% used for tourism marketing, programs and projects. In a letter dated November 28, 2008, Tourism Richmond advised the City that a trade and exhibition centre is not viable in terms of financing and/or market competitiveness and that Tourism Richmond wished to seek a change of use of the RTEC Fund from the trade and exhibition centre to tourism marketing.

Since that time Tourism Richmond and the City, with the consent of Richmond's hoteliers, have agreed that the RTEC Fund shall be used for Olympic initiatives, sport hosting and tourism marketing, programs and projects. The City has obtained evidence, in the form of signed letters, of the required support from the hoteliers for the proposed change of use of the RTEC Fund.

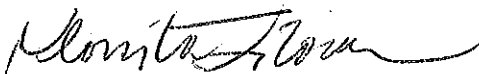
Tourism Richmond and the City, with the consent of Richmond's hoteliers have further agreed that 100% of any new AHRT monies shall be used for tourism marketing, programs and projects and sport hosting programs and projects. The City has obtained evidence, in the form of signed letters, of the required support from the hoteliers for the imposition of the new tax effective October 1, 2009. A renewal for the full 2% will be sought to ensure Tourism Richmond is properly financed to meet performance expectations and effectively pursue bringing visitors to Richmond up to, during and post-Games.

### **Financial Impact**

The City will realize an administration fee of approximately \$6,000.00 per year based on a calculation of \$20.00 per hotel per month and 25 participating hotels.

### **Conclusion**

Having obtained the necessary written support from the Richmond hoteliers, Staff recommends that Council adopt the attached two Amendment Bylaws 8470 & 8473 with the goal that the RTEC Fund shall be used for Olympic initiatives, sport hosting and tourism marketing, programs and projects. Staff recommends further that Council adopt the attached Bylaw 8471 with the goal that any future AHRT monies received be utilized for tourism marketing, programs and projects and sport hosting programs and projects.



Neonila Lilova  
Manager, Economic Development  
(604-247-4934)

NL:nl



**Additional Hotel Room Tax Levy Bylaw No. 6817  
Amendment Bylaw No. 8473**

The Council of the City of Richmond enacts as follows:

- 1. That Additional Hotel Room Tax Levy Bylaw No. 6817 is amended by deleting section 3 and replacing it with:

*"The funds paid to the City of Richmond under provisions of the regulation shall be applied to tourism marketing, programs and projects and sport hosting programs and projects."*

- 2. This Bylaw is cited as "Additional Hotel Room Tax Levy Bylaw No. 6817 Amendment Bylaw No. 8473".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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CITY OF RICHMOND
APPROVED for content by originating dept.

APPROVED for legality by Solicitor


\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER



Additional Hotel Room Tax Imposition Bylaw No. 7810  
Amendment Bylaw No. 8470

The Council of the City of Richmond enacts as follows:

- 1. That Additional Hotel Room Tax Levy Bylaw No. 7810 is amended by deleting section 3 and replacing it with:

*"The funds paid to the City of Richmond under provisions of the regulation shall be applied to tourism marketing, programs and projects and sport hosting programs and projects."*

- 2. This Bylaw is cited as "Additional Hotel Room Tax Imposition Bylaw No. 7810 Amendment Bylaw No. 8470".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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CITY OF RICHMOND
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APPROVED for legality by Solicitor

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER



**Additional Hotel Room Tax Imposition Bylaw No. 8471**

The Council of the City of Richmond enacts as follows:

1. The Lieutenant Governor in Council is hereby requested to issue one or more regulations pursuant to Section 43(2)(e) of the *Hotel Room Tax Act* and/or other applicable legislation to allow the revenue collected from the tax which was to be expended for trade and exhibition centre construction and operation pursuant to B.C. Reg. 228/99, deposited July 19, 1999, Order in Council 853/99, approved and ordered July 16, 1999, and B.C. Reg. 432/2004, deposited October 1, 2004, Order in Council 939/2004, and effective October 1, 2004, to be allocated to tourism marketing, programs and projects and sport hosting programs and projects.
2. The Lieutenant Governor in Council is hereby requested to issue a regulation under Section 43(2)(e) of the *Hotel Room Tax Act* to provide that section 3(1) of the *Hotel Room Tax Act* applies in respect of accommodation purchased within the whole of the City of Richmond from and including October 1, 2009 to and including September 30, 2014.
3. The tax to be imposed under the provisions of the regulation referred to in section 2 of this Bylaw is requested to be two percent of the purchase price of the accommodation.
4. The purposes for which the amount paid to the City of Richmond out of the revenue collected from the tax to be imposed under the provisions of the regulation referred to in section 2 of this Bylaw may be expended are tourism marketing, programs and projects and sport hosting programs and projects.
5. This bylaw is cited as "**Additional Hotel Room Tax Imposition Bylaw No. 8471**".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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CITY OF RICHMOND
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\_\_\_\_\_  
MAYOR

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CORPORATE OFFICER