



Corporate Report

NO: R208

COUNCIL DATE: October 16, 2006

REGULAR

TO: Mayor & Council DATE: September 19, 2006
FROM: Manager, Economic Development Office FILE: 0042-040
SUBJECT: Renewal of Additional 2% Hotel Room Tax (AHRT)

RECOMMENDATION

- 1) That By-law No. 16122 attached as Appendix I which introduces the renewal of the Additional 2% Hotel Room Tax in Surrey effective March 1, 2007, be approved and given first, second and third readings.
- 2) That the City make application to the Lieutenant Governor in Council through the Provincial Ministry of Finance, to renew the Additional 2% Hotel Room Tax in accordance with the attached By-law, as approved.
- 3) That the proceeds of the Additional 2% Hotel Room Tax received by the City, be allocated to the Surrey Tourism & Convention Association.
- 4) That the GVRD be informed of the City's intention to renew the Additional 2% Hotel Room Tax, effective March 1, 2007
- 5) That the Surrey Tourism & Convention Association 2006-2010 Business Plan, attached as Appendix II be received.

INTENT

This report seeks Council's endorsement to renew the Additional 2% Hotel Room Tax that has been in place since March 1, 2002 and is due to expire on March 1, 2007, as per attached By-law No. 16122 which has been reviewed by Legal Services.

BACKGROUND

On July 9, 2001, Council, through By-law No. 14441 approved the implementation of the Additional 2% Hotel Room Tax (AHRT), which became effective on March 1, 2002 for a period

of five years. This report seeks Council's endorsement to renew (extend) for a further five year period on behalf of the hoteliers, the Additional 2% Hotel Room Tax.

The Provincial Hotel Room Tax Act allows local jurisdictions to implement an Additional 2% Hotel Room Tax over and above the existing 8% Room Tax. The proceeds from the AHRT are turned over from the Province to the City on a monthly basis and then passed on to the Surrey Tourism and Convention Association (STCA) to be used to facilitate programs and marketing activities included in their approved Business Plan, attached as Appendix II.

Founded in 2001, STCA is an independent, non-profit organization that works to raise awareness of tourism opportunities in Surrey and ultimately increase the number of overnight visitors to our area. SCTA is Surrey's officially approved destination management organization and the operator of the Visitor Centre located in Central City. As a fully independent organization, STCA does not receive funding from the City and is primarily funded by the Additional 2% Hotel Room Tax.

Since being introduced, the AHRT has generated a total of \$1,530,100. Annual revenues collected since March 2002 and up to September 2006 are indicated below.

2002	2003	2004	2005	2006 (to date)
\$253,868	\$310,316	\$323,047	\$354,106	\$288,763

Ten percent of the AHRT funds are collected in a separate fund for the development of capital projects for the enhancement of tourism. The establishment of a new Visitor's Centre (VC) adjacent to the Campbell River Store on Highway 15 is a key goal of the STCA and qualifies for this capital project funding. In combination with the \$200,000 UBCM tourism grant allocated to this project by Council, approximately \$80,000 of STCA's capital fund account will be directed towards the construction of the VC.

CONCLUSION

The Additional 2% Hotel Room Tax generates funds that provide the Surrey Tourism and Convention Association with the ability to market Surrey to the world and helps facilitate the development of tourism related capital projects. The STCA is seeking Council's endorsement and approval of the attached By-law for renewal.

The Surrey Tourism and Convention Association has met Provincial legislation, which requires 51% agreement of the established hoteliers representing 51% of the hotel rooms required. Support represents 87% of hotel rooms and 74% of hotels, which well surpasses minimum support required. The accommodation sector support document is attached as Appendix III for information.

Donna Jones, Manager
Economic Development Office

Attach/

<http://surrey.ihostez.com/content/uploaded/191e6c1ef8cc4cc3bd7401ece8c9a2ca-r208.doc>