

November 8, 2016

Via email: ma.citycharters@gov.ab.ca

The Honorable Danielle Larivee
Minister of Municipal Affairs
Government of Alberta
10800 - 97 Avenue
Edmonton, AB
T5K 2B6

Dear Minister:

Re: City Charters & the *Municipal Government Act*

On behalf of the Board of Directors and the 850 members of the Alberta Hotel & Lodging Association (AHLA) who own and operate hotels, motels and inns around our province, we appreciate the opportunity to provide feedback on the city charters proposed for the *Municipal Government Act*.

The AHLA applauds the provincial government's desire to enhance the efficiency and responsiveness of Alberta's two largest cities. As you work with Edmonton and Calgary to build strong and economically vibrant cities, we encourage you to consider carefully the impacts of altering the fiscal framework.

It is no secret that Alberta municipalities have sought the authority to implement a variety of taxes. Our members strongly oppose any legislation that would permit municipalities to charge and collect new taxes on business, including hotels. The AHLA is deeply concerned that new municipal taxes would have a crippling effect on businesses, especially those in the tourism and hospitality industry. Taxes on attractions, events, festivals, or accommodations and campsites will create additional expense for anyone who visits those communities, whether they are from another country, another province, or elsewhere in Alberta. Such taxes would make Edmonton and Calgary less competitive in the global tourism marketplace. Any financial benefit to municipalities would be offset by a corresponding reduction in sales.

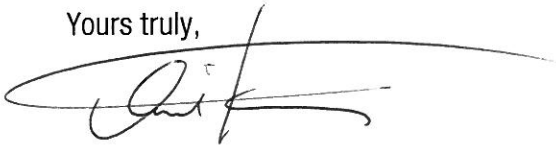
Like other businesses, hotels contribute significantly to Edmonton, Calgary, and other communities through local employment, community involvement, and property taxes. According to a recent study compiled by PKF Consulting on behalf of the Hotel Association of Canada, in 2014, Alberta's lodging industry generated over \$1.147 billion in direct and indirect government revenues, almost \$255 million in property taxes alone. In addition, Alberta hotels are already subject to the 4% Tourism Levy, which was created with the support of industry to provide predictable and sustainable funding to grow tourism.

The AHLA believes that municipalities should be supported through predictable and sustainable funding from the province, not by new powers of taxation. Collecting taxes and redistributing these revenues at the provincial level is far more efficient and effective than enabling municipal councils to create a patchwork of individual taxation policies and collection mechanisms.

As Alberta's tourism industry works to achieve the goal of generating \$10 billion in tourism revenue by 2020, we strongly encourage the provincial government to retain authority over its most important policy instrument – taxation. This \$10 billion goal, which benefits Edmonton, Calgary, and all Albertans, will be frustrated if the province gives its authority over to other levels of government. City councils are focussed on local needs and issues, and may not fully appreciate or even share the goals set out by the Government of Alberta. Municipal tax policy would significantly impact provincial priorities such as attracting investment and economic diversification.

The AHLA encourages the Government of Alberta to assure that our cities are supported through predictable and sustainable funding from the province, not by giving them new powers of taxation. We ask that you allow Alberta's tourism and hospitality industry, the fourth largest contributor to the provincial economy, to continue to diversify and grow our economy, benefitting all Albertans.

Yours truly,

A handwritten signature in black ink, appearing to read 'Dave Kaiser', with a long horizontal flourish extending to the right.

Dave Kaiser, CHA
President & CEO

cc. Hon. Joe Ceci, Minister of Finance and President of Treasury Board
Hon. Deron Bilous, Minister of Economic Development and Trade
Hon. Ricardo Miranda, Minister of Culture & Tourism