

## DESTINATION MARKETING FEES (DMFs), CITY CHARTERS, AND MUNICIPAL TAXATION

Since the introduction of the 4% Tourism Levy in 2005, hotels in communities around Alberta have responded to the need for sustainable funding for tourism marketing by implementing Destination Marketing Funds (DMFs). Hotels and motels participate in these DMFs on a voluntary basis.

The AHLA believes that:

- Hotels should be free to choose whether they wish to contribute to a DMF.
- Hotels that charge a DMF on the guest folio should participate in a recognized DMF.
- Hotels should be vigilant when it comes to the transparency and accountability of tourism marketing expenditures.
- Flexibility, local autonomy, and the ability to respond quickly to opportunities are important features of DMFs.
- Those who contribute the funds should have control over how they are spent.
- There must be accountability and transparency around funds collected and how they are spent.

The AHLA supports the transparent and accountable collection and expenditure of DMFs to promote tourism and market Alberta as a tourist destination, which benefits all Albertans.

The current system ensures:

- Individual hotels can choose for themselves whether participating in destination marketing programs fits with their business model.
- A direct line of sight between the organizations and initiatives that receive funding and whether these actually result in visitors to the destination.
- Those who receive DMF monies are accountable to their funder.
- Efficient and effective use of funds, with minimal dollars spent on administration.

Based on our observations and experience working with DMFs, the AHLA has published Recommendations for the Governance and Administration of Destination Marketing Fees and a voluntary code of conduct for DMFs.

### RECOMMENDATIONS:

1. Focus on driving tourism revenue - not municipal revenue - if it considers changes to the administration of DMFs.
2. Ensure that hotels must have a seat at the table with the province as discussions occur and decisions are made.

The AHLA opposes giving municipalities the authority to administer DMFs. The AHLA is opposed to any additional fees, taxes, or levies being applied to hotel & lodging businesses by federal, provincial, or municipal governments.