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To / À Jean Wallace	From / De Andie	
Co./Dept. / Cie/Service	Co. / Cie JK CoFC	
Phone # / N° de tél.	Phone # / N° de tél.	
Fax # / N° de télécopieur 873-0276	Fax # / N° de télécopieur	

October 25, 2000

Honourable J Handley, Minister,  
 Department of Finance  
 Government of the Northwest Territories,  
 PO Box 1320,  
 Yellowknife, NT.  
 X1A 2L9.

Dear Mr. Minister:

The Yellowknife Chamber of Commerce has met numerous times to discuss the issue of the proposed Hotel Tax. We welcome the opportunity to have input in the process and thank you in advance for your attention to our concerns.

At the outset, we must advise that we maintain the same position as the Canadian Chamber of Commerce in being opposed in principle to tax increases, or the introduction of new taxes. NWT businesses have a difficult time competing with southern businesses, and additional taxes drive costs which results in less attractive pricing for our products and services. We are aware of the government's deficit problems, but feel very strongly that all other options should be considered before the introduction of new taxes or service fees. Having said that, the Yellowknife Chamber supports your intention to bring tourism to the forefront and increase the amount of funding available for marketing NWT tourism offerings. We also understand and accept that you have few options available for funding an adequate tourism marketing campaign.

To date, your staff has not been able to provide information in response to a number of important questions associated with the proposed hotel tax. We request that you work with the Chamber and other industry groups, to address the following points, before finalizing the hotel tax initiative:

1. Minimize the cost to the Hotels, Lodges and other businesses required to remit the tax. The reporting/remitting system must reflect the significant range in size of accommodation businesses, and not result in a noticeable incremental administrative cost to business.
2. Ensure that revenue numbers from each property will remain confidential. Individual business data should not be made available for research purposes, or for public reporting.



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Chamber Staff:

Ellie Sasseville  
 Executive Director

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 Administrative Assistant



## Yellowknife Chamber of Commerce

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3. Ensure that the tax revenues are retained for incremental tourism marketing initiatives. We favour the establishment of a "tourism marketing revolving fund", and are very opposed to the funds moving to general revenues. The Chamber is very concerned that over time the funds will be utilized to offset "cuts" to existing tourism marketing, and/or be utilized as a source of funds for other government priorities.

4. Ensure that the tourism sector plays the lead role in determining where and how the tax revenues will be invested in marketing programs in support of the tourism sector. The Chamber believes that tourism operators are best able to identify marketing expenditure priorities that should be funded with hotel tax revenues. We are also opposed to the use of the funds for offsetting staffing, consultant or office costs within RWED, the Department of Finance, or industry association(s).

5. Ensure that the GNWT develops an efficient plan for collecting, monitoring and administering the hotel tax revenues, and that the cost to Government is minimal. The Hotel Tax revenues should not be used to finance the collection of the Hotel Tax.

6. Make the Hotel Tax through legislation subject to a 3-year sunset clause. This would help to ensure that there was a public review of the tax, based on an understanding of actual costs and realized benefits, within a reasonable time period.

7. Ensure that there is an annual report tabled in the Legislative Assembly that identifies at a minimum: the amount of taxes collected; the GNWT costs associated with the collection, monitoring management of the hotel tax funds; the allocation/use of the hotel tax funds; and quantified benefits resulting from the expenditure of hotel tax funds.

8. Ensure that all businesses providing accommodation for a fee (i.e. lodges, outfitters, hotels, motels, campgrounds, and bed and breakfasts) are required to make a remittance. It is suggested that smaller operations be provided with an opportunity of making a flat annual payment, to reduce GNWT and business administrative costs.

The Chamber is prepared to work with your representatives on the development of program details to ensure that these conditions are met. The Yellowknife Chamber believes that the proposed hotel tax could make a positive contribution to the health of the NWT tourism industry, and trust that the above will assist you in the development of your policies.

Sincerely,

John Ondrack, President;  
 Yellowknife Chamber of Commerce

cc; NWT Chamber of Commerce