



Monday, November 21, 2016

Mayor Lisa Helps and Members of Council  
City of Victoria  
1 Centennial Square  
Victoria, BC V8W 1P6

RE: Request to rescind Provincial Tax Regulation 78(1)(b)

Dear Mayor and Council,

It is my understanding the City of Victoria has been working to mitigate the negative impacts of short-term rentals in our community. We strongly support these efforts and commend Council for its leadership on this issue. However, we are concerned that Council's resources in this matter are challenged and that meaningful action from the provincial government is required to resolve this issue in a timely manner.

Employees of the Hotel Association of Greater Victoria are experiencing challenges with finding affordable rental accommodation. The impact of low vacancy increases the monthly rental rates placing undue hardship on the employee which in turn affects the viability of the businesses. The short term rental market is a popular option for travelers and therefore we expect significant growth into the future.

As Council well knows, many British Columbians have embraced short-term residential rental companies such as Airbnb and Vacation Rental by Owner (VRBO). While these online platforms have in some cases brought new visitors and tourism spending to BC, they have also negatively impacted the availability and affordability of monthly rental accommodations. One of the challenges is that these agencies are not subject to the same regulatory, legal, taxation, health and safety, or insurance laws as traditional accommodation providers.

For example, residents who offer fewer than four rooms for rent do not have to collect provincial sales taxes when renting those accommodations. This exemption has created an unclear business environment, and made it all but impossible for municipalities—even those with stringent bylaws targeting short-term rental accommodations—to effectively enforce the rules.

Eliminating section 78(1)(b) of BC's *Provincial Sales Tax Act* (Provincial Sales Tax Exemption and Refund Regulations) will eliminate this exemption and significantly enhance our community's enforcement regime. Not only will it encourage our local renters to register their business income fairly, but it will also increase voluntary compliance among landlords who risk finding themselves off-side with both local bylaws and the provincial tax code.

We respectfully request that the City of Victoria write to the Minister of Finance and formally request that *Provincial Sales Tax Act* exemption 78(1)(b) be rescinded. Council's support in this matter will be vital to encouraging effective action from BC's provincial government.

Yours truly,

A handwritten signature in black ink, appearing to read 'Reid James', with a stylized flourish at the end.

Reid James  
Chairperson  
Hotel Association of Greater Victoria

cc: Paul Nursey, Tourism Victoria  
James Chase, British Columbia Hotel Association  
Hotel Association of Greater Victoria