

Policy Position Paper: Transient Visitor Levy (TVL)

Agreed Position – 3rd November 2022

Following consultation with 200 of our members in 2018, we found broad support for the principle of a TVL - support which increases further if funds are ring-fenced and re-invested entirely in the city's visitor economy. Covid has delayed plans to introduce a TVL, however, work on legislation has now recommenced at a Scottish Govt. level, and CEC intend to introduce it as soon as possible in Edinburgh, possibly by Q1 2025. We have a general position currently of a moratorium on all local additional taxation and regulatory burdens whilst we continue to navigate the current economic crisis, and this legislation would form part of that ask. We also urge CEC to work co-operatively with impacted businesses across the city on implementation, including them in the decision making process and acting on their legitimate concerns and suggestions.

Context

In 2018, following a sustained increase in the number of tourists to many parts of Scotland, a number of our local authority partners, including COSLA, called for the Scottish Government to create the powers to allow them to apply a 'tourist tax', also referred to as a TVL. In the 2022-23 Programme for Government, legislation was introduced for a Local Visitor Levy. CEC have now discussed how this could be implemented in Edinburgh, incl. 6 potential categories for spending TVL revenue.

Rationale

- Most residents and businesses surveyed support the tax (our 2018 survey data)
- 2019: estimated that it could raise £11.6m to £14.6m per year in Edinburgh
- With high number of visitors each year, it seems unfair that Edinburgh residents continue to bear the brunt of the burden of financing the maintenance of public services and infrastructure which is available to visitors.
- May help counter some of the public criticism of our visitor economy, Festivals, etc.

Data: Evidence Gathered

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| <p>Edinburgh Chamber of Commerce 2018 survey</p> | <ul style="list-style-type: none"> • 69% of businesses would support the introduction of a TVL, jumping to 79% in support if the funds were ring-fenced for infrastructure investment in Edinburgh • Support varied by sector - from 50% from hospitality to 81% from financial services • 87% would like the option to review the TVL after a set period of time |
| <p>Marketing Edinburgh Survey 2018</p> | <ul style="list-style-type: none"> • 92% of tourists said that they would visit Edinburgh even with a Levy of £1 per room • 88% of peak-period and 80% of off-peak period visitors would not be put off coming to Edinburgh by a £2 tourist tax on overnight stays |
| <p>Scot. Govt. consultation</p> | <ul style="list-style-type: none"> • A visitor levy set out mostly at the local level with some overarching national principles was supported by 42% • 73% thought revenues from a visitor levy should be allocated to priorities articulated through local tourism strategies |

Key Policy Maker and Stakeholder Positions

UK Govt. – not currently considering implementing a TVL in England
 Scot Govt. – introduced legislation to devolve power to LA's to implement
 CEC – Revenue generated could be important to support the long-term sustainability of Edinburgh as a visitor destination. Opportunity to fund proposed OAG?
 SCC – Particularly given current economic issues, no new taxes or levies should be imposed on business for the lifetime of the next Parliament, including the transient visitor levy

Data: Evidence Required

- Impact assessment on tourism demand
- Updated survey of businesses to gauge current views
- Updated survey of tourists post-pandemic
- Local consultation including robust engagement with businesses – work with Edinburgh Tourism Action Group

Chamber 'Asks'

- Regular and robust consultation with businesses on implementation
- Must not be overly burdensome on businesses
- Revenue should go back into the industry, and towards making Edinburgh a green destination
- Review the TVL after a set period of time to gauge impact