

Local Government, Housing and Planning Committee

18th Meeting, 2022 (Session 6), Tuesday
20 June 2023

Visitor Levy (Scotland) Bill

Introduction

1. The Committee was formally designated lead committee for Stage 1 scrutiny of the [Visitor Levy \(Scotland\) Bill](#) (“the Bill”) by motion of the Parliament on 14 June 2023.
2. The purpose of this paper is to provide information to inform an initial, introductory evidence session with the Scottish Government Bill Team who will be leading on the Bill.
3. The expectation is that the Committee will issue a call for views over summer recess before taking further evidence on the Bill during autumn and reporting its stage 1 conclusions to the Parliament in due course.

The Bill

4. The Bill was introduced in the Parliament by the Deputy First Minister on 24 May and is [available online](#), along with its accompanying documents.
5. The [Policy Memorandum](#) describes the Bill’s policy objectives as follows—

“The overall policy objective of the Bill is to give a discretionary power to local authorities to introduce a levy on stays in overnight accommodation in all, or part, of their area if they choose to do so. Giving local authorities this power will strengthen local democracy by giving them a discretionary new fiscal power that they can choose to use in their areas, if they consider it appropriate to do so. Funding raised from a visitor levy will be required to be spent on the visitor economy, such as facilities or services substantially for or used by visitors, providing a local authority with new resources it can use for these purposes. This may be particularly relevant in areas where public services are under additional pressure due to the number of visitors to an area.”

6. The Bill would therefore give local authorities the power to apply a levy on stays in overnight accommodation based on a percentage of the

accommodation cost. The percentage rate would be for councils themselves to decide and, as introduced, the Bill places no restrictions on what this rate might be. The Bill would also permit the percentage rate to be different for different purposes or different areas within the local authority's area, but not for different types of accommodation.

7. The Bill is therefore likely to result in different councils introducing a visitor levy in different ways or not doing so at all, depending on local circumstances.

8. All revenues raised would have to be reinvested in the local authority area on facilities and services substantially for or used by visitors, and councils would be required to consult communities, businesses, and tourism organisations before putting a visitor levy in place. They would also have to consult on how any revenues raised should be spent.

9. The Scottish Government website¹ states that the “proposals form part of the New Deal for Local Government which gives councils greater financial flexibility and strengthens local democracy.”

Consultation

10. The Policy Memorandum states that—

“Recognising that introduction of a visitor levy was an issue which required careful consideration, between November 2018 and January 2019 the Scottish Government facilitated a national discussion on tourist taxes in Scotland (hereafter referred to as the National Discussion), to seek views and build a common and shared understanding of the issues, opportunities, and challenges.”

11. Further information on the National Discussion and consultation can be found via the links below—

- [Tourism tax: messages from the national discussion](#) - provides a high-level summary and includes anonymised summaries from each roundtable discussion
- [Tourism tax: evidence from the national discussion](#) - is a collection of unedited evidence submitted by stakeholders
- [Tourism tax: consultation analysis](#)

12. The Policy Memorandum sets out the key findings from the consultation analysis as follows—

- 42% of respondents supported a visitor levy that was set out mostly at a local level with some overarching national principles. The majority of

¹ [Visitor levy legislation introduced - gov.scot \(www.gov.scot\)](#)

local authority respondents supported this approach. Accommodation providers tended to favour a wholly national framework.

- 35% of respondents supported a visitor levy being based on a percentage of the total accommodation charge. 32% supported a flat rate per person per night, and 24% supported a flat rate per room per night.
- A majority of respondents thought that there should be a national framework within which a visitor levy rate could be set by a local authority. A general theme was that any decisions on a visitor levy should be based on robust evidence, including an economic impact assessment.
- A large majority (ranging from 82% to 96%) supported a local authority needing to consult and conduct relevant impact assessments before introducing a visitor levy.
- A majority of respondents thought revenues from a visitor levy should be allocated to priorities articulated in local tourism strategies, where they exist.

Sections of the Bill

13. The Bill consists of seven Parts, with 75 Sections and no schedules. The main Parts of the Bill are—

- Part 1: Power for local authorities to impose levy and Overview
- Part 2: Key concepts including basis and calculation of levy and Exemptions and rebates
- Part 3: Introduction and Administration of the levy including Process, Finances, and Performance
- Part 4: Returns and Payment
- Part 5: Enforcement of the Levy and Penalties
- Part 6: Registers of liable persons and information sharing
- Part 7: General provisions including interpretation, regulation-making powers, ancillary provision, and commencement.

Financial Memorandum

14. The Financial Memorandum (FM) is required to provide best estimates of the costs, savings, and changes to revenues to which the provisions of the Bill would give rise, and an indication of the margins of uncertainty in such estimates. The FM must also include best estimates of the timescales over which such costs, savings, and changes to revenues would be expected to

arise. must distinguish separately such costs, savings, and changes to revenues that would fall upon—

- (a) the Scottish Administration;
- (b) local authorities; and
- (c) other bodies, individuals, and businesses.

15. The FM summarises the estimated costs of the Bill as follows—

	Set-up costs	Recurring costs
Scottish Government	Minimal	None
Local Authorities	£110,000 - £480,000 per local authority	£190,000 - £500,000 per local authority
Accommodation providers – businesses and liable public bodies	£3,000 - £10,000 per accommodation provider (small to medium size) £150 - £1,100 per accommodation provider (micro size)	£200 - £400 per accommodation provider (small to medium size) £100 - £500 per accommodation provider (micro size)
Other businesses	None	Minimal
Other bodies	None	None

Conclusion

16. The Committee is invited to consider the above information in its introductory evidence session with the Scottish Government Bill Team.

17. Following the public evidence session, the Committee will have the opportunity to consider its approach to scrutiny of the Bill at stage 1.

**Committee Clerks,
June 2023**