

## Appendix B

### Transient Visitor Taxes in Scotland: a National Discussion

Scottish Borders Council's comments are:

1. Any discussion about empowering local authorities to raise taxes locally, including transient visitor tax (TVT), is a strand of a wider discussion about the adequacy of the resources available to councils in undertaking the broad range of functions for which they are responsible. Progress on a TVT would not alter this fundamental, especially in circumstances where use of TVT may be limited.
2. The lack of fiscal powers at local level is severely limiting choices at a local level. Local people and institutions should decide on levels of local taxation in relation to local services. It is inconsistent with a strong local democracy for this to be determined or enforced almost exclusively at a national level (minor variations in the level of council tax excepted). A national discussion is needed in relation to the general competence of local government to set and raise new taxes (on the proviso that these do not duplicate taxes set elsewhere).
3. The Council has concerns about a narrow discussion about TVT outwith a wider dialogue about the adequacy of local government resources and the lack of fiscal powers at the local level. Potential local authority beneficiaries of such a tax are likely to be very limited in number and the tax risks intensifying differences between the most and least visited areas of the country.
4. As the document notes, the national discussion takes place within the context of a number of wider engagements, particularly the upcoming Local Governance Review. That Review is premised on the notion of place-based solutions to combinations of challenges. SBC's perspective, in common with other local authorities, is that strengthening local democracy means having the same freedom to make local decisions about (some elements) of tax and spend that already exist in other modern democracies.
5. The discussion document sets out the significant part Tourism plays in Scotland's economy, in terms of its size, economic contribution, and its distribution across Scotland. What is true for Scotland is also true of the Scottish Borders with a greater percentage of the workforce employed in tourism related activity than the Scottish average. Please see Chart 4 of the Discussion Document.
6. Despite this, the Council has no plans to pursue a TVT within the Scottish Borders Council area. The principal reason for this is concern that price sensitivity among visitors/potential visitors risks reducing the number of visitors, the length of their visits and their spend within the local economy.
7. As the Council does not wish to pursue a TVT, it does not offer any comments on the merits and demerits of the different approaches to tourist taxes described in the Discussion Document. The Council simply notes the risk, referred to above in point 3, that the expenditure associated with such taxation may simply exacerbate the existing concentration of visitors and visitor spend and militate against delivering the benefits of inclusive economic growth more widely.