

Minutes of the 4th Meeting of the Accommodation Tax Study Subcommittee of the Study Committee for Securing Financial Resources for Tourism Promotion in Hakuba Village in FY2024

Date and Time	Friday, January 17, 2025, 13:30–15:30
L o c a t i o n	Hakuba Village Hall, Room 302

Committee Members (titles omitted)

Professor, Department of International Society, Faculty of Modern Liberal Arts, Tokyo Woman's Christian University	Noriko Yagasaki	a t t e n d
Deputy Secretary General, Hakuba Village Tourism Bureau	Yuya Shinji	a t t e n d
Chairman, Hakuba Sasaka Tourist Association	Yuichi Nakamura	a t t e n d
Hakuba Goryu Tourism Association Secretariat	Fumio Sato	a t t e n d
Chairman, Happo One Tourist Association	Tetsuya Maruyama	a t t e n d
Hakuba Iwatake Tourist Association Vice President	KIRIKUBO, Masayoshi	a t t e n d
Director, Nagano Ryokan Hotel Association Hakuba Branch	Kazuma Maruyama	n o n - attendance
Hakuba Village Lodging Innovation Team	Tomohiko Maruyama	a t t e n d
Hakuba Village Hotel Council Secretariat	Kenji Shibata	a t t e n d
Representative of Hakuba Oyado Club	Mayumi Ito	a t t e n d
President, HIBA (Hakuba International Business Association)	Ian Miller	a t t e n d

Attendance 10

Observers (titles omitted)

Hakuba Village Vice Mayor	Hisao Yoshida	a t t e n d
Chairperson of the Hakuba Village Assembly Industry and Economy Committee	Tatsuya Kirikubo	a t t e n d

Secretariat

Hakuba Village Office, Tax Section Chief	Yusuke Ota	a t t e n d
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Head of Taxation Section, Taxation Division, Hakuba Village Hall	Tsuyoshi Ichii	a t t e n d
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Opening (13:30)

<Tax Section Chief Ota.

I have received a notice of absence today from Mr. Kazuma Maruyama, a member of the committee.

Now, Mr. Maruyama, Vice Chairperson, will call the meeting to order.

<Tomohiko Maruyama, Vice Chairman

He declared the meeting open.

1 a fine thing to say (used as part of a sarcastic response to a rude remark)

<Chairman Shibata

Hello everyone. Thank you very much for attending today, even though you are tired from cleaning up the snow every day. I would also like to thank Dr. Yagasaki for attending today despite the bad weather.

As you know, the public comments received in Nagano Prefecture at the end of November announced the change of the name of the tax from tourism promotion tax to accommodation tax, the expansion of tax exemptions, and the increase of tax exemption points. Hakuba Village also conducted public comments, and today the secretariat will explain the results and our response to them.

Furthermore, we would like to ask you to consider the optimization of the bath tax.

2 agenda

(1) Results and Responses to Public Comments

<Chairman Shibata

Please explain item 1, Results of Public Comments and Responses, from the Secretariat.

<Tax Section Chief Ota.

He explained the results of the public comments and responses based on the documents.

<Chairman Shibata

Now, before we hear your opinions, would you please give us any advice or information

from Dr. Yagasaki?

<Noriko Yagasaki, Committee Member

My name is Yagasaki. I look forward to working with you again this year.

The difference between the two methods, fixed rate and flat rate, is causing quite a conflict in Japan today. The chairman of the committee has asked me to give you some advice, so please understand that I will be mixing my thoughts as well. I myself have always thought that it would be better to have a flat-rate accommodation tax. This is because (accommodation tax) is almost always a fixed rate system in the world, it is easy to multiply, and when accommodation facilities that charge high accommodation rates appear, the tax revenue will increase by that amount.

At the beginning of this year, Kyoto City proposed a 10,000 yen accommodation tax for room rates of 100,000 yen or more, which took us, the study committee members, a bit by surprise.

However, there is a history behind the lodging tax in Japan. I was involved in the introduction of Kyoto City's lodging tax, and at that time, lodging industry groups strongly requested that lodging tax should be a flat rate, or at least a graduated flat rate system. At that time, the fixed-rate system and the flat-rate system were equal options, but there were many inns at that time that had a ryokan-type rate system, which charged a certain amount per person per night, and the voices of those who had a hotel-type rate system, which charged a certain amount per room per night, were stronger than the voices of those who had a flat-rate system. The fixed-rate system has been introduced in many regions and municipalities in Japan. It is difficult for local communities to reject this system and create a new one. Therefore, to put it simply, Hakuba Village is more of a follow-up type of village, so the accommodation tax is a type that is being created later. This is the reason why we have to adopt a flat-rate system in stages.

A tax system must be easy to understand and simple. It is very important for a tax system to be easy to understand and simple so that everyone involved can understand it, so that tax revenues can be raised without fail, and so that the logic behind the discussions is consistent. In terms of ease of understanding, I think one thing to keep in mind is that if we assume a tiered flat-rate system, which is already in place, we will first have to adapt to this system.

In fact, if businesses are willing to let the computer calculate the tax amount regardless of the increase in the number of calculation processes, or if they can create a tax amount table in advance and refer to it to make calculations easier, then it may be possible to use the system in combination with the computer system. However, what needs to be considered is how easy it is to understand as a system, how easy it is for customers to understand, and how much of a burden it is acceptable for businesses to bear.

There is an assumption that Nagano Prefecture will go with a flat rate. Last December,

the Hokkaido prefectural assembly passed a lodging tax ordinance. The governor has apparently made a strong proposal to exclude Kutchan-cho from the tax, but if that is the case, Kutchan-cho will probably raise its own tax rate from 2.0% to 2.5% by calculating separately the portion of the accommodation tax that it should have paid to Hokkaido and adding the portion it must pay to Hokkaido. I think they will do something like that. I think we should wait and see if that will work or not, maybe we can wait a few years. I think there is a possibility that Hakuba Village could go with a fixed-rate system after further discussion, and that they could prepare to implement a fixed-rate system in 5 or 6 years, or something like that. At this stage, we have uncertain information and circumstances, and we do not know if the Hokkaido type of system can actually be authorized by the government. I think it would be good for Hakuba Village to find a way to change to a fixed-rate system in 5 or 6 years, starting with a phased-in fixed-rate system that has precedents. I have given you my answer, which contains my personal viewpoint to the fullest. I look forward to discussing this with you all. Thank you very much.

<Chairman Shibata

Yes, thank you very much. Now, I would like to ask each of you to please take into consideration your respective positions and opinions.

<Tetsuya Maruyama, Committee Member

On December 18, I believe, the Ryokan Association had a meeting with the Tourism Department, including the Governor. I was not able to attend the meeting because I was not able to be there that day, but all the requests we made were conveyed to them, and the names were changed and the tax exemption points were reviewed.

I also heard Kyoto City's announcement last week and wondered if that is what they had come up with. My personal opinion is that a fixed rate system should be considered, and I have heard that the Ryokan Association has also asked the prefectural government for a fixed rate system.

<Mayumi Ito, Committee Member

I have my doubts about both fixed-rate and flat-rate systems, so please make no comment on this.

<Ian Miller, Commissioner>

Last year, my hotel had about 1,500 stays, and about one-tenth of them were paid directly by the guests in person. The other 90% is transferred from the OTAs, so when a guest checks in (who has already paid through the OTAs), I can't say, "Excuse me, but there is an additional 500 yen (lodging tax). So either a flat-rate or fixed-rate system is fine, but I would like OTAs to be able to become special tax collectors. However, I don't think OTA can handle the

flat rate system. (It might be possible to do something like 2.0% (for village tax) plus 150 yen (for county tax), but the easiest thing to do would be to use a fixed rate system and have the OTA calculate it, and if it can be done whether it goes directly to the village or to us, I would like to ask for a fixed rate system.

<Yuichi Nakamura, Member of the Committee>

I think a fixed rate system is the way to go. I think this would be fair from the smallest amount to the largest .

<Fairness Committee Member

The Iwatake Tourist Association is not aware of this, but in my opinion, a fixed rate system is fair, clear, and acceptable to all.

<Fumio Sato Commissioner>

Nagano Prefecture had decided to adopt a flat-rate system, and so we have been proceeding from a fixed rate. However, when we talk with accommodation facilities, they say that it is very difficult to collect only the tax separately. They often say that it is very troublesome to calculate only the cost of lodging based on two meals per night and how much lodging tax is to be taken from that.

Since we are already working with a fixed rate system, I think it would be good to eventually have a fixed rate system.

I also thought that we should also consider taking a solid amount of money from room-charge type accommodations (one-bedroom rental, non-confrontational type).

<Yuya Shinji, Commissioner>

I also think that a fixed rate system would be preferable, but as Mr. Yagasaki said, it takes a lot of time and effort to calculate the fees, and it is desirable to have the OTA understand that they are obligated to collect special taxes. So, I think that a system that can be easily understood by the OTAs would be the fixed rate system.

<Maruyama Vice Chairperson>

As Dr. Yagasaki advised, and after listening to the public comments and opinions of many people, is it correct to say that many of the people present at the meeting agreed that the fixed-rate system is the best way to go? Is it correct to say that there were many opinions that a fixed-rate system would be better? I think everyone agreed that the fixed-rate system is better, even though we proposed a tiered fixed-amount system.

What I would like you to consider is our viewpoint as a potential special tax collector and also the viewpoint of our customers. In this context, Mr. Ota, on the right-hand side of the table, has proposed a fixed rate of 2.5% of the room charge, but please consider the

advantage of this. I don't know if Nagano Prefecture will approve this, but the tax rate will be applied to the amount of accommodation, not to the number of people staying for a certain number of nights, but to 2.5% of the total amount. Can you please understand this?

The simplest and easiest way for us, the potential special tax collectors, and our customers to understand each other is to use the declining balance system on the far right side of the table. I think that among the municipalities in Nagano Prefecture that levy their own taxes, Karuizawa Town and Hakuba Village are probably the only ones that are aiming for this type of taxation. As Mr. Yagasaki mentioned earlier, many other municipalities have a simple fee structure, such as 2 meals per night, so I am sure that there is talk of a flat rate system.

As an inn association, we ask the prefecture not to burden users in the low price range, and then there is room for us to consider our own taxation. The first thing is to raise the tax exemption point, but it seems that they are continuing to lobby for a reduction in the amount paid to the prefectural government from 150 yen to 100 yen.

If the three in the table really are in favor of a fixed-rate system, then we need to consider the possibility of making a petition to the prefectural government or joining forces with Karuizawa and Hakuba Village to make such a petition. I think this would be a good example. We would like to hear your opinions on this matter.

<Mr. Shibata, Chairman>

Yes, thank you.

I have heard your opinions, but the biggest problem is that if Nagano Prefecture passes the fixed rate system in the February assembly, and Hakuba Village chooses to adopt the fixed rate system, from the consumer's point of view, the entire prefecture of Nagano will be charged 300 yen per night.

Kutchan Town, Niseko Town and Hakuba Village are seen as comparable or equal, but the difference in terms of tourism is that Kutchan Town and Niseko Town have a very high risk of being dependent on winter, and I think the main visitors are from overseas, but in Hakuba Village, of course there is winter, but there is also the green season and there are many Japanese visitors. In the case of Hakuba Village, there are of course winter visitors, but also during the green season, and we are concerned about the impact on the region if we are out of step with the prefectural government. I think that both fixed-rate and flat-rate systems would work well, but I think that the fixed-rate system is better for tax fairness, but if Nagano Prefecture were to use the flat-rate system and Hakuba Village were to choose to use both the fixed-rate and flat-rate systems, the administrative burden would increase considerably.

Also, we, the operators, are responsible for explaining this to the customers, and I think it would be quite time-consuming for us to explain to all the customers and have to deal with them at the front desk.

As you said, the first step in introducing the tax is to make it simple, and to get consumers to accept the accommodation tax, I think it would be better to consider the argument that the flat-rate system is a good way to collect taxes, and the interaction between the two in the field.

Before collecting public comments, this subcommittee selected a tiered flat-rate system, and when public comments were solicited on that, there were many comments on the fixed-rate system. I would like to hear your opinions on whether or not we should use this as our response or what we should do about it.

<Noriko Yagasaki, Commissioner>

When I was a member of the prefectural study committee, I requested that the fixed rate system be written in the same way as the fixed rate system, since the two options are equal. Since Nagano Prefecture decided on the fixed-rate system out of the two options, it is a bit of a black box for the committee members to understand what kind of decision was made.

However, as I was listening to your discussion, I was a little moved to see how much has changed in the past seven years or so. As I mentioned earlier, when Kyoto City and Kanazawa City started to introduce the fixed rate, many people said that the fixed rate was just a fancy talk by academics and that they were trying to imitate the US. I told them that a fixed rate would be easy and good, but they did not really listen to me. However, now, in Hakuba Village, Karuizawa Town, Kutchan Town, and Niseko Town, which are world-class tourist destinations that are one step ahead of other areas, there are various types of lodging facilities that have the perspective and ambition of competing with the rest of the world. There are small-scale pensions that are doing their best to express their individuality, as well as larger ones, and various types of accommodations, such as luxury private accommodations, that are diversifying. Unfortunately, the term "dinner refugees" is now being used, and there are signs of a trend toward specializing in lodging while leaving food and beverages outside the restaurant industry. In the midst of all this, I understand that you are honestly and frankly saying that you prefer a fixed rate system for your day-to-day business.

I still think that we should inform the prefecture of this situation once and for all. However, I am not sure if the odds are in our favor. I think that Kutchan-cho's ordinance could be amended in response to Hokkaido's efforts, but I am not sure if the Ministry of Internal Affairs and Communications would agree. I regret to say that at this stage, we do not have enough information to make a decision on which of the three options (shown in the table) is the best.

However, I believe that Hakuba Village and Karuizawa Town, which are making steady progress toward becoming international-level tourist destinations in Nagano Prefecture, will eventually adopt a fixed-rate system.

Also, the OTAs account for a large percentage of our transactions, and the OTAs say that they can put one column of the fixed rate system into their system, but not four or five columns as in the tiered fixed rate system. I think it is important for Nagano Prefecture to understand this as well.

Whether this is in the form of a petition or informal discussions with prefectural officials is something that needs to be considered.

<Maruyama Vice Chairman>

For various reasons, I have to leave the meeting now, but if you all prefer a fixed rate system, I hope you understand that if we introduce a fixed rate system in addition to the fixed rate system of the prefectures in the middle of the table, it will be very difficult to explain, as Mr. Shibata mentioned earlier. As Commissioner Ian mentioned, we could work together with OTAs to create a scheme in which the OTAs would calculate and pay the tax when the payment is made in advance, instead of us collecting the tax. As Commissioner Ito has said since the first meeting, the tax should be collected and used not only for tourism, but also for measures to reduce the burden on those who have nothing to do with the tourism industry.

I think we are now in a phase where we can consider how to use the tax revenues, not only for overseas customers but also for residents.

I know the advantages of the flat-rate system, but I would like to ask you to remember that we have decided to adopt the flat-rate system at this stage, and that we proposed the flat-rate system in order to grow the tax while the prefecture was adopting the flat-rate system. If you want to go with a flat rate system, I would appreciate it if you could talk to us about it.

As Commissioner Ian said, cooperation with OTA is a must, and I think we will get back the amount we paid through the special collection grant, but even if we update the front accounting system, we will probably only get back an insufficient amount, and our outgoings will be very large. I think it is time to talk about this tax in detail.

<Ian Miller, Commissioner>

If OTAs are able to calculate the lodging tax, the village and OTAs can enter into a kind of agreement that requires lodging facilities in Hakuba Village to levy a 2.5% lodging tax on all lodging charges, and lodging facilities will not be able to run away from this. They can't say they didn't know about the lodging tax, and I think that kind of thing is very important. I think that kind of thing would be difficult to do with a tiered flat rate system or a combination of flat rate and fixed rate.

<Chairman Shibata>

So far, I have heard from Rakuten and Jalan representatives, but there has been no talk

of such a move to collect lodging tax through so-called OTAs. I don't know if there is any discussion at a higher level, such as between the Ministry of Internal Affairs and Communications and the upper echelons of Rakuten. At the local level, there is no movement for OTA to collect lodging tax and transfer it to municipalities or prefectures. So, I don't know what will happen in the future, but with the flat-rate system becoming the mainstream, OTAs will not be able to respond to the situation.

If all lodging taxes in Japan were based on a flat-rate system, it might work, but if there were a flat-rate system, a fixed-rate system, and a graduated flat-rate system, it would probably be difficult to establish a system, so I think it would be ideal for the OTA to take over, but realistically it would be difficult to do so immediately. I think it would be difficult to set up a system.

The lodging tax starts next April, right? I think the start should be simple, though.

<Tax Section Chief Ota.

Thank you for your opinion. When I was organizing the materials, I also thought that it would be impossible to have a fixed rate system plus a flat rate system in the middle of the table, considering that it would be easier to understand for the guests and for the administration of lodging facilities. However, as Mr. Yagasaki said, we cannot be sure that we can go there at this stage, so as long as Nagano Prefecture adopts the fixed rate system, the system will start with a phased fixed rate system, although it will be a process of elimination, and then we will see what happens in Hokkaido. So, since the review of the system is set for three years, I think it would be good to proceed with the study and research toward a desirable fixed rate system from the perspective of growing the tax system toward the end of the three years. The secretariat thinks it would be good to proceed with the study and research toward a desirable fixed rate system from such a perspective.

I heard about the Nagano Prefecture's discussion with OTAs, and when I spoke with Rakuten and Jalan, I heard that Japanese OTAs are moving forward based on the principle of paying taxes locally. I am wondering if will be the same whether it is a fixed rate system or a flat rate system. I can expect that the OTAs will move forward once the lodging tax becomes more recognized and more common, but at this point, I believe that local payment is a realistic answer.

<Mayumi Ito Commissioner>

This morning, I was watching YouTube of Mr. Kazuhiro Kawaguchi, a member of the Diet, and he was talking about tourism, and he said that the Japan Tourism Agency is aiming to increase the number of tourists visiting Japan to 60 million by 2030, with each tourist spending 200,000 yen in Japan. One of the commentators said that Japanese people nowadays spend about 1,000,000 yen when they go to Europe, so what is 200,000 yen? In Osaka, there

is talk of redevelopment, and hotels with foreign capital are being built one after another. In Oita, there is a long-established ryokan (Japanese-style inn) that used to charge 9,000 yen for a night's lodging has gone bankrupt and a foreign-capital hotel is being built at 50,000 yen per night.

Hakuba Village will probably be no exception. If this kind of situation continues, housing rentals, as one of our customers from Australia said, will cost 80,000 yen for a week. I heard an Australian client say that it costs 80,000 yen per week to rent an ordinary apartment. I think this will probably happen in Japan as well. I have experience in the U.S., so I have the feeling that Japan is following the U.S. for the next several years.

I believe that a municipality should protect its residents. If we want to protect the residents of this area, I believe that taxing large hotels is the ideal way of taxation, keeping in mind the original concept of taxation, "emission control. As I may have mentioned before, Governor Ishihara of Tokyo imposed a tax to control exhaust gas emissions. I studied in the U.S. in this way. If you put a tax on something like that, if you put a tax on something you don't want it to be generated, people will suppress it. If there is no place to stay due to overtourism, then I think a lodging tax should be imposed. I don't think that everyone is thinking that way, so I don't know what to think about it. But I am still saying this even though I think it is wrong to say so. If we are going to protect accommodations in Hakuba Village, I think we should raise the tax exemption point. For example, I think that if the tax exemption for lodging facilities in the village is raised to 10,000 yen or less, the lodging facilities in the village will be protected. If things continue to progress little by little, we may end up with a situation where all the hotels are owned by foreign capital, and people will wonder what the good points of Hakuba Village are, and where I am staying now.

I would like you and the town of Karuizawa to strongly tell the prefecture about the fixed rate system.

<Chairman Shibata>

Are you saying that you would like us to use a fixed rate system?

<Mayumi Ito Commissioner>

I would like to have the duty free point raised, not 6,000 yen. Eventually, that's fine.

(I would like to see a fixed rate system (for taxes) and a large tax on large accommodations (fees) by foreign capital to protect the people here.

<Chairman Shibata>

I would like to confirm your opinion that the declining-balance system is the better option. Is that right? If it were a completely flat-rate system, it would be simpler.

<Yuya Shinji, Committee Member

(I would prefer a (full) declining rate system. If I had to rank them, I would rank the fixed-rate system followed by the graduated flat-rate system. (I do not think that there should be a combination of fixed-rate and flat-rate systems in the middle (of the table).

<Yuichi Nakamura, Member of the Committee>

I think Nagano Prefecture should be considered Nagano Prefecture and Hakuba Village should be considered Hakuba Village.

<Fairness Kirikubo Commissioner>

What happens if the fixed rate system is not approved (in Nagano Prefecture)?

<Chairman Shibata>

It is not systematically impossible to use both fixed-rate and fixed-amount systems. However, the explanation to customers and administrative burden will increase. It is an option.

<Fairness Kirikubo Commissioner>

I guess it would be like the last option.

<Chairman Shibata

If you really want to adopt a fixed rate system.

<Kirikubo Fairness Committee

It is also difficult to explain the tiered flat-rate system to customers, since the prefecture has indicated its intention to charge 300 yen.

What happens if Hakuba Village adopts a fixed rate system and it is not approved?

<Tax Section Chief Ota.

(If you choose the fixed rate system, you need the consent of the Ministry of Internal Affairs and Communications (MIC), which says that it is a good system, and on the premise that Nagano Prefecture decides not to impose prefectural tax in the Hakuba Village area, you will need to have the MIC's approval, So, even if we choose this option now, if it is not approved as a system, the accommodation tax will not be realized.

<Kirikubo Fairness Committee

Although the lodging tax is not a viable system, it has been decided that the prefectural government will collect lodging tax. So we have no choice but to comply with the tax.

<Tax Section Chief Ota.

Yes, that's right. Since both Nagano Prefecture and Hakuba Village will be taxed, we think it would be the easiest system to understand if we follow the method chosen by Nagano Prefecture. This would be from the perspective of the guests and the actual accommodation facilities.

<Kirikubo Fairness Committee

I understand. I think that, if that is the case, we will probably settle on a gradual flat-rate system. What do you think?

<Fumio Sato, Member of the Committee

The prefectural government had already decided on a fixed rate system at the start of the study group, and since that was the starting point, it would be difficult to say anything about a fixed rate system again. I think that ideally the best thing to do here would be to have a fixed rate system, but I don't think that the discussion will move forward.

<Tetsuya Maruyama, Committee Member

As Mr. Sato said, Nagano Prefecture started with a fixed rate, so if Karuizawa Town is considering the same fixed rate system as mentioned earlier, we would like you to submit our opinions to Nagano Prefecture as a request. As Dr. Yagasaki mentioned, we don't know why the fixed-rate system was adopted.

I am concerned about this, and if we do not communicate our opinions on this matter properly, there will be no review in three years' time, and I would like to ask you to do so. Of course, I would like to make a request from the standpoint of the Ryokan Association, and if there is another opportunity to speak directly to the Governor, I would like to ask him about it.

<Mayumi Ito, Committee Member

I think the "lg" at the end of e-mail addresses of Hakuba Village and other central municipalities stands for "local government. I think it stands for "local government." Local government means that local governments, prefectures, and the national government are all equal. It does not mean that we are lower than the prefectural government. Therefore, I think we should be able to say to the prefectural government what we want to do, and we should be able to say it strongly. It would be best if we could work together with Karuizawa Town and other municipalities in a scrum and share our opinions with them, and of course ask Dr. Yagasaki to join us. I think it would be better to start with a clear and strong statement that it would be better to do so.

<Fumio Sato, Member of the Committee

Didn't you say that the prefecture decided on a flat-rate system because it would create the

misunderstanding that sales tax and lodging tax would be double taxation? Since the discussion started from the beginning with the idea of a flat-rate system, I think other governments are also considering the idea of a flat-rate system. The other local governments are considering how to ensure that there is no omission in the collection of taxes. I thought Hakuba Village's in-depth thinking was amazing.

<Chairman Shibata

Based on your comments, I would like to ask the Nagano Prefectural Government to be informed of the content of this discussion and to exchange information with Karuizawa Town, etc., so that we can take some kind of action on the wavelength of this discussion.

The secretariat would appreciate it if you could deepen the discussion for the future or make some other moves in this area.

<Tax Section Chief Ota.

Yes, sir.

<Chairman Shibata

Now, I would like to ask you to please proceed with that regarding the fixed rate system.

<Tax Section Chief Ota.

There are some changes that have been made in response to the results of the public comments made by the county. I would like to have a discussion on how to respond to that on page 7.

(The changes were explained based on the materials.)

<Chairman Shibata

The secretariat has just explained the changes to the tax system framework on page 7. First of all, the name of the tax will be "lodging tax," which is in line with the prefectural government, is that correct?

Also, regarding the exemption from taxation, the prefectural government has added camps and club activities, etc., is it correct to say that this is also in accordance with Nagano Prefecture?

<Yuichi Nakamura, Member of the Committee> <Yuichi Nakamura, Member of the Committee

What about "conventions?" There are a lot of conventions. How do you handle conventions for elementary, middle, high school, and college?

<Tax Section Chief Ota.

I have not been able to confirm the details in that area. Sano-saka has bicycle tournaments for elementary and junior high schools, so I am not sure if these tournaments are included

in the "training camps, etc." or not. I will check to see if they can be treated as training camps, etc.

<Chairman Shibata

Common sense tells us that "competitions" are an extension of club activities at universities and other clubs, so of course competitions are included. I don't think it is possible to include practice and not include competitions. Please check and get a clear answer. In general, I think it would probably be included.

Also, Mr. Ito mentioned earlier that the tax exemption point should be raised. The prefectural government had initially set the tax exemption at 3,000 yen, but thanks to the efforts of the Ryokan Association and others, the amount has been raised to 6,000 yen, which has not yet been announced, but is being considered. However, we have no choice but to go along with the prefectural government.

<Tax Section Chief Ota.

Yes, it is.

As we have just informed you, even if the tax exemption point is raised independently, there is a movement to tax the taxpayers by 300 yen, although it is not appropriate to say that the tax will be taken away from them. I think it would be better to set the tax rate in line with Nagano Prefecture.

<Chairman Shibata

Is that correct? Then, please let me understand that the above matters are in accordance with the prefectural government.

<Noriko Yagasaki, Committee Member

I would be interested to know if you know of any.

I don't disagree with your arguments at all, but is page 8 relevant to the fact that the tax exemption point will be raised to 6,000 yen?

<Tax Section Chief Ota.

I believe it is related in no small way.

<Noriko Yagasaki, Committee Member

That is right. The tax exemption point will be raised uniformly to 6,000 yen, which means that tax revenue will be less than the 3,000 yen tax exemption point that had been assumed. This means that tax revenue will be increased without placing too much importance on the importance of tax-bearing capacity, right? That is how I understand it. If that is the case, I would like to confirm that 6,000 yen is the full amount, and that we should consider the

discussion on page 8 as well.

(2) Optimization policy for entrance tax

<Chairman Shibata

The secretariat would like to explain the next item, the policy for the optimization of bath tax.

<Tax Section Chief Ota.

(He explained the policy for the optimization of the bath tax based on the materials.)

<Chairman Shibata

Yes, thank you. Are there any questions from everyone about the current explanation?

<Tetsuya Maruyama, Committee Member

Was the survey taken from the special tax collectors who collect the bath tax or from all villagers?

<Tax Section Chief Ota.

Only special tax collectors.

<Tetsuya Maruyama, Committee Member

If it is clarified (how the bath tax will be used in the future), I think everyone will agree that the bath tax will remain at 150 yen. I think it would be a good idea if the customers are properly informed.

As you mentioned the example of Toba City, there are many things that require money for maintenance and management, such as the source of spring water and pumps, so I think that Hakuba Village can maintain the current amount if it is clear how it will be used.

<Mayumi Ito, Committee Member

On the last page, page 14, it says that 70% of the bath tax will be set aside as a fund to be used for tourism promotion. I think it would be better if the entire amount is used for that purpose.

I am a bit skeptical that this example is a good one. I think it is better to save up for the maintenance of the spa facility, which will cost money.

<Tax Section Chief Ota.

The example of Toba City is an example of a mechanism, and as Mr. Ito just mentioned, I think it would be a good idea to propose that the promotion of tourism be covered by the

accommodation tax and that the bathing tax be used preferentially for the protection and management of hot spring resources.

<Chairman Shibata

I think it is very important whether or not hot spring water is distributed to lodging facilities. In terms of the region and tourism. I am not sure how much we should clarify, but I think it is not fair to subsidize the source that distributes hot spring water and the source that operates as an independent facility at the same rate. I think that the contribution of a source that distributes hot spring water to the local lodging industry and tourism is different, so I think that more than half of the bath tax should be allocated to the maintenance and management of the source.

<Tax Section Chief Ota.

I skipped over the part earlier without explaining it fully, but it says that the subsidy recipients, subsidy project cost, subsidy rate, etc., will be stipulated in the subsidy grant guidelines, but we would like to reflect the level of contribution to the community in the grant guidelines. If the number of hot water services distributed is large, more facilities will be required, and this will place a greater burden on the facilities, so we would like to reflect this in the grant guidelines.

<Chairman Shibata

May I summarize the bath tax as 150 yen for overnight stay and 50 yen for one-day trip as before?

<Tetsuya Maruyama, Committee Member

The hot spring users are having various problems with maintenance and management costs, and are short of money. We are facing the time when we will have to deposit several million more yen to the hot spring company every 10 years, and in that sense, we would be very grateful if you could subsidize the maintenance of the hot springs. In that sense, we would be very grateful if you could provide us with a small subsidy to help us maintain the source.

<Tax Section Chief Ota.

We would like to know your thoughts on the hot springs at the section chair's lodging facility.

<Chairman Shibata

If the tax rate for overnight visitors is lowered, the tax rate for one-day bathing will have to be raised to bring in tax revenue. However, if the tax revenue is to be secured at the same level as the current level, it would be difficult to make a decision on this matter

alone, since the price of one-day bathing facilities is limited. However, in terms of timing, it may be easier to explain to customers when the accommodation tax is introduced.

<Kirikubo Fairness Committee

I was thinking that a fixed rate system would be better, but it would be too much work to go that far, so I think it would be best to keep the amount at 150 yen. Since this is a special-purpose tax, I think it would be best to allocate the revenue in accordance with the purpose, as Commissioner Maruyama mentioned earlier, so I think it is best to maintain the current amount.

<Chairman Shibata

I would appreciate it if you could proceed with the bath tax optimization policy as it is written here: Thank you.

4 Other

<Tax Section Chief Ota.

(The future schedule was explained based on the materials.)

<Chairman Shibata

Does anyone have any other comments?

<Ian Miller, Commissioner

The lodging tax is going to start next April, right? We have to start putting out our prices for next winter. I think it will be difficult unless we cooperate with OTA as soon as possible. I think we are just in time.

<Tax Section Chief Ota.

Understood. We will proceed with the preparations.

<Mayumi Ito, Committee Member

(Regarding the number of people who attended the briefing, I would like you to indicate the percentage of the total number of people who attended the briefing.

Also, I would like to ask the Nagano Prefectural Government to please provide us with the current number of lodging businesses. I would also like to ask the Nagano Prefectural Government to please provide information on how much the number of head offices and corporations has decreased before and after the introduction of the lodging tax, and to

consider whether or not they will still implement the tax. I would like to ask if the lodging tax will be implemented even if the number of lodging companies decreases.

One more point. Nagano Prefecture's reason for introducing the lodging tax is to make the prefecture a world-class tourist destination. If I were a tourist, I would think that the tax is being collected because they want to become such a tourist attraction. I am sorry to say this, but I think it is a bit devious or shallow. So, if you can change it, I would like you to give a more rational reason as to why the funds are needed for this reason. If it is overtourism, I don't have a problem with taxation. For example, I don't think it would be a good idea to use the money for shuttle buses. I think that the people who use the shuttle buses should pay for it. I think it is a good idea to spend money on a shuttle bus, so I think it is a good idea. I think that the people who use the shuttle bus should pay for it, so I think that we should consider using the term "world-class" or "sustainable" as a source of revenue for tourism.

<Chairman Shibata

Although there were some unclear aspects of Nagano Prefecture's policy that prevented us from fully discussing the issue, this concludes the fourth meeting of the Lodging Tax Study Subcommittee. Thank you for your cooperation.

Closing (15:30)

<Chairman Shibata>

The committee thanked the members for their careful deliberations and declared the meeting adjourned.