

Minutes of the 2nd 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, July 19, 2024 1:30 p.m. – 4:30 p.m.
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	a t t e n d
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 Oshuku Club	Mayumi Ito	a t t e n d
President, HIBA (Hakuba International Business Association)	Ian Miller	a t t e n d

Attendance 11

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
Director, Planning Policy Section, General Affairs Division, Hakuba Village Office	Kota Watanabe	a t t e n d

Opening (13:30)

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 for taking time out of your busy schedule before the summer vacation season to gather with us. I would also like to thank Mr. Yagasaki for coming from a long way away. Continuing from the previous meeting, I would like to ask for everyone's cooperation in discussing the lodging tax. We will now move on to the agenda for discussion. I will now move on to the agenda items for discussion. First of all, the secretariat would like to start with the current status of the bath tax.

2 agenda

(1) Current status of bath tax

<Tax Section Chief Ota.

In the first meeting, I told you that by the time the second meeting comes around today, we will have a clear picture of the lodging tax system in Nagano Prefecture, and that we would like to study it on that basis.

Please turn to page 8 of the document. The items marked with ○ and △ in front of the names are those that have been clarified at this stage. The items marked with an asterisk (○) and asterisk (△) in front of the name are the items that have not been identified at this point in time. The name of the tax is "Tourism Promotion Tax. The purpose of the tax is to cover the cost of facilities to promote tourism, including the enhancement of tourism resources and the improvement of the host environment, in order to make Nagano Prefecture a world-class mountain tourism destination. There are three main uses of the tax funds. The first is the priority implementation of measures to create a world-class mountain tourism destination, including three: enhancement of tourism content unique to Nagano Prefecture, improvement of the tourist reception environment, and enhancement of the tourism promotion system. The second major measure is grants to municipalities. This is a tax collected by Nagano Prefecture in the form of a lodging tax, which is then distributed to each municipality

based on certain rules. Thirdly, tax collection expenses, public relations expenses, etc., will be used for these purposes. In addition, the bottom of the table shows the scheduled date of enforcement. It has been clearly stated that the tax will come into effect in April 2026.

The most important unmarked items are tax rates, tax adjustments, tax exemptions, and tax exemptions. The tax adjustment is the ratio of taxes between the county and the village. As of today, these four items are still not clear, so for today's discussion, we will focus on the bath tax as the main item for consideration.

He explained the current status of the bath tax in "Appendix 1.

<Chairman Shibata

I would like to confirm that the half of the tourism promotion is the Hakuba Village's contribution to the Tourism Bureau from this fund.

<Taxation Section Chief Ichii.

Although the village budget pays a contribution to the Tourism Bureau, not all of the contribution is from the bath tax. The Tourism Bureau receives various subsidies, and if the bath tax is allocated to these subsidies as a source of revenue, there are general funds and specific funds, but if there are more specific funds, the general funds for the entire project cost will decrease.

Tourism promotion is not limited to contributions to the Tourism Bureau, but also includes the use of bath tax for the maintenance of facilities directly operated by Hakuba Village, such as sightseeing facilities on the plains and mountain sightseeing facilities.

<Chairman Shibata

Before we hear your opinions, I am also participating in this meeting as a secretary, but the Liaison Council of Hot Spring Facilities has requested a review of the budget that has not been allocated for the maintenance and management of hot spring sources due to the so-called bath tax. Mr. Shinji, who is in charge of this area, would like to ask you about the current situation.

<Yuya Shinji, Committee Member

Hakuba Village has a liaison council for hot spring facilities, of which the members are the owners of hot spring sources and day-trip bathing facilities. The committee met twice this year, once in March and once in June, and is currently conducting a questionnaire until the end of July to collect requests from each facility on how they would like the bath tax to be used. We asked the Chamber of Commerce and Industry, which is the secretariat of the survey, if they had any suggestions, and although we have only received one so far, they said that they would like to see some kind of subsidy from the bath tax for the maintenance and

management of the springs, or something of that nature. We have only received one inquiry from one place as yet.

In the past year or two, for example, "Kurashita-no-yu" has been shut down and "Juro-no-yu" has been unable to draw hot spring water due to pump failure. The cost is not in the hundreds of thousands of yen, but in the millions, even 10 million yen, and everyone is paying it themselves to operate their spa facilities. If the pipes have to be renewed in the future, there are several bathing facilities that are thinking about what to do with the project.

<Mayumi Ito, Committee Member

Is there a rule that the use of the bath tax is to be reviewed every so many years?

<Tax Section Chief Ota.

There is no such rule for bath tax. The lodging tax that we are about to introduce is a non-statutory purpose tax that is to be implemented independently by local governments. For this, a review period (taxation period) is set and the Ministry of Internal Affairs and Communications (MIC) is consulted. That is the difference.

<Mayumi Ito, Committee Member

Since I have been shown these materials and I think that the accommodation tax will probably be used in this way, I would like to propose that the bath tax be used once every few years as well.

<Tetsuya Maruyama, Committee Member

I think that's true because it goes into the general fund. You can't treat it that way because it goes into the general fund.

<Tax Section Chief Ota.

Since we have asked this subcommittee to consider a lodging tax and an entry tax, I think we can propose that an entry tax system, including its use, be institutionalized every few years in conjunction with the introduction of the lodging tax.

<Chairman Shibata

As Mr. Shinji explained, it is assumed that the Hot Spring Facility Liaison Council will be receiving requests for the bath tax from those who own hot springs. If the idea is simply to lower the bath tax, then of course the resources will decrease, and the budget allocation will also change in the future.

<Tetsuya Maruyama, Committee Member

The section chief explained earlier that the bath tax is used for the development of

mountain tourism facilities in the tourism promotion section, and that this revenue source is also used for the development of mountain lodges, for example. If the amount of 150 yen is to remain unchanged, I would like it to be used for the facilities that have hot springs, since they are receiving the money. If not, we would like to see the amount of the bath tax lowered if possible, as this will result in the introduction of a lodging tax. We would be grateful if the tax could be used together with the newly introduced accommodation tax to promote tourism.

<Mayumi Ito, Committee Member

On page 4, we see that 20 million yen, or about half, of the 43 million yen Hakuba Village bath tax is used to pay for the maintenance of environmental facilities, garbage disposal, and human waste treatment facilities, which is a large amount of money. In the past two years, in 2022 and 2021, there has been a significant increase. The next page shows the contribution to the Sanitation Facilities Association of Yamanouchi Town, which is about the same amount (bath tax revenue) as Hakuba Village (54 million yen), but the contribution to the Sanitation Facilities Association is lower. Why is Hakuba Village's portion so high?

<Taxation Section Chief Ichii.

The amount of money allocated there for the past two years has been large, but the reason why the burden for public restrooms and dust disposal has increased so much is because of the increase in the number of tourists at the dawn of Corona.

<Mayumi Ito, Committee Member

The amount of revenue from the bath tax has returned to what it was before the Corona disaster, right? In spite of this, is it true that the amount of garbage has increased from before the Corona disaster?

<Taxation Section Chief Ichii.

The cost of the garbage disposal project was 109.4 million yen in 2004, and 98 million yen in 2021. In 2040 and 2019, the cost was about 50 million yen, which is double the current cost for garbage disposal.

<Yoshida, Vice Mayor Observer

I am the observer, Deputy Village Mayor Yoshida. I would like to add a few words. As you know, the waste disposal system has been expanded to a wide area. The waste disposal is done together in a wide area, and the share of Omachi City, Kotani Village, and Hakuba Village is determined according to the amount of so-called business-related waste (from lodging facilities, restaurants, etc.). As Mr. Ito mentioned, tourists are returning to Hakuba Village, so the total amount of trash produced by Hakuba Village is larger than the total amount of

trash produced by the three cities and villages as a whole. Therefore, since the amount of waste generated by Hakuba Village is divided by the total amount of waste generated by each of the three municipalities, the amount of waste generated by Hakuba Village has increased, and although the amount of general waste has decreased in Hakuba Village, the amount of waste generated by those engaged in business has increased, so even if the total amount itself remains the same, Hakuba Village's business contribution has increased. The total amount of waste has not changed, but the amount of bath tax has increased.

<Mayumi Ito, Committee Member

I understand.

<Chairman Shibata

Any other comments are welcome.

<Yuya Shinji, Committee Member

From the taxpayer's point of view, the duplication of the bath tax and the accommodation tax, and I am not operating an accommodation facility myself, but if the use of the tax and the explanation that the tax is for this purpose are satisfactory, I would be willing to pay the difference of 100 yen and 200 yen if I thought it was necessary. However. This is my opinion from a tourist's point of view.

<Fumio Sato, Member of the Committee

I would like to ask two points. One is how many onsen facilities pay the bath tax, and the other is, as we discussed with "Juro no Yu," they are having a very difficult time because there is no subsidy for the maintenance and repair of the onsen after it stops running. If they are going to receive bath tax, they need to return a certain amount of the tax to those who pay it. I would like to know why other areas (Yamanouchi Town) do not use the tax money to pay taxes.

<Tax Section Chief Ota.

The first point is the number of hot spring facilities that draw hot spring water and are obligated to pay a special bathing tax. I do not have data on the number of day spa facilities, but if you subtract the number of day spa facilities from the 130 facilities, you get the number of lodging facilities.

And second. Secondly, I think the reason is that the bath tax has been allocated to the promotion of tourism in the absence of financial resources to do so. Also, since the facilities and springs are privately owned, subsidies for them have not been thoroughly considered, and as a result, I suspect that the funds have not been allocated to the management of the springs.

<Yoshida, Vice Mayor Observer

My name is Yoshida, Deputy Village Mayor. Generally, it is as the section chief just mentioned. Compared to the past, the amount of bath tax that is paid by those who are required to pay a special tax has been increasing. However, in the past, the amount of revenue from the bath tax itself did not increase, so the number of places where the tax could be allocated was limited, as I recall. I believe that the future direction of the bath tax is something that should be discussed based on the direction of the accommodation tax, and I would appreciate your opinions on this matter.

<Chairman Shibata

I have heard various opinions, but I wonder if Mr. Yagasaki has any information or advice to share with us so far.

<Noriko Yagasaki, Committee Member

I think it is a very important issue to discuss the bath tax in conjunction with the introduction of the lodging tax, and I think it is a very good way to proceed as a set of issues. As mentioned in your question, why is the bath tax not returned to the actual beneficiaries, the businesses that should be allocated to it, and why is it being widely used? As I said, nationwide, the bath tax has become a general revenue source. Originally, there was not much experience in the proper use of taxes for tourism, but since the bath tax can also be used for tourism, it has been established as a rather easy to use tax. The situation that has arisen in various parts of the country, and that is commonly referred to as the "conversion of the bath tax into a general revenue source," is one that has occurred in many parts of the country. The bath tax has become a general revenue source, and to put it simply, although it is the tourism businesses, including onsen ryokan (hot spring inns), that are doing the best they can by proxy collection, there is a situation where the use of the tax has become so broad that it is not returned to them. In light of this situation, there has been a growing trend toward introducing a lodging tax that has a clear objective tax.

I also looked at page 4, and I saw that the use of the bath tax should be to protect mineral spring source protection and management facilities, and that new demand will arise in areas such as aging piping, which will become even worse in the future, and natural disasters that are likely to occur. The purpose of the bath tax is clear: to spend money on such places. I thought it would be a good idea if Hakuba Village would take the opportunity of this lodging tax study to switch to the original bath tax, which is what it should be used for. Therefore, after sorting out the original use of the bath tax, such as tourism promotion expenses and environmental sanitation facilities, we should make sure that mineral spring sources are protected. I think it would be better to provide support for the necessary expenses of those who are involved with this. My point is that since the tax is a special-purpose tax, it would

be easier to gain the understanding of various people if the purpose of the tax is clearly defined and the tax structure is made clear.

<Tetsuya Maruyama, Committee Member

I would like to talk to you with the information I have. Hakuba's hot springs are new, aren't they? For example, Yamanouchi Town and Komoro City on page 5 have had hot springs for a long time.

Even before the bath tax was introduced, it was necessary to perform periodic maintenance and replace pipes depending on the quality of the spring. For example, as you probably know, Kusatsu Onsen is highly acidic, with thousands of tons of hot spring water per minute coming out of the hot spring fields, and there is a plant on the outskirts of town where lime is added to neutralize the water before it flows into the river. As Dr. Yagasaki says, it would be better to separate the use of the bath tax in such traditional hot spring resorts from the use of the tax in newer hot spring resorts such as Achi and Hakuba villages. Therefore, I would like to add that the reduction of the bath tax in order to "alleviate the double burden on taxpayers associated with the introduction of the accommodation tax" as stated in the report of the Achi Village Study Committee is the closest to Hakuba Village.

<Chairman Shibata

Based on Dr. Yagasaki's suggestion that it would be better to clarify the bath tax, I thought it would be better to move forward with this subcommittee as well.

I heard some of you say earlier that it would be good to clarify the bath tax and then lower the tax on the portion that overlaps with the lodging tax.

<Kirikubo Fairness Committee

In terms of the amount of the bath tax, I think that the final amount will be determined by considering what amount of tax (revenue) is necessary for the purpose of the tax, which was mentioned by the professor earlier, in conjunction with the introduction of a lodging tax. However, even so, the amount of tax is a tax, so I think it would be better if the amount paid is small. However, given the current situation, I do not think that collecting the current amount of tax will generate sufficient financial resources, so once the introduction of a lodging tax is decided, if the portion of the bath tax used to finance tourism is cut, the purpose will become clear. In this sense, I think it is fine to maintain the bath tax at its current level.

<Fumio Sato, Member of the Committee

As a taxpayer, Mr. Shinji said earlier that he does not mind paying 150 yen or 50 yen, but I think that when businesses charge tax, they divide the tax into separate amounts based on the all-inclusive fee. I think that the customers would agree to pay the tax separately

because they are charged a tax on the accommodation fee, just like the consumption tax.

For example, a lodging facility in our neighborhood said that they cannot go over the 10,000-yen barrier. For example, a lodging facility in our neighborhood says that they cannot go over the 10,000-yen barrier, and that they have to pay the bath tax. I think the customers would be convinced if you could explain to them that the accommodation fee is this price and the accommodation product is this price, but there is a consumption tax in addition. Therefore, I don't think there is any need for the facility side to go out of their way to make the price lower. Therefore, I think it is fine to leave the bath tax as it is. However, I think it will be difficult unless we can show that the amount of the accommodation charge is a separate tax and that we are taking care of it. From the customer's point of view, I don't think it is too expensive. That is the social trend.

<Mayumi Ito, Committee Member

Some of those who oppose the accommodation tax use agents such as Booking.com, which charges a 15% commission and a 5% commission when credit cards are used, which means that if the accommodation tax is "included," 20% of the tax is paid to them. If you use a credit card, you have to pay 20% of the total cost, so if you have to pay 100 or 150 yen in accommodation tax, you will have to pay it out of your own pocket. I don't know what other people would do, but I think that is what people are saying they don't want. I don't know what other people will do, but if that is the case for us, we will have no choice but to pay the accommodation tax in cash. I am opposed to the lodging tax, but I think it would be a big obstacle for long-term guests, especially families who sometimes stay for a week or so, to have to pay this much in taxes. I would like to ask everyone to consider this issue.

<Fumio Sato, Member of the Committee

Customers should be charged and pay the bath tax directly. This should be the norm. Therefore, it is a little strange to say that everything is included. Taxes are not included. The agent will be charged a percentage of the total cost, so it is not right to charge a fee for taxes.

<Ian Miller, Commissioner

I was thinking the same thing, so I did some research. Booking.com can only offer prices that include tax. Since they have to include sales tax in the price, the commission comes from the price including sales tax. We can take 10% of the consumption tax, but we cannot take any other taxes. For example, if a reservation is made through an agent, bath tax is not included in the price. For example, if a reservation is made through an agent, the hotel has to pay the bath tax and accommodation tax (if they are not collected from the customer). There is no way a travel agency would pay it. (When (the guest) pays the hotel, the hotel has to make a separate transfer for the accommodation tax.

<Tetsuya Maruyama, Committee Member

With booking.com, if you book online and stay in Europe, you pay the accommodation tax there (locally) in cash. We, too, ask visitors through Booking.com to pay an additional 150 yen for bath tax.

<Noriko Yagasaki, Committee Member

I think what you just said is very important. As far as I understand, a study session will be held in early September. I think it would be a good idea for everyone to confirm the flow of money, i.e., how Kyoto's lodging businesses pay taxes when they use overseas OTAs such as Booking.com, etc. I think it would be a good idea to check the flow of money. In addition, it is also recommended that you get a clear understanding of how payments are made and under what conditions transactions are conducted when domestic OTAs are used. I am sorry that I have not heard the details, but Kyoto City has designated OTAs as a special tax collector, the same as lodging businesses. What is happening in Kyoto? Maybe only OTAs in Japan are able to be designated. Kyoto is the only city that designates OTAs as special tax collectors. What is happening? If something good is happening, then it should be thoroughly understood, and if not, then I think it would be a good idea to make a request to this study group to discuss it in detail.

<Tax Section Chief Ota.

We are in the process of adjusting the content of the workshop and will be discussing this as well.

<Chairman Shibata

We have received comments from all of you. If the bath tax were to be reduced to, say, 50 yen, then, of the current 50 million yen in tax revenues, approximately 10 million yen would come from day trips and 40 million yen from overnight stays. In this case, the tax revenue of the village would be reduced from 50 million yen to about 25 million yen. If the hot spring facility liaison council requests that bath tax be allocated to the maintenance and management of hot springs, for example, and if bath tax is allocated to such a purpose, then it will be difficult to use bath tax as a source of revenue for tourism. How to allocate such funds is a question that needs to be addressed. Hakuba Village will be able to increase the amount of accommodation tax (if it introduces such a tax).

As mentioned by Commissioner Shinji earlier, the source of the hot spring water is damaged, and the situation is such that both Shionomichi Onsen and Katakuri Onsen are almost completely shut down. The only one that directly draws hot spring water is Happo Onsen, so the rest all receive hot spring water distribution, and to put it another way, if something happens to Himekawa Onsen, about half of Hakuba's hot spring facilities will be ruined. Please distribute the materials for the liaison conference of hot spring facilities at the next meeting.

<Yuya Shinji, Committee Member

As a lodging facility, is there any difficulty in explaining to customers the difference between the 150 yen bath tax for overnight visitors and the 50 yen tax for day visitors?

<Tetsuya Maruyama, Committee Member

That's not the point. The customer probably doesn't care about that.

<Yuya Shinji, Committee Member

There are opinions that the bath tax should be lowered, and I personally am of the opinion that it should be left as is, but I was wondering if there are any difficulties for lodging facilities or if there is any burden in explaining the tax to them. I was wondering if lowering the tax to 50 yen, for example, would make everything run more smoothly for lodging facilities, and if that would be one of the factors.

<Kazuma Maruyama, Committee Member

The amount of bath tax collected is 43 million yen, but there are other things that come from the general fund (in the budget for tourism promotion), is that correct?

<Tax Section Chief Ota.

As an example of Yamanouchi Town, this is only the amount of the bath tax that is allocated here, so for example, there was a 3 million yen project to improve firefighting facilities. For example, there was a 3 million yen project to improve firefighting facilities, etc., of which a portion was funded by bath tax, and the rest was funded by ordinary revenue sources, ordinary taxes, and so on.

<Kazuma Maruyama, Committee Member

If so, for example, as a 43 million yen bath tax, please tell us if the percentage of appropriation is determined first, or if the amount of appropriation is determined in a way that fills the shortfall in the overall project cost.

<Tax Section Chief Ota.

First of all, if a budget of approximately 50 million yen is planned for the bath tax, there is no set ratio of how much of this 50 million yen is to be allocated to each of the four purposes. For example, if there are subsidies or grants for tourism projects, priority will be given to those sources.

<Taxation Section Chief Ichii.

This is true. First, projects that can be funded by the bath tax should be selected, and

then the necessary project expenses can be determined. For example, if there is a fire hydrant, there are subsidies and contributions, and if there is already 2 million yen in financial resources for a project that would cost 3 million yen, the project can be completed by allocating 1 million yen in bath tax revenue. If a project costs 3 million yen and already has 2 million yen in financial resources, then 1 million yen of bath tax can be allocated to the project. The result is this percentage.

<Kazuma Maruyama, Committee Member

If a lodging tax is introduced, the lodging tax will be used mainly for tourism, and the bath tax will be allocated less to tourism and more to the maintenance of sanitary facilities and hot spring sources, and so on.

<Chairman Shibata

As Mr. Yagasaki mentioned earlier, the so-called "shift to general revenue sources," in other words, the budget is allocated at the discretion of the town halls and the budget is used to implement projects. For example, it would be possible to consider such a proposal that 80% of the bath tax should be used for source maintenance and management, and make a recommendation on the direction to take.

But first, what should we do about the amount of the bath tax? From the viewpoints of the committee members, for example, if the bath tax had been 150 yen, but now the hotel tax is 200 yen, it will be 200 yen plus 150 yen, so it will cost 350 yen. In such a case, it would be easier to explain to the customer that the bath tax will now be 50 yen instead of 150 yen. It is we, the special tax collectors, who have to do this in person, and sometimes a customer may say, "I didn't hear about this, so I won't pay it. So I would like you to consider what should be done in the end in light of this situation.

<Mayumi Ito, Committee Member

You mentioned earlier that the questionnaire to the Hot Spring Facility Liaison Council will be available until the end of July, and I think it would be a good idea to survey those inns that collect both bath tax and lodging tax. What do you think about targeting lodging facilities that currently collect the bath tax and asking their opinions first, in order to obtain a consensus?

<Yuya Shinji, Committee Member

The survey is being conducted by the Hot Springs Facility Liaison Council, and its purpose is to provide basic data for the Council to submit its requests, so I understand what you are saying, but please understand that the Hot Springs Facility Liaison Council is conducting the survey with this in mind.

<Mayumi Ito, Committee Member

I am proposing that you conduct another survey. I think that the opinions of those involved in the bath tax and those involved in the accommodation tax are the most important, so I think it would be better not to neglect them.

<Tax Section Chief Ota.

I mentioned earlier that the village has a list of 130 cases, so I think it would be a good idea for the village to conduct a survey. I think it would be worthwhile if this study group could use it as a basis for reporting to the village mayor what the special tax collectors are thinking, so I will give it some thought.

<Mayumi Ito, Committee Member

Since there are people involved in both the lodging tax and the bathing tax, I don't think we should make a decision here. So I would like you to do so.

<Tomohiko Maruyama, Member of the Committee> <Tomohiko Maruyama, Member of the Committee

(The use of the bath tax) is determined by local tax law, but there was talk of making proposals and recommendations regarding the use of the tax. For example, if the Hot Springs Facility Liaison Council or those of us who would be obligated to pay double special taxes were to take a survey and make proposals on how we would like the bath tax to be used, would such proposals be accepted?

<Tax Section Chief Ota.

We will be responding to the Village Mayor's consultation, and we will be sure to take it seriously and respect it.

<Tomohiko Maruyama, Member of the Committee> <Tomohiko Maruyama, Member of the Committee

As for those of us who will be obliged to collect the accommodation tax, it depends not so much on the amount but rather on the method of collection. If OTA is designated as a special collection agency, as Mr. Yakezaki mentioned earlier, we do not have to pay taxes in our dealings with our customers. If the tax is automatically paid, then perhaps the concerns you mentioned earlier will be eliminated. When you make a reservation, you pay the bath tax and also include the room tax, and when you press the reservation button on the OTA, the tax will be automatically collected.

I think we are going to talk about lodging tax, but I feel that we are now in a phase where we need to put forth more than ever what the bathing tax is being used for. We want to ensure a stable supply of hot springs. For us, we would like you to make this a top priority. We have the opinions of the Hot Spring Facilities Liaison Council, and I hope that they will

listen to our opinions, as Commissioner Ito mentioned earlier.

Last time, the Tourism Bureau hosted an information session on the lodging tax. There were about 13 participants in real life and about 50 people online at most. That's about the same number of people. So, I think we need to make the information more widely known and hold more meetings, but at that time, there was a question from a participant asking what we explained and what we agreed with. What should we do, Mr. Yagasaki? What should we do?

<Noriko Yagasaki, Committee Member

When introducing the system at the Kyoto city or prefectural level, there is not much like listening to what people on the ground have to say. In particular, I was involved in the early introduction of the system in Kyoto City, where I was involved from the time of the introduction, but at that time, people said, "Well, let's give it a try. I did not hear many people say that they agreed with me and that we should definitely do it, but the reason I was able to say that it would be necessary from now on and that we should give it a try was that the number of tourists will increase. As the number of tourists increases, there will be many things that will cost even more money than now. Especially in Kyoto City, there is over tourism. I think it would be good to consider what Hakuba Village needs and demands in terms of tourism to replace the over-tourism in Kyoto City. In the case of Kyoto City, more and more people will be attracted by overtourism, which may damage the cultural assets that have been cherished, and they may not be able to ride the buses anymore. If it costs money to take firm measures in these areas, then this is unavoidable. If it is necessary for Hakuba Village to collect money for new expenses that will be incurred in the future, this is unavoidable, but if there is no accommodation tax, accommodation businesses themselves may have to pay for it and do something about it. If there is no accommodation tax, the lodging businesses themselves may have to pay for it themselves and do something about it, and if that is the case, the logic of having the guests bear the burden of the tax little by little is also in place in other countries around the world. I believe that this is the reason why we decided to give it a try.

<Tomohiko Maruyama, Member of the Committee> <Tomohiko Maruyama, Member of the Committee

In light of this, although it will take a lot of effort, I feel the need to hold hearings at establishments that are required to collect special bath and lodging taxes, and I strongly believe that we should cooperate with various surveys and change our mindset as well.

<Chairman Shibata

Thank you very much. We will continue to discuss the bath tax next time based on the various opinions we have received today.

The second item for discussion, the lodging tax framework, will be requested by the Secretariat.

(2) Draft Outline of Accommodation Tax System

<Tax Section Chief Ota.

He explained the draft outline of the lodging tax system according to "Appendix 1.

<Tetsuya Maruyama, Committee Member

I have one request, though. It might be better to have Commissioner Ian say it rather than me. I would like you to tell the county what the English notation should be, along with that. I would like you to think about whether it should be accommodation tax, hotel tax, or guest tax, so that foreign visitors can quickly understand what is being described.

<Chairman Shibata

Is there anything from Dr. Yagasaki's side?

<Noriko Yagasaki, Committee Member

I think the English notation is really important. The way to name it is also a problem. It is difficult to make it long, and I am not sure if it would be better to simply cut it off with "lodging" or not.

I was going to make one comment on the tax revenue estimate on page 9, as explained in the handout. In compiling the final report of the members of the Nagano Prefecture lodging tax study committee, the committee members' discussion had settled on a flat-rate system and a fixed-rate system. I think the prefectural government strongly thought that the flat-rate system was the better option, but several of the experts also thought that the fixed-rate system should be written as well. The same amount of information is provided so that the merits and demerits of each system can be fairly evaluated. Since the declining-balance system is the norm in other countries, there are many experts in Japan who argue that the declining-balance system is better. The reason for this is that a declining balance system raises more tax revenue. However, in areas where there are a certain number of luxury hotels in a very expensive price range, the fixed rate system will generate more tax revenue. In the case of Nagano Prefecture, there are many small inns that are doing well, so the fixed rate system has a slightly higher fixed rate than the graduated fixed rate system, which is a little lower than the total on the second page from the right. I was wondering if you could take this into consideration.

<Mayumi Ito, Committee Member

Before the second meeting of the subcommittee, we had a discussion and were told that we had to say this. At the next meeting of the committee, there are five areas that are "similar

to Nagano Prefecture,” and among them, Hakuba Village should definitely introduce tax exemptions. Hakuba Village is the birthplace of the minshuku (guest house), and there are many low-priced places in Hakuba Village. As you may know, many of the local lodging businesses are closing their doors and going elsewhere. I believe that the mayor of the village also mentioned that he would like to continue the minshuku culture. I believe that this is a fundamental issue for Hakuba Village in terms of passing on the guest house culture to future generations, as it is a matter that affects the state of Hakuba Village, Therefore, we were told that those who pay, for example, 5,000 yen or 6,000 yen for a stay at a guest house should be exempted from taxation. I was told to go to the prefectural government and tell them that they are fools for not doing so. So, I would like to ask you all to please consider this. I would appreciate your consideration. That is one point.

The second item from the top is to support accommodation businesses in reducing their impact on the local environment, and 20% of the tax is allocated for this purpose. I think it is very important to maintain hot spring facilities through bathing tax. In the same way, I would like you to consider this kind of usage in order to protect the lodging industry as well. We do not have the authority to decide how the money will be used. I think it is surprisingly unfair that only those who participate in the Tourist Attraction Management Council can make such decisions. Therefore, I would like to ask you to collect requests from lodging companies and use them in the same way as Niseko Town. The detailed information is on the website, and I would like you to consider it. Thank you very much.

<Tax Section Chief Ota.

This is the part about the tax exemption point, but Nagano Prefecture has not yet made it clear. For example, if Nagano Prefecture decides not to set a tax exemption point, and the village tax portion is set at the tax exemption point, only the prefectural tax will be collected. Since the prefectural tax is determined in the amount of the lodging tax by the prefectural tax ordinance and the village tax portion is determined by the village tax ordinance, the tax exemption point would be set in each ordinance. If the prefectural tax exemption point is not set by the prefectural government, for example, Hakuba Village may decide to exempt accommodations costing less than 5,000 yen from the tax, but that would mean that only the village tax portion would be exempted, and the prefectural tax portion would still have to be collected. There are also other complications that need to be considered, such as the special tax collector.

As mentioned in the example of Niseko Town introduced by Mr. Ito, it is not appropriate to talk about the use of funds for the promotion of environmental load reduction in lodging facilities, but I think it is one way to increase the added value of lodging by providing generous support in such areas and raising the lodging rate itself. I felt that this was one way.

<Chairman Shibata

If the guest house culture is to be preserved, I think that is an issue of a different dimension. For example, if you want to protect the culture of minshuku, you have to solve the fundamental long-term problem of attracting people from outside the village who want to work in the minshuku. For example, in order to protect the guest house culture, we need to find a fundamental long-term problem or solution, such as attracting people from outside the village who want to work in the guest house business. Tax exemption may be one way to protect the guest house culture, but I think it is a more fundamental issue. In the Fukamora area, there used to be more than 20 guesthouses, but now there are only one or two. Of course (tax exemption) is one of the issues in this discussion, but I think it is fundamentally a problem of a different dimension.

I have just received valuable reference materials from Mr. Ito. Although the Tourism Area Management Committee has already discussed the use of the funds, they did not go into specifics in the previous explanation. I think it is necessary for the village to deepen this issue a little more, and I think it would be good to have a clear expression of the use of the funds to some extent at the explanation stage.

Are there any other suggestions from your side?

<Tetsuya Maruyama, Committee Member

The prefectural government has decided that they will listen to Hakuba Village's proposal and summarize their discussion by October. I wonder if they will respect Hakuba Village's proposal if we submit our ideas by October, and if all goes well, I have a feeling that Hakuba Village's proposal will become a common model for the prefecture. As with Mr. Ito's earlier discussion, there is also talk about what to do about educational tours, school trips, and study tours, etc. Therefore, it is advisable for Hakuba Village to properly communicate its requests for such things in order to preserve the guest house for the future. I think it is a good idea.

Also, I would like to ask that the prefectural government create a mechanism for the collection costs of special tax collectors, so that everyone can pay their taxes without stress.

<Tax Section Chief Ota.

Like Hakuba Village, there are municipalities in Nagano Prefecture that are considering imposing their own taxes. As the governor has stated, he has made it clear that he will meet with the municipalities that are considering imposing their own taxes and exchange opinions with them to finalize the system. We will make our requests, or rather, we will communicate our thoughts as a village, as we have the opportunity to do so.

<Chairman Shibata

So it is possible to submit them as a request to the prefecture? I believe there will be an opportunity to exchange opinions with the taxing municipalities, as I mentioned earlier, and we can submit our requests to the prefecture at that time. I would like to discuss the tax exemption points and the study tour.

Now, please tell us about the future from the secretariat.

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<Tax Section Chief Ota.

The third meeting of the Lodging Tax Study Group is scheduled for August 28, 2024, at 1:30 p.m. at this venue. We will send you an e-mail with the same information as this time, and will provide you with materials in advance. We are still working on the timing and theme of the study session, but we are planning to hold a study session in early September with Mr. Fukunaga of the Kyoto City Tourism Association as a lecturer. At that time, we would like to hear from Mr. Yagasaki about the designation of OTAs as special tax collectors, as well as about Kyoto City's case studies, such as how the money is being used and whether or not it is being collected properly, and how it is being handled for private accommodations.

Also, please be advised that we may add one more subcommittee meeting, so please be aware of that as well.

<Mayumi Ito, Committee Member

The minutes of the last meeting were sent out very quickly and I have sent them to all my members. Thank you very much. Thank you again for your cooperation this time. That is all.

<Chairman Shibata

Thank you very much for the long and active discussion. I know you are still busy during the summer vacation, but please prepare for the next meeting on August 28, and since some of you are attending as representatives, I would like to hear your various opinions.

Opening (15:30)

Vice Chairman Maruyama

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