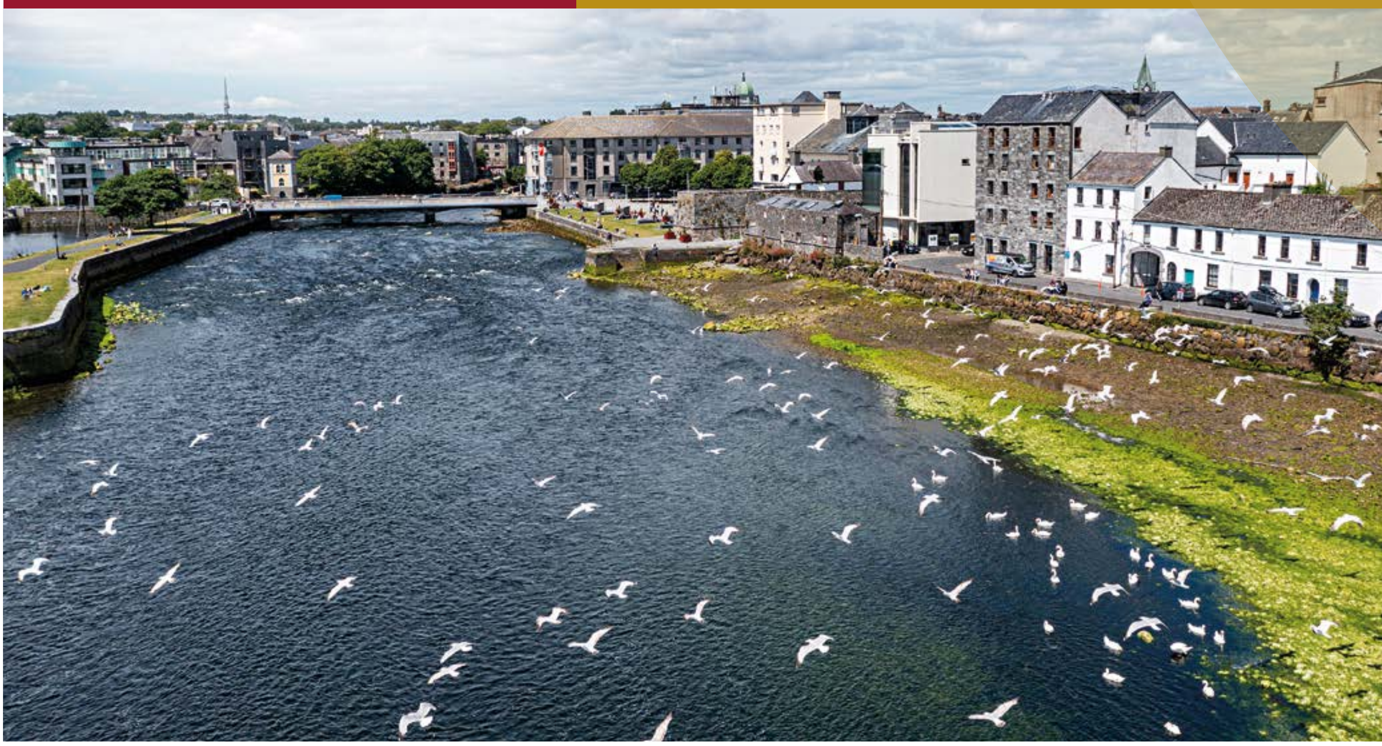
Comhairle Cathrach na Gaillimhe
Galway City Council

Outline Case for the introduction of a Tourism Tax in Galway City

Galway City Council



Contents

Executive Summary

1. This outline business case examines the introduction of a tourism tax into Galway City as a pilot demonstration that could be applied across the Local Government Sector in Ireland as a means to underpin investment in tourism while insuring delivery of aligned infrastructure and city services.

2. Doing so would ease the burden on the people of the City, its businesses and investors to generate sufficient funding to underpin the tourism offering in the City.

3. The business case examines current council arrangements supporting tourism as well as planned development, in association with Fáilte Ireland and other regional and national bodies, that are seeking to support the on-going development of Galway City as a key national offering to both local and international visitors and investors.

4. The case examines the implementation of such taxes from a sample of city regions across Europe, including for cities of similar spatial scale as in Galway and, critically, similar levels of the bed space per night offering.

5. The case examines the various options for such taxes and provides a broad indication of the possible incomes that could be generated in Galway should an option to advance such a tax was to be exercised.

6. The case has been prepared against a general increase in discussion on such taxes in Ireland and is set against the backdrop of the work of the Task Force on Local Democracy. In that context the case notes the generally positive disposition to such taxes on the part of the plenary Council.

7. The case recommends that introduction of a tourist tax on a pilot basis be facilitated in Galway through enabling legislation under the provisions, of the Local Government Act, 2001 as amended.

8. A review of such a pilot following a 3 year implementation of a tourism tax in Galway should be undertaken with the objective of expansion of the option for such a tax at the level of each individual local authority in Ireland or, in the event of the pilot not meeting expectations, its closure.


Garden

1. Introduction

1.1 Tourism Tax

Tourism taxes are becoming a feature of local government funding across the OECD. In some instances, the introduction of such taxes is an effort to control the number of visitors into particularly heavily trafficked urban centres and regions, while in most they have been introduced to support the on-going development of the relevant areas in order to enhance the local tourism offering as well as underpinning important local infrastructure provision. The thinking is that tourists as well as local communities should be contributing to the socio-economic development of such areas. The burden in the provision of local infrastructure and servicing of such centres is, in part, shared by those benefitting from their delivery. Much of that delivery itself, across the OECD, is also supported by facility charges and user fees. These mainly apply to much visitor access points that are subject to specific entrance fees. Increasingly, the advent of access charges to urban centres that are highly visited also feature, especially city centres with particularly significant history, architecture and culture.

In Ireland visitor charges to facilities are a normal feature aside from national cultural institutions. There is no provision for access charges to urban centres and with the exception of value added taxes, no local taxes other than commercial rates which do not target tourists directly. In that context Ireland is increasingly an outlier in the European Union and with the United Kingdom, particularly in regard to the application of tourist or ''bed'' taxes.

Nonetheless, given the precarious state of local government income, there is a debate around the need for such taxes in the Irish context. As a consequence, Galway City Council has commissioned this report which examines the application of such taxes across the OECD, with particular regard to tourist centres of similar scale. The Report looks at various options that could be considered if a decision to advance towards a tourist tax in Galway is taken. Also examined, where movement towards a tourist tax is the ultimate option, is consideration of piloting such a tax in Galway which could be an appropriate basis for the consideration of a general roll out of such taxes in the State.

1.2 Galway City

Galway is at the heart of the most significant tourism initiative in Ireland thanks to the roll out of the Wild Atlantic Way. One of the few urban areas of consequence on this internationally leading trail it plays an essential role in underpinning incomes across the West Coast as well as being a tourism location of critical importance, nationally and internationally. Galway City Council is the principal public service delivery platform in the City, taking the lead in delivery of essential services as well as providing an enabling environment through which other public bodies can function. In addition, it is the only locally democratic body representing the interests of the people of Galway City.

The Council, in that democratic role, cooperates closely with its counterpart in the County. Consequently, it influences delivery of services including tourism, not just in the City but also across the County, most notably in Connemara, one of the central offerings in tourism on the island of Ireland as well as being a key centre for culture and growth of the Irish language. The City itself is a unique Medieval City with an international reputation for its streetscapes, cultural offering and, as acknowledged above, a uniquely bi-lingual environment which fosters Irish language heritage and Irish culture. The city attracts visitor segments such as the ‘culturally curious’ and the ‘great escaper’ and increasingly visitors are discovering Galway as a destination for great food.

The City hosts in excess of 2.4 million visitors every year (approx. 1 million overseas visitors). Overseas visitors spend approx. 5.1 nights while domestic visitors spend 2.4 nights on average. Galway City is consistently recording high occupancy levels throughout the year. In addition to its year-round appeal in the leisure market, it performs strongly as a business tourism destination, reflecting the sectoral diversity of the Galway industrial base. The city destination is strongly associated with festivals and events animated by a calendar of events that appeals to a diverse range of visitor audiences.

In addition, it is acknowledged that the City and surrounding areas are among the most rapid growing urban centres in Western Europe, having to address the many consequent challenges of such growth. However, the Council operates on a financial platform which places it alongside the smaller local authorities in Ireland and consequently its funding basis is more restricted than for other urban centres in Ireland, not to mention other urban centres of similar growth and status across the OECD.

The Council had a budgeted combined expenditure of €270m Euro in 2025. Some €161m is to be spent on day-to-day services alongside a projected €110m to be spent on capital. Capital expenditure is mainly supported by the national exchequer, local reserves and local borrowing. The investment programme for Budget 2026 was developed by the Council in response to the 2025 corporate priorities of the Elected Members and to meet the ongoing shortfalls in service delivery and projects arising from expenditure inflation of over 30% since 2019, rising operational costs, and increased demands for services.

From a national policy perspective, the City is effectively seen on the one hand as a key growth centre, supporting regional development policy at national level, while for financial purposes is effectively considered to be a Council with a lesser need for such services.

There is, consequently, a mismatch between national policy and financial designation which will need to be addressed against the backdrop of national policy in planning, housing and economic development generally if the objectives of national policies in these areas are to be achieved. The case for this is set out in a separate business case. This case has informed the preparation of this outline case for consideration of tourist tax for the City Council.

Galway is, however, effectively treated as having a surplus in local property taxes and is treated as such when additional funds are being distributed by the National Exchequer, notwithstanding the development expectations of the Government. In effect Galway is treated at the same level of rural councils such as Leitrim and Roscommon while confronting development pressures that are more akin to the other Cities in the State. In this it is effectively penalised for its high density restricted functional area whilst also trying to meet national expectations of maximising its own resources.

More generally, clearer consideration of the resourcing of exchequer supports for Galway City and indeed, on a less detailed examination for Galway County, needs to be examined given recent national policy objectives and the legacy of inadequate resourcing of both over past decades. That notes it is incumbent on the Council to consider the efficiencies and effectiveness of its service delivery and to also examine the potential for additional resourcing without continuing to have recourse to the National Exchequer.

To date, the City Council has managed to sustain a wide range of tourism related services and amenities, however with an increasing demand on said services and amenities the City Council has taken the initiative to strategically plan for the future of tourism in the City. This has required a substantive shift in capacity in the Council, with a targeted focus on tourism development as an essential pillar in the socio-economic life of Galway.

Therefore, the City Council has developed, in recent years, a series of integrated policy statements and plans which, taken within the framework of both regional strategies and national initiatives, now require a reconfiguration of the Council's approach to sustaining the tourism offering of the City. It can do so while taking advantage of forthcoming public and private led investment in tourism in Galway. A more integrated approach to tourism is at the heart of this approach. Central to giving effect to these factors will be increasing the resources available to the Council, hence the need to examine all options regard to accessing the necessary resources to do so. This includes examination new initiatives such a tourism tax or visitor levy.

Subsequently, in the Galway City Destination and Experience Development Plan 2025-2029, a multi-stakeholder approach focused on growing the economic value of tourism and increasing the length of stay in the city was jointly prepared by the Council and Fáilte Ireland. This new Development Plan succeeds the original strategy and seeks to:

- Grow annual revenues from international and domestic visitors to Galway City and increase the value of tourism for the destination;
- Progress projects that will disperse tourists across the city beyond the current city centre 'hotspot';
- Motivate visitors to explore Galway's coastal and urban communities through increased levels of collaboration among existing tourism networks and develop the year round appeal of Galway neighbourhoods;
- Grow the number of saleable visitor experiences available during the day while protecting the City's status as a vibrant night-time destination;
- Grow the appeal of Galway City in the domestic leisure and the family markets by leveraging the investment in outdoor activities;
- Maximise the large scale capital investment in visitor attractions and activities to broaden the appeal of Galway City among a wider range of visitor segments;
- Pursue product development opportunities that build on the city's reputation for culture, arts, festivals and events;
- Establish Galway as an international food destination and hub for major events and festivals; and
- Enhance the role of Galway City as a driver of tourism in county Galway and influencing visitor flows across the Wild Atlantic Way.

The Development Plan highlights the fact that Galway City is the third most visited city in the Republic of Ireland and, as noted above, It operates as a visitor hub for County Galway and is an access point to the Wild Atlantic Way. It notes that almost half of visitors to the Wild Atlantic Way visit County Galway, with visitors from mainland Europe accounting for the largest proposition of international tourists (46%). Over a quarter (27%) of visitors originate from North America with UK visitors responsible for 18% of overseas visits. Visitor spending from North American visitors accounts for 41% of total international visitor spend. Over one in five (22%) of domestic visitors to the Wild Atlantic Way visit County Galway with the peak months of July, August and September attracting 44% of international visitors and 35% of Irish residents to the Wild Atlantic Way.

In addition, the Council has adopted its Corporate Plan 2025-2030 which has as its vision that:

''Galway City Council will lead a cultural and creative city, collaborating with the people and businesses of Galway and beyond to strengthen and grow our uniqueness, our sustainability, our inclusiveness, our safety and our innovation."

Operating within the Urban Development Directorate, the Council has set out its corporate commitment to development of the tourism product on offer in the City. The strategic actions to be delivered over the 5 years of the Plan include:

- Economic Development capacity will be sustained through the development of key sites across the City;
- Renewal and regeneration of key urban hubs within the City will be in place and underpinned by appropriate funding mechanisms open to the Council, including local and national exchequer as well as available European Funds;
- Adoption of a renewed City Retail Strategy and supporting programmes to strengthen the vibrancy of the city and to address retail choice across the City;
- Implementing the Local Economic and Community Plan;
- Managing, maintaining and upgrading the enterprise and cultural infrastructure owned by Galway City Council;
- Supporting the development of the Night-time economy in Galway City;

- Working with economic and cultural sectors to reduce the carbon footprint of the City;
- Targeted increase in revenue from the tourism sector, benefiting local businesses and employment;
- Support indigenous and start up enterprises through the work of the Galway City Council Local Enterprise Office;
- Maintaining Galway’s advantages as a location for inward investment and ensure that local enterprises can benefit from this investment;
- Invest in key infrastructure projects that improve access to cultural sites and tourism attractions;
- Safeguard and celebrate Galway City’s unique cultural heritage while developing contemporary arts and creativity;
- Using culture to implement new approaches to tackling disadvantage and social exclusion and engage marginalised and lesser heard communities;
- Involve local communities in tourism and cultural initiatives to foster pride and participation; and
- Developing and enhancing Galway’s standing as a bilingual city.

Case study 1:

Managing the City's big challenge in the key growth areas and the new infrastructure funding.

The Council is playing a more direct role in advancing tourism through and across its core services.

Examples of this include a much increased housing programme which will bring increased asset management demands not only with the housing but also of public areas e.g. Roads, Green areas, playgrounds, MUGA, etc., that create an urban environment that will be appreciated by visitors and residents alike.

Other areas is the delivery of active travel such as a much improved Public realm across the City, Sustainable Urban Drainage Systems, Cycling and walking routes, bicycle and scooter parking, etc., and the level of care and maintenance needed with such infrastructure is considerable and at this point there is no government funding for such infrastructure in the City. The full cost falls on the Council

Other City Council initiatives which underpin the City's international standing include conversion of the City fleet to a green fleet which is very expensive as electric equipment e.g., road sweepers, trucks, vans, trucks are 2 to 3 times the cost of standard equipment. The Council is having to fund such investment including the resources to operate same.

The Council must also put in place good facilities for sports and recreation. It should be noted the Council must typically invest 30% to any funding obtained through sports capital. In contrast private clubs can 95% funding. Nonetheless, three major master plans that should deliver world-class sports and amenity infrastructure are underway, and these will go through the planning process in 2026. Implementation of the Plans will be restricted as there is no funding in place.

Other challenging areas includes development of multi-modal corridors, parklands, Cemeteries, Litter management, new legislation areas, bio-diversity programmes and upgrading or fixing of infrastructure that does not meet current regulatory obligations and must be upgraded, using Council revenue e.g. public lighting (Costing us in the region of €20M), closed landfills maintenance and trying to meet standards brought in post the closure of same.

The other area of cost growth is legal challenges and/or protection of council assets through the courts, e.g., land encroachment, etc.

1.3 Tourism in Galway

Galway City's tourism sector is a major economic activity within the local economy which continues to grow year on year. In 2024 Galway City had 1 million overseas visitors generating €687 million in revenue, an average spend of €655. The 1.4 million domestic visitors generated €335 million with an average spend of €233. Galway was voted Europe's friendliest city in the Condé Nast Traveller Reader Travel Awards 2020 and has been awarded the "Purple Flag" as a safe and family friendly city by night every year since 2015 with Salthill also designated in 2023. It was the most visited place in Ireland outside of Dublin. In addition, 1 million domestic visitors generated €247 million for the local economy. It is estimated that 12-14% of businesses in Galway City are involved in tourism. Galway is known for its vibrant cultural and hospitality sectors which form the basis of the city's nighttime economy[1]. In October 2023 a Night-Time Economy Advisor was appointed for Galway City to support the development of enhanced collaborative structures at a local level. This has resulted in a night time strategy which recommends:

- the establishment of a night-time economy forum that is diverse and inclusive of all aspects of the night-time economy.
- the preparation and implementation of a cohesive action plan for Galway City to provide a range of proven interventions for different age groups and different periods.
- the development of a sustainable structure within GCC for longer-term/ongoing work in the area of the NTE including the establishment of a stakeholder forum and consultation process.

The food sector also makes a significant contribution to the overall tourist experience.[2] The need for the City Council to work with the tourism industry in the City to continue to reduce the carbon footprint of the Tourism Sector in the short to medium term in order to continue the progress of the City as a Global sustainable Destination is also a challenge confronting the Council.

1.4 Accommodation in Galway City

According to the 2026 Accommodation capacity study produced by Fáilte Ireland, the city has over 9,762 bedspaces of all standards (see below), but not including campus accommodation of some 341 units which provide a capacity of 2,475 bed spaces over the peak tourism season each year. This suggests that the City has the capacity to offer up to 3.86 million bed space nights annually. Occupancy in 2025 was at a rate of 77%. This suggests a usage in the order of 2.6 million bed spaces per annum.

[1] Galway City Night-Time Economy Action Plan 2024-2025

[2] Galway Key Tourism Facts 2024 Fáilte Ireland

Accommodation Supply 2026

Snapshot of registered & approved properties (as of January 2026)

CLEAR ALL FILTERS

Accommodation Type

All

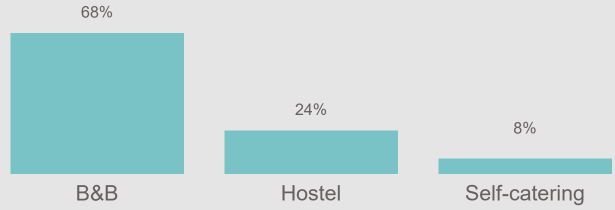
Select a location

Regional Brand	County
All	Galway
EU Region	**City Council Areas**
All	Galway City
City/Town	**Dublin District All**
Galway	All

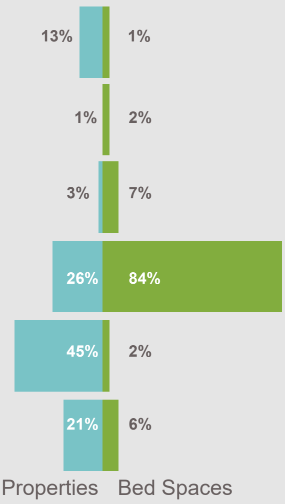
Accommodation Type	Properties	Rooms/Units	Bed Spaces
B&B	5	18	40
Caravan & Camping	1	70	220
Hostel	4		617
Hotel	30	3,213	8,156
Self-catering	52	52	187
Welcome Standard	24	192	542
Total	**116**	**3,422**	**9,762**

Marinas and Campus accommodation are excluded from the total accommodation supply

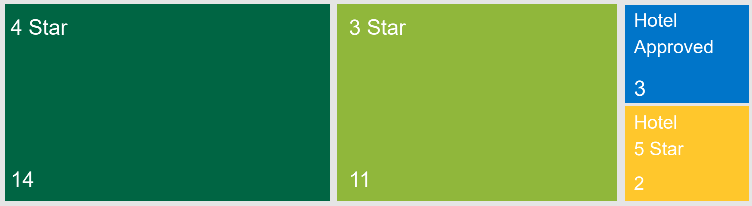
Distribution of Bed Spaces within the Welcome Standard Category



Share of Properties & Bed Spaces by Accommodation Type



Number of Hotels by Star Rating



Marinas

(Blank)
Any Units

(Blank)
Bed Spaces

Campus accommodation

341
Units

2,475
Bed Spaces

Registrations by Accommodation Type (location of one or more units)

1.5 Council Investment in Tourism

It is recognised in the Programme for Government, and many reports on local government financing that a greater emphasis on the need for additional local government access to local funding is increasingly required. In that context the Task Force on Local Democracy has been tasked with addressing the issue. Internationally, Tourist Taxes, due to limited Local Government funding discretion generally, have become a feature of the response to enabling local authorities broaden their funding bases.

In Ireland it is also worth noting that new public funding, including from the URDF (Urban Regeneration and Development Fund), has become available to the Councils generally. In the case of Galway City funding, for example, has facilitated the planned expansion of the Galway City Museum while Fáilte Ireland tourism capital funding is supporting investment of €625,000 (75% Fáilte Ireland, 25% City Council) to deliver:

- 6.9 kms of marked Waterways Trails and 18 Orientation and Interpretative Signs across 3 routes, and
- River, Canal and Coastal Trails and Public Realm Improvements in Galway's Westend and Wolfe Tone Bridges

Other Tourism infrastructure projects currently being managed by the Tourism Unit include;

- Development of recreational Watersports Hub at Terryland. This is a €1.5m capital project funded by Fáilte Ireland, currently at detailed design.
- Development of a Blueway across Galway City.
- Development of Tourist Office at Eyre Square. This is an estimated €1.2m capital project funded by Fáilte Ireland and Galway City Council. It is at project design stage.
- In conjunction with Parks and Recreation section of the Council, the development of public park estimated at €1.2m as a tourism attraction and event space in Woodquay is advancing towards completion by the end of May 2026.
- Development of Arts Exhibition Space at Merchants Road in conjunction with Housing Section. This is a €4m project (Arts Exhibition Space value) which is at pre Construction phase.
- Development of a Destination Tourism attraction at the Leisureland Site in Salthill. At concept design stage this project has an estimated project value of €40m+.
- Implementation of other capital projects by the Council including a City orientation signage project as a priority.

The implementation of the new Fáilte Ireland Destination Experience Development Plan for Galway City will result in a significant workload for City Council staff in project and programme delivery and, in particular, for the Tourism Unit which has responsibility for the co-ordination of this work across a number of sections within the Council.

Given the above is acknowledged, it is equally important to also acknowledge that Galway City, unlike other local authorities in Ireland plays a critical role in underpinning the cultural offering at a national level with 3 out of 4 first time visitors to Ireland drawn to Galway. This is, in large measure, due to its significant cultural position. Most National Cultural Institutions are based in Dublin and therefore receive National Funding whereas Galway City Council is expected to fund arts, museums, and other cultural infrastructure as they are seen as local institutions rather than national institutions, this despite the importance of Galway to the visitor national offering, as noted above.

Other critical investment includes local transport networks, in flood risk in Galway (especially around the Spanish Arch Area of the City, Port expansion providing for visitors from Cruises and on-going standards verification of accommodation as well as important tourist data collection and collation. Also, it is important to note the need for on-going investment in the local public realm, inner city regeneration and derelict site development, features of the City critical to its overall sustainable offering to visitors, foreign and domestic.

Case study 2:

Delivering the Fáilte Ireland Destination Experience Development Plan (DEDP) for Galway City

In the Fáilte Ireland Destination Experience Development Plan (DEDP) for Galway City, Galway City Council is identified as a key delivery partner. The plan outlines the following strategic objectives:

- Encourage the dispersal of visitors beyond the current city centre tourism hotspot by advancing projects across the wider city;
- Inspire exploration of Galway's coastal and urban communities through enhanced collaboration among existing tourism networks, thereby increasing the year-round appeal of city neighbourhoods;
- Expand the range of daytime visitor experiences while safeguarding Galway's reputation as a vibrant night-time destination;
- Strengthen Galway's appeal in the domestic leisure and family markets by leveraging investment in outdoor recreational activities;
- Optimise the impact of large-scale capital investments in visitor attractions and activities to broaden the city's appeal across diverse visitor segments.

To support these objectives, Galway City Council is implementing a strategy to develop tourism infrastructure and attractions in under-visited areas of the city. These locations often present commercial viability challenges, requiring the Council to underwrite a higher proportion of operational costs or extend financial support over a longer lead-in period until such time—if ever—the attraction becomes self-sustaining. Revenue generated from a proposed Tourism Tax would enable the Council to finance these initiatives and support operational costs during the start-up phase.

One such initiative is the redevelopment of the former Waterworks Building in Terryland. Phase 1 involves refurbishing the derelict structure, with funding from Fáilte Ireland, to provide facilities for the leisure watersports sector. This project aims to attract footfall to an area of the city that currently receives minimal tourist activity. Approximately 30% of the building will be dedicated to watersports facilities, while the remaining space—including a second heritage building on site—offers potential for complementary heritage or environmental tourism uses, such as a café. Due to the absence of existing tourism footfall, the site lacks commercial appeal for private sector investment, with risks deemed too high.

Another example is the network of walking trails introduced by Galway City Council along the city's watercourses. Since their launch in 2023, these trails have successfully dispersed visitors beyond the city centre. However, the ongoing maintenance costs are borne entirely by the Council, with no direct revenue stream. Further investment in this type of infrastructure is planned to enhance visitor dwell time, and funding from a Tourism Tax would be essential to support this expansion.

Galway City Council also subsidises the operation of several cultural facilities, including Leisureland Events Centre, Black Box Theatre, Nun's Island Theatre, Town Hall Theatre, Galway Arts Centre, and Galway City Museum. These subsidies ensure that cultural organisations can access vital infrastructure at below-market rates, enabling them to offer competitively priced cultural experiences that are attractive to tourists. However, increasing financial pressures make it progressively difficult to sustain these subsidies. Revenue from a Tourism Tax would support the continued operation and development of this cultural infrastructure and help maintain the competitiveness of the city's cultural offering.

2. Tourist taxes

2.1 Comparative context

As noted earlier, tourist taxes are increasingly a feature of the local fiscal framework throughout the OECD. However, much coverage of the progress in implementing such taxes tends to focus on urban centres significantly larger in scale to that of Galway. However, it is also increasingly clear that even in smaller, more comparable, urban centres as well as rural environments across the UK and European Union such taxes are now an important feature of the local fiscal arrangements. In undertaking this report the City Council has examined applicable policy initiatives across several jurisdictions and have focused upon urban centres of a similar scale, tourism offering, and footfall/bed nights. These are examined below. The Council has also looked at various options underpinning such taxes. These are also set out below.

Examination of same is important to establish the efficacy of such taxes. It is, nonetheless, evident that such taxes may or may not be appropriate given the challenges confronting individual local governments in terms of existing funding arrangements or in terms of the capacity of the local tourism sector to sustain such taxes within an overall funding basket that may also be impacted by alternative tax arrangements. Levels of indirect taxes and the elasticity of the demand for relevant tourism locations in terms of price sensitivity, for example, are additional factors that need to be considered. Also of interest, are the differing approaches to collection of such taxes in terms of costs, the need to subsidise traders in their collection of tourist taxes on behalf of the relevant regional or local authorities.

Reports produced by various Governments, as well as the OECD and European Institutions, have been reviewed in the preparation of this report. Broadly speaking these indicate that most European Union countries, and the UK, have varying forms of local tourist taxes. However, there is no evidence of wholescale or universal application as the choice to do so is largely left to individual regional and local authorities, primarily city councils.

2.2 Overview of Taxes

Examples of such taxes are covered below on a country by country basis. More comparable city council applications having regard to visitor numbers and scale of council relative to that in Galway are also addressed. . Figures quoted are accurate at the time of drafting this report in the Autumn of 2025.

United Kingdom

Application of such taxes vary across the United Kingdom. A UK Parliament report , published in September 2024 examines the implementation of such taxes in the United Kingdom with the Scottish Parliament having passed legislation permitting local authorities to levy ‘tourist taxes’ on short-stay accommodation, while the Welsh Government is planning to introduce draft legislation. In England several local authorities have used alternative legislation to introduce such taxes under the umbrella of business improvement district legislation, while in Northern Ireland the Assembly is discussing the possibility of such taxes, particularly in Belfast.

England

In the case of England several local authorities have already exercised the option of having local tourist taxes based upon Business Improvement Legislation. These include Manchester which is terms of scale in not an ideal model by way of comparison to Galway City. The Manchester regime is an additional charge on levies chargeable to business within the BID area. Some £2.8 million was raised in the first year of operation of the tourist tax in Manchester.

Other more relevant examples of proposed tourist taxes include Bournemouth and York, which are more useful comparators, in regard to Galway City, given their respective roles in regional tourism, city scale and the level of visitors. A tax of £2.40 per room, per night was proposed by the Bournemouth BID and accepted in 2024. It would have raised in the order of £2.6 million annually. The tax itself, however, which was to be implemented from July 2024 was postponed due to administrative errors in determining the tax under the BID Process. This is now, it is understood, being examined with the objective of introducing the tax in the future. In the case of York, the Council has voted for the introduction of the tax. Projected charges of £1 or £2-a-night per room could potentially generate £1.7m and £3.4m-a-year.

Scotland

The Visitor Levy (Scotland) Act 2024 was passed by the Scottish Parliament in 2024. Edinburgh City has advanced their scheme to the point where it becomes operable from July 2026 with a 5% levy rate, averaging £9 per night on the average rate of £180. Forecast revenue would be in the order of £30 million annually. Other councils are also advancing schemes. These include Aberdeen which is more comparable to Galway. This scheme is expected to go live in 2027 with a tax of between £3.50 and £7 per night on the average Aberdeen room rate of £70 a night. Dundee has commenced the process and with some 1.35 million visits and an average length of stay of 2.6 days, it is envisaged that a tourist tax would generate the resources to enable implementation of the City’s tourism strategy along with underpinning economic regeneration. Argyll and Bute Council are also advancing their plans.

Wales

The Visitor Accommodation (Register and Levy) Etc. (Wales) Bill was passed by the Welsh Assembly in July 2025. It empowers local authorities to levy visitor charges following a statutory consultation process. The Bill sets two Wales-wide levy rates. The lower rate of 75p per person per night applies to camping and dormitory accommodation. The higher rate of £1.25 per person per night applies to all other accommodation.

The Welsh Government has estimated that a £1 per person per night tourist levy would raise £28 million if established across the whole of Wales.

The Council Leader of Cardiff City has opposed a tax of £1.25 per night per person. It is expected to start in 2027 and raise circa £4 million in its first year of operation.

France

Tourist taxes are a well-established feature of municipal resourcing across the full range of local authorities. Paris, for example, has rates from €5.20 to €8.45 per night, depending on the status of the hotel/accommodation. However, Paris is not necessarily an appropriate comparator for Galway. Lorient, a twin city of Galway charges from €0.70 per night for a one star level of accommodation to € 4.60 for an upper end quality hotel. Cannes, which while larger in population than Galway, plays a similar role in tourism nationally in France to that of Galway in Ireland. It has broadly similar levels of tourism overnights with some 1 million visitors overnighting. Charges here range from €1.07 to €5.36.

Germany

As in France, local municipal and regional based taxes on tourist stays in Germany are common. Indeed, it is not unusual to see taxes for a variety of local to regional layers in place. Equally, it should be acknowledged that not all municipalities have such taxes. The application of such taxes will often be driven by issues such as visitor numbers and local political priorities. So, in a city such as Neuss (a city similar to Galway) near Dusseldorf, the Council, under the leadership of the Mayor, have chosen not to raise such taxes as tourism is not a critical feature of local economic development. In contrast most municipal councils have tourist taxes which are significant and range across the differing levels of accommodation.

EU generally

Tourism taxes in Belgium are similar to those of France with, for example, Leuven and Genk, cities of similar scale to Galway, charge up to €4 per person per night.

Taxes across Spain and Italy are equally applied ranging from €1 to €15 per night per person depending on visitor footfall, scale and environmental circumstances. The Balearic Islands and Venice for example charge entrance fees.

In the case of Croatia taxes in the order of €1-1.50 are charged while in Greece the taxes can raise from €.50 to €15 per night per person, again depending on the nature of the accommodation and location.

2.3 Common Aspects of Tourist taxes

As is evident from the above examples, tourism taxes are now a common feature of local fiscal arrangements across the European Union and the United Kingdom. Ireland is an outlier in that regard. While vat is a common tax across both EU and UK, local tax levies for accommodation are increasingly a feature and are expected to grow. In most instances such taxes are devolved to local municipalities, albeit that there is generally a national legislative framework which underpins the statutory role of local government, along with guideline tax levels.

Other common aspects in implementing such taxes are the criteria for collection, the need to use the funds to specifically address particular tourist related services and the need to provide some form of payment to the relevant hotels and other accommodation that are collecting the taxes on behalf of the local authorities.

In some instances, there are caps placed on the number of nights on which a tax falls due, in other no such provisions apply. Also, in some instances there are exemptions applied, for example, older people or those involved in business travel. These are a feature of local choice where such taxes are being introduced.

Tourist Tax Options

Option	Application
Fixed price per person per night no cap	**Croatia, Greece, Italy, Spain, Belgium, Germany, Proposed Wales**
% charge per bed space per night, no cap	
% charge per room per night no cap	
Fixed price per person per night with cap of up to 5 nights	**France, England**
% charge per bed space per night with cap of up to 5 nights	
% charge per room per night with cap of up to 5 nights	**Proposed Scotland**

3. **Tax Options for Galway**

As noted earlier, Galway is a major hub for tourism in Ireland, with circa 2.6 million bed nights a year, assuming a continuing 77% occupancy rate. Tourism in the City is a critical pillar in the local and national economy. There are almost 10,000 accommodation spaces which places it on a par with many of Europe's key tourism centres. The City has a highly developed policy framework underpinning the tourism sector as well as having a in place a clear commitment to growing sustainably. The tourism offering of the City is critical to the overall regional tourism offering at the heart of the Wild Atlantic Way. Funding for the sector is largely based on an uneven support for the City in the context of its capacity to raise local income and to receive support from the National Exchequer given its designation as an Authority at a similar level to that of the smallest local councils in the State. In the on-going effort to sustainably grow the sector in Galway other funding options need to be examined. A tourism tax is one such option, that as noted above, is now a common and growing feature across the OECD.

In that context, a number of possible scenarios for such a tax are suggested below with a final recommendation in regard to the possible roll out of local tourist taxes in Galway.

These include:

1. A no change option
2. Introduction of such taxes on a national wide basis
3. Introduction on a pilot basis in Galway in its own right

3.1 No Change

This option envisages no change to the current fiscal context, i.e., no introduction of a tourist tax in Ireland and consequently into Galway. The effect of such a decision would be to slow down the pace on investment into the local tourism sector. It would, however, be as expected in the current policy context so the City would slowly deliver the infrastructure needed to deliver a sustainable product. As a consequence, it increasingly would find itself confronting congestion and a falloff in competitiveness relative to other key tourism locations having access to better funding due to their higher designations in Ireland. The Council would continue to be dependent on accessing increasingly competitive funding from the National Exchequer.

Economic Factors

A loss of competitiveness and scope for self-funded investment will over time reduce the quality offering that Galway is seeking to advance. This might sustain in the short term the overall tourism offering but in the longer term is likely to reduce demand for overnight stays, particularly if the city is perceived to be going backwards in its offering as well as in a reduced quality of public realm and traffic congestion.

The loss of potential additional income for the City will maintain an unnecessary dependency on the National Exchequer, obliging the Exchequer to advance funds into the future as a result of not taking advantage of a broadening of the tax range.

Constraints and Risk Analysis

With a decision to maintain an ''as is'' position there are no consequent constraints. Risk arises in the capacity of the City to sustain current tourist trends alongside the avoidance of congestion.

3.2 Introduction of such taxes on a national wide basis

The potential to advance a nation-wide approach to a tourist tax is an option which has been exercised in an increasing number of tax jurisdictions, with the preference being that of allowing local choice in the matter. Such a move would bring a number of benefits, most notably a widening of the tax spectrum which could allow, for example, a reduction in national VAT on the accommodation sector. Alternatively, it could allow for a broadening of the local tax environment, enabling local authorities in general, access to more resources and thus easing the national exchequer burden in regard to support for the Local Government Fund.

Economic Factors

An advantage of such a move, apart from the immediate positive effect on the Exchequer, is that the potential for displacement across local authority boundaries would be avoided. In addition, the risk of undermining local tourism offerings would be diluted considerably, a concern which has been expressed in other countries albeit there is limited evidence from the literature reviewed to suggest that such factors are actually a barrier to local tourism and the businesses in the sector.

Constraints and Risk Analysis

Introduction of such taxes, it seems, has not resulted in any significant constraints impacting the local tourism offering in other jurisdictions. In effect there is a positive benefit from having enhanced resourcing available and in circumstances where congestion is a factor in determining the need for a tax in the first instance, there is limited evidence of an impact in terms of footfall, in either reducing or preventing access. This may suggest the relative inelastic nature of much tourism, especially in high visited locations.

3.3 Introduction on a pilot basis in Galway in its own right

The option to introduce as a pilot such a tax would reduce the potential, if limited, disruption to the market segments that are most likely to be impacted by such taxes. This clearly would allow for a more focused examination of the various options available to test in the local Irish context. Would it be appropriate to have a fixed rate spread across different segments of the accommodation impacted, for example or would a simple fixed amount be a better option? What costs would be associated with the introduction of such taxes and how might a rural and urban environment be factored into thinking on the choices for such a tax?

Lessons from the introduction of a pilot tax, in effect this is what has occurred across the EU and UK, would make it easier to determine the opportunity for full jurisdiction application.

Economic Factors

The key factor is whether tourist numbers would be displaced from the City to the surrounding Counties. Effectively there is already a difference in pricing between Galway City and its environs. This current position does not seem to be causing any displacement. That noted, the addition of a significant increase such as that pertaining in Edinburgh could be disruptive to the City offering. Costs of collection and the need for capping may also be required.

Regardless of the option, i.e., fixed pricing or % levying, the need to examine the potential impact is a necessary feature of any future effort to examine a tourist tax. On face value the use of, for example, a fixed price in the order of €1 to €5 could generate, in gross terms, between €2.8 million to €14 million annually, in round figures, assuming a 3.7 million bed space utility on a single night basis. A 5% approach would generate upwards of €14- €16 million, assuming no allowances or caps and a single night basis. These figures will need to be investigated in more detail and are simply presented here as a 'what if' scenario. Options to explore would be whether differing rates would apply to differing types of accommodation, ranging across differing standards of accommodation. Such options are included in several cities across the OECD, while caps on taxes beyond a 2-3 night stay are also an option.

Costs of collection would also need to be factored into the process. In the case of Edinburgh, the costs are in the order of 2% of receipts covering the collectors and an additional allocation to cover the costs of the tourist tax team in the City Council.

A further decision would need to be developed in terms of the priority spending that would be funded by the resources but in general these in other jurisdictions are focused on improvement of the tourism offering through urban renewal, delivery of additional cultural and amenity facilities, marketing and creation of secure zones in tourist frequented parts of the City concerned.

Constraints and Risk Analysis

Risk analysis needs to be fully examined, particularly in regard to the forecasting of income generation and thus the capacity to expend said income on strategic priorities for the City. In a number of cities there is a cap on spending of net taxes so that a reserve can be built over time to forward fund borrowing for major projects such as galleries, museums and concert halls.

Recommendations

The introduction of such taxes is a major step and should ideally be undertaken within the framework of a statutory platform that would set out the range of choices that would then be made by the individual local authority. That noted, there is a valid case that a pilot provision be made to determine the veracity of such a tax, and thus prevent exposure to wider challenges pending review of the pilot.

Effectively, this is what has occurred in some neighbouring jurisdictions where initial efforts to generate local taxes were set within the context of, for example, BID legislation in England. On foot of the learnings from such initiatives, a broader move to apply such taxes has arisen and is likely to be reflected, in the case of England in national legislation that will allow local authorities to take a choice in determining the need for such taxes. This has already occurred in Scotland and in Wales and may arise in Northern Ireland.

Elsewhere such taxes are an accepted feature of the local and regional fiscal environment with large scale adoption of same across the OECD.

In that regard it is recommended that the case for such an approach be broached with the Department of Finance and the Department of Housing, Local Government and Heritage (potentially within the context of the Local Democracy Task Force), with a view to advancing a more detailed examination of the various options for such a tax, its format and application within a pilot context. This might lead to an ultimate application, underpinned by relevant legislation, across the State. Galway City provides an ideal platform for such a tax given the significant contribution of tourism to the local economy, the need to have alternative local sources of finance to underpin on-going investment, and the relative inelastic nature of the accommodation need in the City.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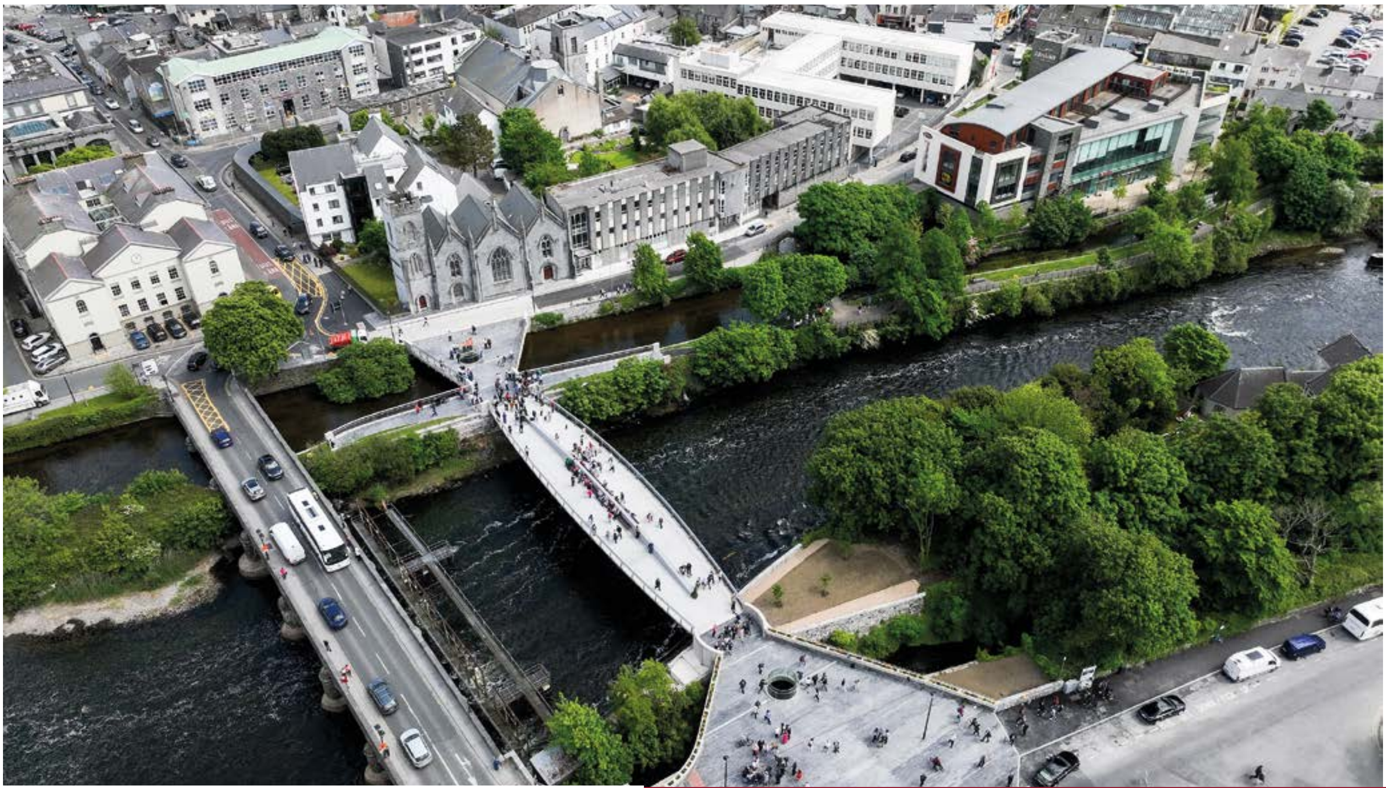

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