TOURISM INDUSTRY ASSOCIATION ALBERTA

LEVELLING THE PLAYING FIELD:

Positioning Canada's Ski Areas on a Competitive Footing with the U.S.

“The mountains are the beginning and the end of all natural scenery.”

~ John Ruskin

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This report was a collaborative effort of the Tourism Industry Association of Alberta (TIAA), the Tourism Industry Association of British Columbia (TIABC), the Canada West Ski Areas Association (CWSAA).

Motivated by a shared interest to strengthen Canada's tourism competitiveness, the partners commissioned this analysis to inform an evidence-based tax policy that better aligns Canada's investment environment with the evolving competitive conditions found in the United States.

Through this collaboration, the funding partners have recommended tax policy adjustments that will better support the long-term growth of Canada's ski sector, while also promoting a more competitive and resilient visitor economy.

Prepared for:
Tourism Industry Association of Alberta (TIAA)
Tourism Industry Association of British Columbia (TIABC)
Canada West Ski Areas Association (CWSAA)
The Canadian Ski Council (CSC)

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EXECUTIVE SUMMARY

The United States' One, Big, Beautiful Bill Act (OBBBA) has permanently restored 100% bonus depreciation for a wide range of tangible property investments. For ski areas the OBBBA applies to tangible property (e.g. chair lifts, equipment, furniture, vehicles) and improvements (e.g. accommodation renovations) with a recovery period of 20 years or less. Canadian companies are at a disadvantage relative to their U.S counterparts and have been for some time. Ski area assets are currently depreciated at rates between 20% to 45% through capital cost allowances (CCAs) and the temporary accelerated investment incentive (AII).

As a result, U.S. ski areas are investing heavily in capital improvements, with 2024/25 being the third consecutive year of elevated capital investment. To stem the eroding competitive realities facing Canada's ski industry, this report estimates the economic value and incremental investment in western Canadian ski areas that would occur if the Government of Canada adopted OBBBA equivalent accelerated capital cost allowances (ACCAs) for the sector. This report also quantifies the broader economic impacts to the Canadian economy as a result.

The Importance of Accelerated Capital Cost Allowances (ACCAs)
ACCAs allow companies to write off the cost of capital more quickly, derisking projects, deferring tax obligations and increasing the present value of their investments and their corresponding rates of return. ACCAs boost short to medium term investment by encouraging companies to accelerate their current investment plans and drive incremental investments because of the improved cashflows on their projects. The improved cashflow reduces the cost of capital which helps generate additional investment relative to the status quo. Crucially, the ACCA does not change the total taxes collected by government, rather the timing of when the taxes are paid.

Investment Impacts of Ski Area OBBBA Equivalence
Based on the results of a recent ski area survey, representing 41% of total capital spending in the industry, respondents indicated they plan to invest $936 million over the next 5 years, with an additional $185 million if the equivalent of the OBBBA treatment were provided. This would equate to a 19% increase in capital spending.

- Based on this spending profile, applying OBBBA depreciation schedules for planned capex generates a NPV uplift of $25 million, while the NPV uplift for incremental capex is $23 million -for a total benefit of $48 million.
- Because the ski area incremental capex spend is valued at at $87 million (NPV) under the current framework, the net investment generated over and above the OBBBA benefits is $39 million ($87M-$48M).
- Effectively, if the federal government were to adopt OBBBA equivalent ACCA provisions, the industry would invest approximately 2 times the value of the tax benefits.

Economic Impacts of Ski Area OBBBA Equivalence

Beyond the investment impacts are the wider economic impacts associated with the incremental industry investment.

- Based on economic modelling, if the entire Canada ski industry adopted an incremental spending profile reflective of the survey results, the associated economic impacts would be $435 million in new investment, $1.7 billion in new visitor spending, $1.6 billion in GDP, $263 million in tax revenues and the equivalent of 18,100 full-time jobs over five years.
- On a provincial basis, the most significant impact will occur in BC ($810M in GDP, 9,350 FTE jobs), followed by Quebec ($348M in GDP, 4,030 FTE jobs), Alberta ($206M in GDP, 2,380 FTE jobs) and Ontario ($185M in GDP, FTE 2,140 jobs).

Recommendation

- That the federal and provincial governments provide Canadian ski areas with the equivalent capital cost allowances as those provided to ski areas in the U.S. under the OBBBA.

1 THE IMPORTANCE OF ACCELERATED **CAPITAL COST ALLOWANCES**

The United States' One, Big, Beautiful Bill Act (OBBBA) has permanently restored 100% bonus depreciation for a wide range of tangible property investments, including machinery, equipment, vehicles, and qualified improvement property. [1,2,3]OBBBA significantly improves investment economics by providing permanent tax reductions and cashflow improvements for companies over the long term.

For ski areas the OBBBA applies to tangible property (e.g. chair lifts, equipment, furniture, vehicles) and improvements
(e.g. accommodation renovations) with a recovery period of 20 years or less.

As a function of OBBBA coming into effect, Canadian ski areas are at a clear comparative disadvantage relative to their U.S counterparts; and had been for some time. Ski area assets are currently depreciated at rates between 20% to 30% through capital cost allowances (CCAs),[4,5] although the recently renewed Accelerated Investment Incentive (AII) enriches these CCAs by removing the half year rule for new property in year 1 and increasing the depreciation rates of the classes by up to 1.5 times the standard rate.[6,7] While the AII substantively improves the economics of ski area investments in Canada, the deductibility rates are far less competitive than those in the U.S. and the program is set to expire by 2033. This approach contrasts with Canada's manufacturing industry, which receives 100% immediate expensing in response to the OBBBA.[8]

Unfortunately, this all contributes to Canada's declining ability to attract capital and bolster productivity-enhancing investments within the ski sector and the tourism industry more broadly. Provincial governments have set ambitious goals to grow their tourism industries, [9,10,11]but barriers such as uncompetitive capital deductibility constraints hinder government growth goals for tourism.

This report estimates the economic value and incremental investment in western Canadian ski areas that would occur if the Government of Canada adopted OBBBA equivalent accelerated capital cost allowances (ACCAs) for the sector. This report further quantifies the broader economic impacts to the Canadian economy as a result.*

**As the challenges are system wide and difficult to assess broadly in the project timeframe, the ski industry was the chosen sector for study. The study is illustrative of the broader blocked capital flows within Canada's tourism industry that must be addressed for the government of Canada to achieve its stated federal tourism growth goals.*

1 THE IMPORTANCE OF ACCELERATED **CAPITAL COST ALLOWANCES**

ACCAs are an impactful tool from a cashflow and investment perspective. The ACCA allows companies to write off the cost of capital at an accelerated pace, deferring tax obligations and increasing the present value of their investments and their corresponding rates of return.

The ACCA boosts short to medium term investment by encouraging companies to accelerate their current investment plans and drives incremental investments because of the improved cashflows on their projects. The improved cashflow reduces the cost of capital which helps generate additional investment relative to the status quo.

While technically the ACCA does not change the total taxes collected by government, it does change the timing of when the taxes are paid.

The U.S. OBBBA provides a powerful and permanent tax incentive that comparatively disadvantages Canadian ski areas in terms of their ability to attract capital – and the investment results are compelling. In the U.S. ski areas are "investing heavily in capital improvements...the 2024/25 fiscal year marked a third consecutive season of elevated capital investment, with reported expenditures totaling $624.4 [U.S.] million."[12]

Levelling the playing field with the U.S. is not only critical to improving Canada's ability to compete for investment capital, but also to stimulating investment in a strategic and sustainably-positioned export sector at a time of stagnant economic growth in our own country.

1 THE IMPORTANCE OF ACCELERATED **CAPITAL COST ALLOWANCES**

The imposition of US tariffs has reduced Canadian business investment and exports, led to slower wage and employment growth, higher unemployment and reduced foreign investment in Canada.[13] According to the Bank of Canada in its June 2026 interest rate decision:

> The conflict in the Middle East is now in its fourth month. The resulting increases in energy prices and disruptions in global supply chains are weighing on global economic growth and pushing up inflation. At the same time, the US administration continues to propose new tariffs and trade policy uncertainty remains elevated.[14]

The result is a diminished economic outlook for the country and significant uncertainty for the future of the Canadian economy.

At a more strategic level, Canada is seeking to double overseas exports over a decade through its Trade Diversification Strategy.[14] However, it has not prioritized the tourism industry as part of this strategy, despite the sector's role as a national brand builder, strategic export commodity, driver of economic growth and instrument for trade diversification.[15] In 2024 "international visitors injected $31.2 billion of new export dollars into Canada, making tourism the second-largest service export."[16] The achievement of thisvaunted economic position begs a much more strategic response by government to encourage further growth.

2 INVESTMENT IMPACTS OF OBBBA EQUIVALENCE FOR CANADA SKI AREAS

Investment Impacts of OBBBA Equivalence for Canada Ski Areas
To quantify the investment impacts of differing capital cost allowances, Verum Consulting conducted a survey of members of the Canada West Ski Areas Association (CWSAA), Ontario Snow Resorts Association (ASRA) and the Association des stations de ski du Québec (ASSQ). The survey sought to understand the current capital spending plans of the industry, as well as how these plans would change in the event Canada adopted comparable capital cost allowance schedules as the U.S.

The survey was completed by 21 ski areas from May to August 2026. Respondents represented approximately 41% of total capital spending in the industry. Based on the results of the survey (Table 1) respondents indicated they plan to spend $936 million over the next 5 years, with an additional $185 million if the equivalent of the OBBBA treatment were provided.* This equates to a 19% increase in capital spending.

To accurately quantify the benefits of the OBBBA changes and how they influence investment decision-making, Verum Consulting incorporated the capital spending scenarios into a discounted cash-flow net present value (NPV) analysis. Key parameters include:

- Applied a 12% discount rate (i.e. weighted average cost of capital);
- Assumed 20% of spending was for sustaining capital amortized over 2026-2040;
- Amortized the planned and incremental growth capital over the initial 5 years;
- The tax rate paid by companies is the province in which they operate (15% federally, 8% in Alberta, 12% in BC, 11.5% in each of Ontario and Quebec).

The model utilizes the deductibility rates and program parameters listed in Table 2 below. Because buildings and employee housing do not substantially benefit under U.S. OBBBA relative to Canadian CCA rates these spending areas were excluded from the analysis.

TABLE 1: FIVE-YEAR CURRENT AND INCREMENTAL SKI AREA CAPITAL SPENDING PLANS, $MILLIONS

	Ski Lifts	Buildings & Structures	Snow-Making Equipment	Interior Improvement	Restaurant Equipment & Furniture	Employee Housing	Vehicles (Including Groomers)	TOTAL
Planned Investment	$313	$190	$134	$66	$77	$91	$65	$936
Incremental OBBBA Investment	$69	$25	$27	$13	$13	$21	$17	$185
Total 5-year Investment	$382	$215	$160	$78	$90	$112	$83	$1121
% Increase	22 %	13 %	20%	19 %	17 %	23 %	26 %	19%

* *6 respondents in BC, 4 respondents in Alberta, 9 respondents in Ontario, 2 respondents in Quebec.*
Not all ski areas anticipated an increase in spending due to the OBBBA, depending on their corporate finance policies and/or tax status.

2 INVESTMENT IMPACTS OF OBBBA EQUIVALENCE FOR CANADA SKI AREAS

TABLE 2: CANADA AND U.S. CAPITAL COST ALLOWANCE RATES FOR SKI AREA MAJOR SPENDING CATEGORIES

	Current Treatment in Canada			US OBBBA Permanent Treatment
	CCA Class	CCA AnnualRate	Accelerated Investment Incentive (expires in 2023)	
Lifts	8	20%	**1.5** times the original year 1 schedule. Suspends the half year rule.	**100%** in year 1
Buildings	1	4%	NA	**2.56%** annually
Restaurant Equipment & Furniture	8	20%	**1.5** times the original year 1 schedule. Suspends the half year rule.	**100%** in year 1
Snowmaking	8	20%	**1.5** times the original year 1 schedule. Suspends the half year rule.	**100%** in year 1
Employee Housing	1	4%	Purpose built rental incentive increases to **10%** Suspends the half year rule.	**2.56%** annually
Vehicles	10	30%	**1.5** times the original year 1 schedule. Suspends the half year rule.	**100%** in year 1
Interior Improvements	13	Max **20%**	**1.5** times the original year 1 schedule. Suspends the half year rule.	**100%** in year 1

**Government of Canada, US OBBBA, Ski Area Companies*

2 INVESTMENT IMPACTS OF OBBBA EQUIVALENCE FOR CANADA SKI AREAS

There are two influences affecting the OBBBA NPV benefits to the industry. The first is the increased cashflow benefits associated with planned capital spending. Based on this spending profile, adopting OBBBA depreciation schedules for planned capex spending generates a NPV uplift of $25 million (Table 3). Second are the NPV benefits of the incremental capex spending, which are estimated at $23 million. The total NPV benefits of implementing OBBBA equivalency for western Canadian ski areas are thus $48 million.

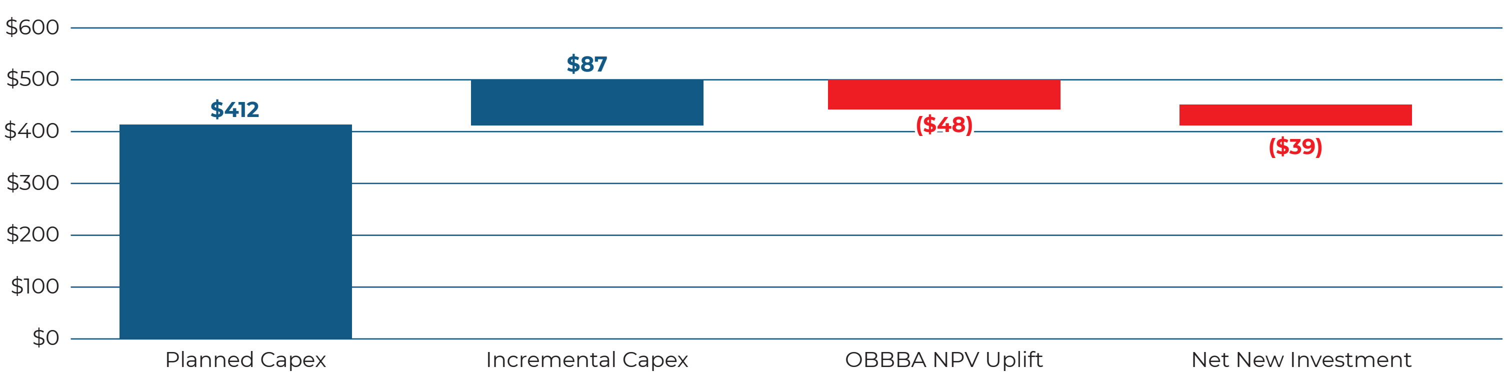
The $48 million investment generated from the OBBBA benefits effectively represents what companies would otherwise invest in the future that is being accelerated due to the OBBBA equivalent changes. However, because the incremental capex spend is valued at $87 million NPV under the current policy parameters, the net investment generated over and above the OBBBA benefits is $39 million. This is the difference between the dollar value of the incremental capital under current policies, and the value of the benefit that the OBBBA changes would bring.

TABLE 3: NPV SUMMARY OF FINDINGS ($M)

Planned Capex NPV increase under OBBBA	$25
Incremental Capex NPV increase under OBBBA	$23
Total NPV increase under OBBBA	$48
Planned Capex NPV	$412
Incremental Capex NPV	$87
Net New Incremental Capex Beyond the $39 M OBBBA uplift	$39

This $39M net new investment that would not otherwise occur in the absence of adopting OBBBA equivalent tax changes. Consequently, based on these findings if the federal government were to adopt OBBBA equivalent ACCA provisions, the industry would invest approximately 2 times the value of tax benefits.

FIGURE 1: SKI AREA NET PRESENT VALUE (NPV) IMPACTS OF OBBBA ($M



3 ECONOMIC IMPACTS OF OBBBA EQUIVALENCE FOR CANADA SKI AREAS

In terms of industry-wide impacts, total revenues for the industry in 2024-25 are estimated at $1.9B.[17] Assuming a conservative capital reinvestment ratio of 24% for the industry, annual capital spending in 2025-26 is estimated at $458M.[18]

TABLE 4: : INDUSTRY REVENUE AND CAPITAL SPENDING ESTIMATES ($M)

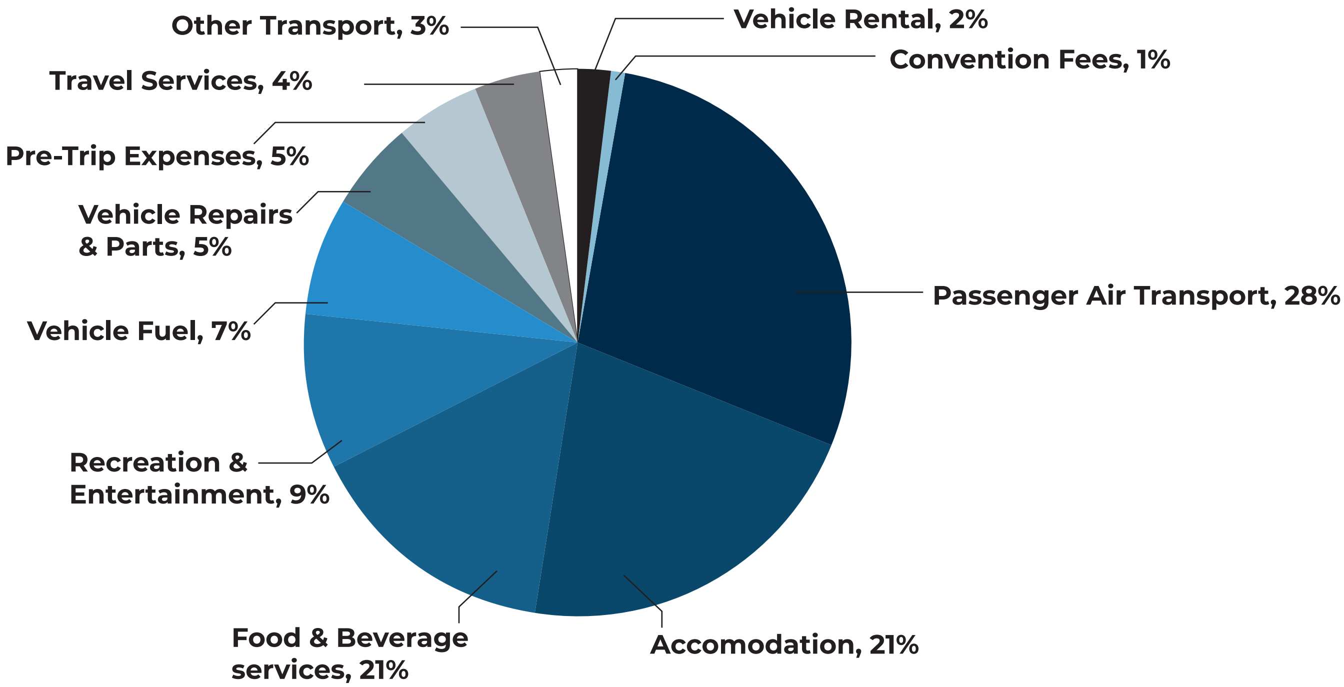
	Ski Area Revenue	Planned Capital Spending	Incremental Capital Spending due to OBBBA Treatment	
	2024 - 25	2025 - 26	2025 - 26	2025 - 30
BC	$989	$237	$47	$225
Quebec	$425	$102	$20	$97
Alberta	$251	$60	$12	$57
Ontario	$226	$54	$11	$51
Rest of Canada	$18	$4	$1	$4
Canada	$1,908	$458	$92	$435

According to the survey results, OBBBA equivalency would increase capital spending by 19%, which is equal to $92M annually or $435M over five years.

These investments will have broad benefits across the Canadian economy. Over and above the impacts of the investments themselves (which involve procurement, construction and the associated direct, indirect and induced activities) are the impacts associated with additional tourism activity. Figure 2 depicts the spending profile of tourism demand in Canada.

FIGURE 2: 2025 TOURISM DEMAND IN CANADA BY PRODUCT

Source: Statistics Canada Table: 36-10-0230-01. Tourism Demand in Canada



In 2025 total visitor spending was $106 billion.[19] In 2024, total industry investment was $26 billion.[20] Based on a time-series regression analysis, for every dollar of tourism-related investment in Canada, visitor spending increases by 3.9.[21] Consequently, the incremental $435 million in ski area investment will lead to $1.7B in visitor spending in the economy.

Using a customized Statistics Canada tourism expenditure economic impact model, the modelled economic impacts of the planned and incremental tourism spending associated with the new investment are included in Table 5.[22] The $1.7B in incremental visitor spending associated with the $435 million in new investment will generate a $1.6B in GDP, $263M in taxes and the equivalent of 18,100 full-time jobs.

TABLE 5: FIVE YEAR DIRECT, INDIRECT AND INDUCED IMPACTS OF OBBBA EQUIVALENT TREATMENT APPLIED TO CANADA SKI AREA INDUSTRY AS A WHOLE

	Capex ($M)	Visitor Spending ($M)	GDP ($M)	Taxes ($M)	Jobs
Planned	$2,290	$9,040	$8,230	$1,380	95,100
Incremental	$435	$1,720	$1,560	$263	18,100
Total	$2,730	$10,880	$9,790	$1,650	113,000

3 ECONOMIC IMPACTS OF OBBBA EQUIVALENCE FOR CANADA SKI AREAS

On a provincial basis, the most significant impact will occur in BC ($810M in GDP, 9,350 jobs), followed by Quebec ($348M in GDP, 4,030 jobs), Alberta ($206M in GDP, 2,380 jobs) and Ontario ($185M in GDP, 2,140 jobs).

TABLE 6: FIVE-YEAR INCREMENTAL IMPACT OF OBBBA TREATMENT FOR CANADIAN SKI AREAS BY PROVINCE

	Capital Investment (M)	Visitor Spending (M)	GDP Impacts (M)	All Govt Taxes (M)	FTE Jobs Created
BC	$226	$890	$810	$136	9,350
Quebec	$97	$383	$348	$59	4,030
Alberta	$57	$226	$206	$35	2,380
Ontario	$52	$203	$185	$31	2,140
Rest of Canada	$4	$16	$15	$2	167
Canada	$435	$1,720	$1,560	$263	18,100

Recommendation

- That the federal and provincial governments provide Canadian ski areas with the equivalent capital cost allowances as those provided to ski areas in the U.S. under the OBBBA

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