



**CANADIAN CAMPING  
AND RV ASSOCIATION**

**ASSOCIATION CANADIENNE  
DU CAMPING ET DU VR**

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**Pre-Budget Consultations in Advance of Budget 2025**

Submitted By:

**Canadian Camping and RV Association**

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# Canadian Camping and RV Association Recommendations

①	<b>Amendment to the Income Tax Act:</b> Amend the Income Tax Act to ensure small family-owned private campgrounds with less than five full-time employees year-round are classified as active businesses, making them eligible for the small business tax deduction.
②	<b>Electrical Infrastructure Improvements:</b> Increase funding for electrical infrastructure improvements in rural areas to address current supply issues and prepare for future demand, including the installation of electric vehicle (EV) charging stations at private campgrounds.
③	<b>Disaster Mitigation and Business Relief Funding:</b> Establish a Disaster Mitigation and Business Relief Fund to provide financial assistance to campground owners affected by natural disasters, and to support proactive mitigation measures.

# Background on the Canadian Camping and RV Association

The Canadian Camping and RV Association (CCRVA) is a national, volunteer federation consisting of Provincial Campground Owner Associations and their members, the Recreational Vehicle Dealer's Association (RVDA) of Canada, and the Canadian Recreational Vehicle Association (CRVA). Established in 2013, CCRVA's mandate is to support and enhance the Canadian RVing and Camping Industry.

CCRVA represents over 2,347 private campgrounds, 450 RV dealers, and CRVA manufacturers who collectively employ 141,000 Canadians, generate over \$10.3 billion in tourism spending, and contribute nearly \$19.8 billion to the Canadian economy. Camping offers middle-class families an affordable way to spend time together, create life-long memories, and explore Canada's natural landscapes.

Over the past five years, more than 6.8 million Canadian households have engaged in camping activities from coast to coast. The Canadian Camping and RV lifestyle helps millions of Canadians access affordable family vacations that create valuable memories, positively impact mental health, and provide access to Canada's incredible natural landscapes. Camping and RVing foster a sense of community and belonging, offering unique experiences that celebrate Canada's tourism appeal both domestically and internationally. With Canada's stunning natural beauty, vibrant cities, and welcoming communities, the country remains a top destination for tourists from around the world, contributing significantly to its economy and cultural richness.

# 1

## Amendment to the Income Tax Act

Small family-owned private campgrounds in Canada advocate for a change in the Income Tax Act to clearly distinguish small family-run campgrounds with less than five full-time employees year-round as active businesses, eligible for the small business tax deduction. The current classification as a passive “Specified Investment Business” imposes financial challenges on campground owners, who face a potential 50% tax rate compared to the approximately 15% small business tax deduction.

Despite the robust economic impact figures, owning a private campground is generally not considered a lucrative business. With most being family-operated, owners must work up to 15 hours a day, 7 days a week during the May-October camping season. The current classification of a private campground employing less than five full-time employees year-round as a passive “Specified Investment Business” rather than an active business makes operating financially challenging for owners. They are consistently under the threat of a potential 50% tax rate as opposed to automatically qualifying for the small business tax deduction of approximately 15%.

According to the Canada Revenue Agency (CRA), the business of a campground involves renting property and providing basic services typical to that type of rental operation. Consequently, the principal purpose of that business would be to earn rental income from real or immovable property, making the corporation ineligible for the small business deduction unless it employs more than five full-time employees year-round. CCRVA estimates that 75%-80% of the 2,347 private campgrounds in Canada employ fewer than five full-time employees year-round, which means these owners must annually prove to the CRA that they meet the criteria to qualify for the small business deduction.

The classification of campgrounds as passive businesses does not reflect the active nature of their operations. Campgrounds provide a wide and variable range of amenities, services, and guest experiences that should qualify them as anything but passive businesses. These services include, but are not limited to, laundry and maintenance facilities, propane and fuel products, community events, retail spaces, golf courses, swimming pools, guided tours, and much more. These offerings enhance the guest experience and require active management and operation, further demonstrating that campgrounds are dynamic and active businesses.

The resulting financial uncertainty limits campground owners' ability to hire more staff, invest in necessary electrical and other infrastructure upgrades, and expand on the experiential offerings they are able to provide guests. Without the stability of the small business tax deduction, campground owners are hesitant to commit to hiring additional part-time employees, making necessary capital improvements, or enhancing amenities and services that attract more visitors. This not only hinders the growth of individual campgrounds but also restricts the overall development and competitiveness of the RV and camping industry in Canada.

## Policy Recommendations:

- **Legislative Change:** Amend the Income Tax Act to classify small family-run campgrounds with less than five full-time employees year-round as active businesses eligible for the small business tax deduction.
- **Exemption for Seasonal Businesses:** Provide an exemption for seasonal businesses from the classification of "Passive Specified Investment Business."
- **Simplified Qualification Process:** Establish a streamlined qualification process for the small business tax deduction, eliminating the need for annual adjudication by the CRA.

## 2

## Electrical Infrastructure Improvements

CCRVA requests increased funding for electrical infrastructure improvements in rural areas to address current supply issues and to prepare for the impending increase in demand resulting from the societal shift towards electric power. The current limitations on electrical infrastructure already result in supply challenges in many campgrounds across Canada. As manufacturers shift towards more electric components and requirements for RVs, the demand for electricity will continue to grow exponentially.

The electricity infrastructure in many regions is insufficient to meet the current demand and will certainly not be adequate for the increased needs by consumers as society shifts to primarily electric. Addressing these power infrastructure upgrades and supply challenges is essential to assist consumers and the camping industry in embracing these societal shifts. Without these upgrades, campgrounds will struggle to meet the growing demand for electrical services, which include not only the increased use of electrical appliances and amenities by campers but also the installation of electric vehicle (EV) charging stations.

We commend the Government of Canada's funding initiatives to develop a coast-to-coast fast charging network for EVs, establish natural gas stations along key roads and highways, and hydrogen stations in metropolitan centres. However, what works in major urban areas may not fit the realities of remote rural communities where Canadian private campgrounds are primarily located.

In a 2023 Economic Study conducted by the Canadian RV and Camping Industry, it was revealed that approximately 2.1 million (or 14% of) Canadian households own an RV. RV owners are more than twice as likely as the general population to own a truck (40% vs. 18%). Most campgrounds already have the proper infrastructure for EV charging stations but need additional electrical capacity in their regions

to support this. Considerable investment by the government is needed to upgrade electrical grid capabilities before private campgrounds in rural areas can develop EV charging stations.

### Steps to Achieve Success:

- **Assessment and Planning:** Conduct a comprehensive assessment of the current state of electrical infrastructure in rural areas, identifying areas of deficiency and potential expansion.
- **Investment and Financing:** Collaborate with private and public sectors to secure necessary funding and investments.
- **Collaboration and Partnerships:** Partner with local governments and private entities to enhance electrical infrastructure.
- **Regulatory Support:** Implement regulatory measures to support infrastructure development.
- **Public Awareness and Education:** Promote awareness about the availability and benefits of enhanced electrical infrastructure.

### Policy Recommendations:

- **Increase Funding:** Allocate increased funding specifically for the enhancement of electrical infrastructure in rural areas.
- **Upgrade Electrical Grids:** Prioritize the upgrading of electrical grids to support increased demand from both current and future electrical needs, including EV charging stations.
- **Public-Private Partnerships:** Encourage and facilitate partnerships between government bodies, private companies, and local communities to collaboratively address infrastructure deficiencies.
- **Strategic Investment:** Ensure investments are strategically placed in regions with the highest need and potential for growth, particularly in remote and rural areas.
- **Incentives for Development:** Provide incentives for campground owners and other rural businesses to invest in necessary infrastructure improvements.
- **Research and Development:** Support research and development into new technologies and methods for improving electrical infrastructure and energy efficiency.



## Disaster Mitigation and Business Relief Funding

Campground businesses are vulnerable to natural disasters such as flooding and wildfires. CCRVA advocates for the establishment of a Disaster Mitigation and Business Relief Fund (DMBRF) to provide financial assistance to campground owners affected by natural disasters and to support proactive mitigation measures.

Natural disasters and emergencies, including flooding and wildfires, pose significant threats to campground businesses in Canada. According to Environment and Climate Change Canada, human

activity contributes to nearly 85% of wildfires across the country. The frequency and severity of these fires are escalating due to climate change. Similarly, flooding events are on the rise, with Statistics Canada reporting a 20% increase in the frequency of major flood events over the past decade. These disasters result in property damage, loss of revenue, and potential business closures for campgrounds, impacting both owners and the local economies they support.

Despite the significant impact of natural disasters on campground businesses, many owners are unable to access federal emergency relief funding due to the seasonal nature of their operations. Existing relief programs often prioritize businesses with year-round operations, leaving campground owners without crucial financial assistance to recover from disasters.

### **Justification of Funding Allocation:**

RV tourism significantly contributes to the Canadian economy, generating an estimated \$10.3 billion in spending in 2022. With 7.7 million RV trips resulting in 72.2 million person-trip nights, the economic impact extends beyond campground businesses to include restaurants, gas stations, grocery stores, and other local businesses. Natural disasters disrupting campground operations affect campground owners and have ripple effects throughout the economy, leading to job losses, reduced tax revenue, and decreased consumer spending.

### **Request for Support:**

The establishment of a Disaster Mitigation and Business Relief Fund (DMBRF) is crucial for supporting campground businesses affected by natural disasters and emergencies. By providing financial assistance and promoting proactive mitigation efforts, the DMBRF will help safeguard the livelihoods of campground owners, preserve local economies, and enhance community resilience in the face of increasingly severe climate-related challenges. The government's allocation of funds to establish and sustain the DMBRF is a necessary investment in the long-term viability of campground businesses and the communities they serve.

### **Policy Recommendations:**

- **Establish DMBRF:** Create a fund specifically tailored to the needs of campground businesses affected by natural disasters.
- **Financial Assistance:** Provide funding to cover property damage, loss of revenue, and business continuity efforts.
- **Proactive Mitigation:** Support measures such as fire prevention strategies and flood-resistant infrastructure improvements.