

Tourism Board of Directors MAT Recommendation

At the March 21, 2019 Tourism Burlington Board of Directors meeting the following recommendations were presented considering the feedback received during stakeholder consultations. These recommendations were unanimously approved and were forwarded to the City of Burlington staff team working on MAT.

Recommendations

1. That the Tourism Burlington Board of Directors support the adoption of a **4% Municipal Accommodation Tax** in Burlington.
2. That the **core funding** support from the City of Burlington for Tourism Burlington **remains in place** and that the MAT funding is considered incremental.

The following excerpt is from the current City/Tourism Service Agreement dated July 24, 2015:

22. Private Sector Support: *While it is the goal of Tourism to reduce its dependence on funding from the City, it is acknowledged that the receipt of funding from the City is essential to the performance of the business and responsibilities of Tourism provided for under this Agreement. Tourism agrees to work independently and co-operatively with the City to reduce its dependence on funding from the City and secure its own revenues by way of soliciting sponsorships and donations to provide and support the tourism undertakings and responsibilities herein. However, the annual operating grant provided by the City to Tourism shall not be reduced as a result of participation by Tourism in any destination marketing program implemented in Burlington which may provide funds to Tourism for any new or enhanced initiatives beyond the scope of services provided hereunder.*

A continued commitment by Municipal Council to a sustainable and predictable source of core operating funds for Tourism Burlington will enable Burlington to become a more significant participant in a very competitive tourism sector. By continuing to provide core funding, monies generated through the Municipal Accommodation Tax would bolster tourism promotion and development opportunities that would not otherwise be possible if Tourism Burlington was restrained by its existing annual operating budget.

Replacing Tourism Burlington's core funding allocation from the City of Burlington with the revenues generated from the Municipal Accommodation Tax would merely maintain the status quo and would not achieve the intended purpose of the legislation which is to grow the tourism sector in the municipalities that adopt the accommodation tax.

3. That the **municipal portion of the MAT be allocated to destination development initiatives** that will be beneficial to visitors and residents.

In the provincial legislation the remaining MAT funds not allocated to a recognized tourism organization can be retained by the municipality. Since this money is generated through accommodation room revenue, the remaining funding should be set up as some type of reserve fund to assist with **destination development/ tourism capital projects and initiatives**. Economic development stakeholders and the City would work together to develop fund parameters and criteria to ensure return on investment and community benefits. The accommodations interviewed strongly support this approach. It is imperative to see growth in hotel occupancy and revenue particularly with new properties opening in the area over the next few years increasing competition.

4. **Short-term rental (STR)** accommodations such as Airbnb, HomeAway, etc. should **also collect the MAT**.

During discussions with the local accommodators they unanimously recommended that all accommodations be included so that it would level the playing field. It is recommended that short-term rentals be Phase 2 of the MAT plan as it will take time to negotiate agreements with the various companies. At a recent industry forum on MAT it was suggested that before agreements are established with STR that municipalities consider updating their by-laws. For example, some cities have restricted short-term rentals to principle residences.

5. That Tourism Burlington **collaborate with our key stakeholders to develop an integrated strategy for the MAT funds**. This will include the development of **guiding principles, identification of target audiences, performance measures and strategic partnerships** to ensure return on investment for the local tourism industry.

Tourism Burlington worked in conjunction with the Hotel Association, the Marketing Committee and Board to develop a comprehensive DMF marketing plan which included campaigns, sales missions and incentives. We met regularly to evaluate and adjust these plans to ensure ROI. This was seen as a very successful partnership and a similar consultative approach would be developed for the MAT funds.