

Municipal Accommodation Tax (MAT)

What is MAT?



In December 2017 the Province enacted legislation (435/17) to permit municipalities the ability to implement a Municipal Accommodation Tax (MAT) on transient accommodations.

Principles



- Achieve balance between municipal & tourism interests
- Consistent treatment of municipalities
- Municipal accountability & transparency is maintained

Objectives

- Preserve autonomy of tourism organization
- Maintain tourism competitiveness & viability of sector
- Provide municipalities with additional revenue tools

Benefits of MAT



Additional marketing, incentives and product development will increase visitation to local businesses/events resulting in more employment, new experiences and additional tax revenue

MAT could bring in an estimated \$750,000 – \$1M /year

Who can Collect?



These legislative changes give **single-tier** and **lower tier** municipalities the ability to implement a tax on transient accommodations by enacting the appropriate by-laws.

Municipalities have broad authority to set the **tax rate**, method of **collection** and **scope** of application and if it will include **short term rentals**.

If imposed by the municipality MAT is **mandatory** & must be paid by all applicable accommodation providers

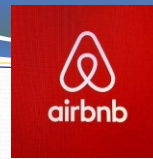
Revenue Sharing Required

Municipalities must share **at least 50%** of the revenues from the tax with an **eligible Tourism organization**, (less the costs of collecting & administering the tax)

Tourism Burlington has a legal agreement with the City to deliver tourism services on it's behalf.



The remaining 50% of the funds are unrestricted - it is up to the City to determine it's use. Most cities are using this for destination development



Short Term Rentals

It is up to each City to determine if they want to include short term rentals (STR) in MAT.

Some cities like Toronto, Ottawa & Mississauga have agreements with Airbnb others are investigating.

STR in Burlington

- Airbnb – 157
- Homeaway – 12
- VRBO- 14

Note: Some properties are listed on multiple sites

September 2019



Municipal Participation

Currently 30+municipalities have begun collecting this Tax. **Barrie, Brockville, Cochrane, Cornwall, Huntsville, Kenora, Kingston, London, Marathon Markham, Mississauga, Niagara Falls, North Bay, Oakville, Ottawa, Sault Ste Marie, Sudbury, Thunder Bay, Timmins, Toronto, Vaughan, Waterloo(7), Windsor** have all begun collection. Many more are taking reports to Council or are investigating. **Hamilton** collects a Voluntary 3% DMF. (City dept)

All but one City are collecting/considering a **4% tax**.



Destination Marketing Fee

From 2007-10 the Burlington Hotel Association collected a voluntary Destination Marketing Fee (DMF) until HST was implemented. The province investigated creating a provincial fee and provided DMO's with DMF transition funds. In 2012 the province decided not to implement a province-wide fee and transition funding ceased. **Burlington did not reinstate a DMF**, reserve funds were depleted and the DMF initiatives and staff support were wound down in the fall of 2014.



DMF Benefits

From 2007-14 Tourism utilized funds to increase visitation to the city.

Additional staff resources were retained to develop new programs and highlights include:

- Hotel Deals campaign sold **4,104** packages
- Provided **\$550,405** in incentives to community groups, meeting planners, tournaments & event organizers generating **25,901** additional room nights = **\$2.6+ M**
- **100** meeting inquiries **66** bookings
- **25** Time Out Sport Networking sessions

Hotel Comments on MAT

- If tax implemented they want to be **involved in the direction** of funds
- Burlington would be at **disadvantage** with other areas collecting/providing incentives & with more hotels
- City Tourism funding for core services should **remain in place** as goal of this tax is to generate new business
- City portion of the funds should be allocated to **destination development** as it was generated by tourists staying at local hotels
- Short Term Rentals (STR) should be included in this tax so there is a **level playing field**
- **City should recognize ROI of tourism** and support use of corporate facilities for major events

Potential Initiatives- Tourism

- **Sport & Conferences/Meetings**
 - Event Funding, Incentives, Bids
 - **Leisure/Public Relations**
 - Shows, Event incentives, Host recognition event
 - **Marketing**
 - Digital Marketing Support, Rebrand, Website redesign
 - **Visitor Services**
 - Branded vehicle promoting city @ events, tour support
 - **Product Development**
 - Culinary development, Cycling packages, Getaways
- 



MAT Strategy to be developed in consultation with marketing committee, key stakeholders - approved by Board

Potential Initiatives- City



Most municipalities collecting use city portion of MAT for destination development/tourism

Possible projects for Burlington:

- **Marketing**
 - Local Board collaborative marketing – photos, video ...
- **Events**
 - Seed funding to support new events
 - Event calendar–integration of calendars & marketing
- **Product Development**
 - Corporate Signage –TODS Signage- Burlington sign

Strategy could be developed in consultation with City staff, Team Burlington, local boards – approved by BLT

MAT Options

1. Status Quo - Do not implement MAT
2. Implement MAT –100% funds for Tourism Development*
3. Implement MAT – Funds for Tourism & related city services*
4. Implement MAT – No Tourism core funding and COB MAT not tourism specific

* Staff recommend options 2 & 3 be reviewed

Municipal Accommodation Tax Options - Financial Summary (Assume \$1M in new revenue)

#	Option Description	Tourism Core Funding	Tourism MAT (Provincially legislated)	Municipal Portion of Funds Destination Development	Municipal Portion of Funds Various Services	Comments
1	Status Quo (Do not implement MAT)	\$400,000	\$0	\$0	\$0	Loss of \$750,000-\$1M in revenue
2	Implement MAT – 100% funds used for Tourism development	\$400,000	\$500,000	\$500,000		Funds support tourism. Tourism determined initiatives for City portion
3	Implement MAT – funds for Tourism and related city services	\$400,000	\$500,000	\$500,000		City portion used in part for Tourism
4	Implement MAT – COB MAT not tourism specific	\$0	\$500,000		\$500,000	Tourism city funding eliminated, and city portion of MAT directed to general revenues of the City.

Summary

- MAT goal is to generate more tourism ROI –1,889 tourism businesses and 24,491 tourism jobs in Burlington.
- MAT could generate \$750,000 - \$1M annually (estimate)
- Many municipalities have begun collecting a 4% MAT particularly in the GTHA area enabling them to expand marketing and incentive sport tourism, events & conferences. Burlington is at a competitive disadvantage without these additional funds.
- Burlington had a very successful DMF in the past which generated more room nights in partnership with Tourism Burlington and the local hotel association

Thank You!

- Questions
- Initial Feedback to inform a Recommendation report targeted for Q1 2020