



Staff Report

Administration – Communications

Report To: COW_Finance_Admin_Fire_Community_Services
Meeting Date: July 8, 2024
Report Number: FAF.24.067
Title: Council Direction to Preliminary Proceed with the Implementation of Municipal Accommodation Tax
Prepared by: Tim Hendry, Manager of Communications and Economic Development

A. Recommendations

THAT Council receive Staff Report FAF.24.067, entitled “Council Direction to Preliminary Proceed with the Implementation of Municipal Accommodation Tax”;

AND THAT Council receive the draft Municipal Accommodation Tax By-law as included in Attachment #1 to this report, and directs staff to schedule a Public Meeting on September 10, 2024, to receive comments from the public regarding the draft By-law;

AND THAT Council acknowledges that the Town’s Notice Policy (POL.COR.07.03), requires 21 days’ notice of this Public Meeting, and that notice of the public meeting will be posted to the Town website on August 20, 2024;

AND THAT Council receive the draft Town Use of MAT Funds Policy as included in Attachment #2 to this report, and directs staff to make the draft policy available on the project webpage to receive feedback from the public and stakeholders throughout Summer 2024;

AND THAT Council approves the Blue Mountain Village Association as the Town’s official Destination Marketing Organization and confirms that if Municipal Accommodation Tax is implemented, the Blue Mountain Village Association will be deemed as the eligible tourism entity that will receive a portion of the collected revenue based on a revenue sharing agreement between the Town and the Blue Mountain Village Association that will be brought forward to Council in a future staff report;

AND THAT Council approves a project budget at an upset limit of \$80,000 to be temporarily funded through working capital and directs staff to finalize the request-for-proposal process by awarding the Tourism and Marketing Strategy Request-for-Proposal 2024-30-P-ADM contract to the successful bidder as determined through the formal evaluation process.

B. Overview

This report provides Council with an update regarding the Municipal Accommodation Tax (MAT) project. The report provides an overview of the draft MAT By-law and draft Town Use of MAT Funds Policy and recommends that a Public Meeting be scheduled to receive public and stakeholder comments.

In addition, the report provides details regarding the preliminary agreement discussions between the Town and the Blue Mountain Village Association (BMVA). The report also provides Council with an update regarding the Tourism and Marketing Strategy Request-for-Proposal that was issued by the Town.

C. Background

The Province of Ontario has granted municipalities the authority to implement a Municipal Accommodation Tax (MAT) on transient accommodations. The funds collected are intended to promote tourism and support tourism-related activities and projects. MAT came into effect on December 1, 2017, and is governed by [O. Reg. 435/17: Transient Accommodation Tax](#). The regulation outlines the rules and procedures for the collection and remittance of the tax.

In June 2023, staff presented [FAF.23.092 “Municipal Accommodation Tax Review and Stakeholder Engagement Plan”](#). The report was approved by Council and provided a detailed plan to engage community and industry stakeholders through consultation sessions. The report also committed the Town to completing an economic impact analysis and a feasibility review of structure and governance options related to MAT.

In January 2024, staff presented [FAF.24.004 “Municipal Accommodation Tax Project Update”](#). The report provided a detailed overview of MAT implementation considerations based on feedback gathered through the first phase of the project. The report included two key deliverables that are linked below:

1. [MAT Research Project Report – Bannikin](#)
2. [MAT Economic Impact Assessment – CBRE Tourism Consulting](#)

Since the January meeting, staff have actively worked to address the feedback received from the public, accommodation providers, and tourism industry stakeholders. This work has led to the creation of the draft Municipal Accommodation Tax By-law and the Town Use of MAT Funds Policy that are being presented as part of this report. In addition, staff have continued to research and identify MAT best practices from municipalities throughout the Province. Recently, staff have had very productive discussions with the City of Hamilton, City of Burlington, City of Owen Sound, City of Oshawa, Prince Edward County and Niagara-on-the-Lake.

D. Analysis

The following section of this staff report has been divided into four parts:

Part 1 - Draft Municipal Accommodation Tax By-law & Public Meeting

Part 2 - Draft Town Use of MAT Funds Policy

Part 3 - Official Destination Marketing Organization & Eligible Tourism Entity

Part 4 - Tourism and Marketing Strategy Request-for-Proposal

#1 - Draft Municipal Accommodation Tax By-law & Public Meeting

Staff have created a draft MAT By-law, which is included in Attachment #1 to this report. The By-law includes details relating to the collection of MAT revenue from applicable accommodation providers, including exemptions and penalties. The By-law has been developed in accordance with provincial regulations and is consistent with other municipalities in Ontario.

The formal process to implement MAT requires Council approval of the By-law. Before the By-law can be considered by Council, a public meeting must be held to receive public and stakeholder feedback. Through this report, staff recommend that a public meeting be scheduled for Tuesday, September 10, 2024.

In addition to the formal public meeting, staff have started to engage with and receive industry feedback through working with the Blue Mountain Short Term Accommodation Association (BMSTA). Over the summer, staff will continue to engage the BMSTA and their membership to meet with accommodation providers to answer questions.

The following chart outlines the key considerations that staff reviewed when creating the draft By-law. The considerations are based on feedback from accommodation providers and are not meant to encompass every comment received; rather, they are meant to demonstrate the level of understanding and consideration that went into drafting the MAT By-law.

Summary of Comments Received	Town Response
<p>MAT Tax Rate Respondents urged the Town to consider a lower tax rate or to phase the tax in over time.</p>	<p>The draft By-law recommends that the tax rate be set at four (4%) percent. This rate was set to be consistent with other tourism destinations throughout Ontario and to ensure that the Town is collecting sufficient funds to re-invest into supporting, managing and growing tourism without increasing the burden on the tax base.</p> <p>The recommendation for 4% is also based on visitor-based assessment research conducted as part of Phase 1, which found that accommodation tax rates in Ontario were below the North American average. In addition, the economic impact assessment conducted as part of Phase 1 also concluded that accommodation market performance is stabilizing and is expected to strengthen through increased domestic and international overnight travel.</p>

Summary of Comments Received	Town Response
	<p>Of note, some destinations in Ontario have increased MAT rates to 6%, including Toronto, Mississauga, and Barrie. Ottawa and Kingston have increased to 5%.</p>
<p>Tax Burden only on Accommodations Respondents shared concerns that MAT is only burdening accommodation providers and that the tax should be extended to other visitor-facing businesses.</p>	<p>The Ontario Regulation (O. Reg 435/17) only allows Municipalities to collect the tax on overnight transient accommodation. It is important to note that the tax can only be applied to the purchase of accommodation and does not apply to incidental fees and charges unrelated to the purchase of accommodation, such as room service, laundry services, parking, etc.</p> <p>MAT alternatives, such as increasing the general commercial tax rate and implementing business licensing, were explored through the economic impact assessment project but were not considered viable revenue-generation tools and were not recommended based on the risk of the Town remaining competitive in business retention and attraction efforts.</p>
<p>Implementation Date Respondents urged the Town to consider delaying the implementation of MAT until the economy and overnight accommodation levels stabilize.</p>	<p>The draft By-law recommends that the implementation date to start collecting MAT is Monday, January 6, 2025.</p> <p>The date is recommended based on three factors.</p> <ol style="list-style-type: none"> 1. The Town received feedback from accommodation providers who indicated that implementation should not be scheduled one week before or after Christmas due to peak tourism demands and technical considerations within property management system software. 2. The Town discussed with other municipalities that the implementation of MAT should be aligned with the start of the new year to support visitor awareness and understanding of the new tax. 3. The economic and accommodation performance data provided in the economic impact assessment report concluded that local accommodation market performance is expected to strengthen through increased domestic and international travel.

Summary of Comments Received	Town Response
<p>Need for Proactive Enforcement Respondents shared concerns about the Town’s enforcement of non-licensed short-term accommodations.</p>	<p>The draft MAT By-law does not specifically address the enforcement of non-licensed or ‘illegal’ short-term accommodations. Town staff understand the concerns shared and are actively working on an enforcement plan that will be presented at a future meeting.</p>
<p>Fair Administration Between STAs and CRUs Respondents expressed concerns related to the different standards for STA’s and CRU’s and emphasized that both should be treated equally and subject to MAT (if approved)</p>	<p>The draft MAT By-law includes a broad and all-encompassing definition for ‘accommodation’ that was written to include both short-term accommodations (STA’s) and commercial resort units (CRU’s). In addition, both Short-Term Rental Accommodations and Commercial Resort Units are defined and identified within the By-law.</p>
<p>Review STA Licensing Program & STA Licensing Fee Respondents expressed concern related to STA licensing fees and further costs imposed by the approval of MAT.</p>	<p>The draft MAT By-law and draft Policy does not specifically address this matter. Staff are aware of the concerns and comments made and are working to conduct a review of STA Licensing Fees. More information will be presented to Council at a future meeting.</p>
<p>MAT Funds Should not Replace Existing Tourism Support Respondents indicated that the Town should not use future MAT revenue to offset general operating budgets related to supporting tourism.</p>	<p>The draft Policy ‘Town Use of MAT Funds’, outlines specific guidelines and details regarding how funds from the Town’s portion of MAT revenue will be directed toward tourism-supportive initiatives and the goal of the policy is supported by five key funding principles.</p> <p>In addition, the draft Policy includes a list of ineligible funding examples as related to the Town’s delivery of core business operations.</p>
<p>MAT Collection Through Third-Party Booking Platforms Respondents asked about the role of third-party booking platforms such as AirBNB and VRBO in collecting and remitting MAT from guests on</p>	<p>At the time of writing this report, staff are having active discussions with AirBNB and Expedia/VRBO to confirm the collection and remittance process.</p> <p>AirBNB has confirmed that its booking system allows accommodation providers to add the MAT tax rate as a percentage charged to the subtotal. This is ideal, as it does not require providers to factor the cost of MAT into the base rental rate. In addition, AirBNB has offered to co-host</p>

Summary of Comments Received	Town Response
behalf of the accommodation provider.	<p>accommodation provider webinars to answer collection, remittance and reporting questions.</p> <p>In addition, staff are exploring various options to manage the collection and remittance of MAT revenue from accommodation providers.</p>
<p>Town/Industry Collaboration into the Management and Use of MAT Funds</p> <p>Respondents indicated a strong desire for the Town and Eligible Tourism Entity to work collaboratively with accommodation providers and tourism industry stakeholders.</p>	<p>Although not addressed within the draft By-law, the Town strongly supports industry-focused collaboration related to the management and use of MAT funds. The Town is committed to establishing a tourism industry advisory committee to provide insight and make recommendations to support the work of the Eligible Tourism Organization.</p>
<p>MAT Communications</p> <p>If MAT is approved, respondents asked for the Town to take the lead on developing visitor-facing communications materials such as FAQ's.</p>	<p>The draft by-law or policy does not address communication material to support the implementation of MAT.</p> <p>Staff understand the need for visitor-facing communication material to be ready before MAT is implemented. If approved, staff will work with accommodation providers to develop and provide the necessary material.</p>

#2 - Draft Town Use of MAT Funds Policy

[O. Reg. 435/17: Transient Accommodation Tax](#) outlines two revenue-sharing scenarios and formulas for municipalities to follow. Regardless of the applicable revenue-sharing scenario, the Town will retain a portion of the collected MAT funds for its own use as directed by Council.

Understanding that the intent of the MAT Regulation is to support tourism and based on the number of comments received related to the Town's use of MAT funds, staff have created a draft policy, which is included in Attachment #2 to this report.

The draft Policy was created based on the recommendation of the MAT Research Report which concluded that the Town should consider identifying, committing to, and communicating the planned uses of MAT revenue with residents and accommodation/tourism industry stakeholders.

The draft Policy includes guidelines and details regarding how funds from the Town's portion of MAT revenue will be directed toward tourism-supportive initiatives and how the funds will be used in an accountable, transparent, and responsible manner. The goal of the policy is further supported by five key funding principles as detailed below:

1. to support investment into tourism-related infrastructure to help more effectively manage tourism;
2. to support projects and initiatives that result in measurable improvements to Town services that enhance and improves the management of tourism and visitor experiences;
3. to pursue the goals and implement recommendations as outlined in the Town's Tourism and Economic Development Strategies, as amended from time to time;
4. to support the creation of tourism product development to bring new and innovative products, experiences, and services to the Town of The Blue Mountains tourism market;
5. to support the promotion of the Town of The Blue Mountains as a leading destination for tourism, leisure and business travel with an emphasis on promoting overnight stays;

In addition, the draft Policy also references the creation of a MAT Reserve Fund and includes a list of ineligible funding examples as related to the Town's delivery of core business operations for items such as:

- a) Salaries Wages and Benefits (with exceptions)
- b) Operating Costs of Public Works Road Maintenance and Repair
- c) Operating Costs of Existing Municipal Facilities

Although the Policy is not subject to a formal Public Meeting, staff feel it is important to receive feedback from accommodation providers and tourism industry stakeholders. Over the summer, staff will share the draft Policy with accommodation providers to answer questions and address concerns.

#3 - Official Destination Marketing Organization & Eligible Tourism Entity

[O. Reg. 435/17: Transient Accommodation Tax](#) outlines two revenue-sharing scenarios and formulas for municipalities to follow.

- **If a destination marketing program exists when the tax comes into effect**
Under this scenario, municipalities are required to share MAT revenue with the appropriate not-for-profit tourism organization in an amount that matches the total revenue generated by the existing destination marketing program.
- **When a destination marketing program does not exist when the tax comes into effect**
Municipalities are required to share at least 50 percent of MAT revenue with the respective regional tourism organization or a not-for-profit tourism organization.

Further, the Regulation provides the following two definitions:

- **"eligible tourism entity"** means a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality;
- **"destination marketing program"** means a program under which one or more providers of transient accommodation in a municipality agree to pay a portion of their revenue to a non-profit entity to be used by an eligible tourism entity in promoting tourism;

Based on the revenue-sharing models provided within the Regulation, staff conducted a review to determine if any destination marketing programs currently exist within the Town. Through the review and through confirmation by legal counsel, staff have identified that the Blue Mountain Village Association (BMVA) currently administers a destination marketing program through the collection of the two percent (2%) Village Amenity Fee that is charged on overnight transient accommodation. In addition, the BMVA is a non-profit entity that meets the definition of an Eligible Tourism Entity as defined within the Regulation.

Through ongoing discussions, the BMVA has expressed an interest in partnering with the Town to administer MAT and to receive a portion of the revenue collected as required by the Regulation. Town staff are working with the BMVA to develop an agreement that will be brought before Council for approval in Fall 2024.

Based on the above, the recommendation is for Council to approve the BMVA as the Town's official Destination Marketing Organization and to confirm that if Municipal Accommodation Tax is implemented, that the BMVA will be deemed as the eligible tourism entity to receive a portion of the collected revenue based on a revenue sharing agreement.

#4 - Tourism and Marketing Strategy Request-for-Proposal

In the previous MAT staff report, [FAF.24.004 "Municipal Accommodation Tax Project Update"](#), Council approved a recommendation directing staff to apply for grants to support the development of a tourism and destination strategy. Under this direction, staff submitted a grant application for the Federal Tourism Growth Program. Although a funding announcement has not been made, staff remain hopeful that the Town's application will be successful. Irrespective of the grant funding announcement or a formal Town decision related to MAT, in the last report, staff emphasized the need for a formal strategy to help guide and support tourism in the Town and that the strategy needs to be co-developed with industry in order to be effective.

Based on this, staff developed and issued a formal request-for-proposal (RFP) process with the intent to hire a tourism consultant to develop a detailed tourism strategy for the Town. The Tourism and Marketing Strategy RFP (2024-30-P-ADM) closed with seven (7) bids. The Town's project team reviewed and evaluated the bid submissions in accordance with the Town's purchasing process. Through the evaluation, a successful bidder was determined based on achieving the highest overall score. Staff are recommending that Council approves a budget with an upset limit of \$80,000, and directs staff to finalize and award the Tourism and Marketing Strategy RFP to the successful bidder.

Staff recommend that the funding to support the Strategy be approved by Council through working capital until the status of the Town's grant application is confirmed. If the grant application is unsuccessful, then the cost of the Strategy could be supported by the Town's share of future MAT revenue or through general taxation. Staff will keep Council informed about the funding status of the strategy and the status of the Federal grant application through future staff reports. A copy of the Tourism and Marketing Strategy RFP document that was issued is available on the [Town's Bids & Tenders](#) webpage.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders.

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

No environmental impacts are anticipated as a result of this report.

G. Financial Impacts

If approved, the award of the Tourism and Marketing Strategy RFP (2024-30-P-ADM) in the amount of an \$80,000 upset limit is recommended to be temporarily funded by working capital. If the Town's Federal grant application is unsuccessful, then the cost of the Strategy could be supported by the Town's share of future MAT revenue or through other revenue sources such as general taxation or reserves.

H. In Consultation With

Shawn Everitt, Chief Administrative Officer

I. Public Engagement

The topic of this Staff Report will be the subject of a Public Meeting and/or a Public Information Centre in accordance with the following schedule:

- July 8, 2024 Committee of the Whole – Initial staff report FAF.24.067 “Council Direction to Preliminary Proceed with the Implementation of Municipal Accommodation Tax” with the recommendation to proceed to public consultation;

- July 15, 202 Council – recommendation from Committee of the Whole considered by Council
- August 20, 2024 - Public Meeting Notice posted
- September 10, 2024 - Public Meeting
- October 7, 2024 Committee of the Whole – Follow up report to the Public Meeting, attaching comments received in response to the Public Meeting;
- October 21, 2024 Council – recommendation from Committee of the Whole considered by Council, and related By-law, if any

Any comments regarding this report should be submitted to Tim Hendry, Manager of Communications & Economic Development Tim Hendry, Manager of Communications & Economic Development, communications@thebluemountains.ca.

J. Attached

1. Draft Municipal Accommodation Tax By-law
2. Draft Use of Municipal Accommodation Tax and Reserve Fund Policy

Respectfully submitted,

Tim Hendry
Manager of Communications & Economic Development

For more information, please contact:
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Report Approval Details

Document Title:	FAF.24.076 Council Director to Preliminary Proceed with the Implementation of Municipal Accommodation Tax.docx
Attachments:	- Attachment-1-Draft-Municipal-Accommodation-Tax-By-law.pdf - Attachment-2-Draft-Use-of-Municipal-Accommodation-Tax-and-Reserve-Fund-Policy.pdf
Final Approval Date:	Jun 27, 2024

This report and all of its attachments were approved and signed as outlined below:

Tim Hendry - Jun 26, 2024 - 4:37 PM

Shawn Everitt - Jun 27, 2024 - 7:31 AM

The Corporation of the Town of The Blue Mountains

By-Law Number 2024-XX

A By-law of the Corporation of the Town of The Blue Mountains to establish a Municipal Accommodation Tax (MAT) and a Municipal Accommodation Tax Reserve Fund

WHEREAS section 400.1 (1) of the Municipal Act 2001, S.O. 2001 c. 25, as amended (the “Municipal Act”), provides that a municipality may pass by-laws imposing a tax in respect of the purchase of transient accommodation within the municipality; and

AND WHEREAS section 400.1 (2) of the Municipal Act and O. Reg. 435/17 Transient Accommodation Tax provides that the by-law must state the subject of the tax to be imposed, state the tax rate or the amount of tax payable and state the manner in which the tax is to be collected; and

AND WHEREAS section 400.1 (3) of the Municipal Act provides that the by-law may include penalties for failing to comply with the by-law, interest on outstanding taxes or penalties, the assessment of outstanding taxes, penalties or interest and may establish enforcement measures as Council considers appropriate if an amount assessed for outstanding tax, penalties or interest remains unpaid after it is due; and

AND WHEREAS Council wishes to add the arrears of the MAT, interest and penalties to the tax roll for the properties in the Town of The Blue Mountains registered in the name of the Provider to be collected in like manner as property taxes and such arrears shall constitute a lien upon the lands, but pursuant to section 400.4(2) of the Act, such lien shall not be a priority lien for the purposes of subsections 1(2.1), (2.2) and (3) of the Act and such lien will not have a higher priority than it would otherwise have in law in relation to other claims, liens or encumbrances; and

AND WHEREAS The Corporation of The Town of The Blue Mountains is desirous of implementing a municipal accommodation tax as provided in the Municipal Act and regulation thereto; and

AND WHEREAS on DATE, Town Council passed a resolution directing staff to bring forward the subject by-law for approval, in consideration of staff report number presented to the Committee of the Whole on DATE;

NOW THEREFORE the Council of The Corporation of The Town of The Blue Mountains hereby enacts as follows:

1. INTERPRETATION

1.1 Short Title

This By-law may be cited as the “Municipal Accommodation Tax By-law” or “MAT By-law”.

1.2 Application

This By-law applies to impose a tax in respect of the purchase of transient accommodation within the geographic boundaries of Town of The Blue Mountains.

In the event of any conflict between the provisions of this By-law and the provisions of any other statute or By-law, the provisions that are most restrictive will prevail.

1.3 Headings

The insertion of headings and the division of this By-law into sections and subsections are for convenience or reference only and shall not affect the interpretation thereof.

1.4 Schedules

The insertion of schedules and the division of this By-law into sections and subsections are for convenience or reference only and shall not affect the interpretation thereof.

1.5 Definitions

In this By-law the definitions and interpretations given in this section shall govern.

“Accommodation” means Lodging, whether in a hotel, motel, campground, motor hotel, lodge, inn, resort, bed and breakfast, Short-Term Rental Accommodation, Commercial Resort Unit or other establishment providing lodging, and the right to use Lodging, that is provided for consideration, whether or not the lodging is actually used for a continuous period of (twenty-eight) 30 days or less;

“Agent” means the person or entity authorized and delegated the authority by the Treasurer to fulfill administrative duties regarding the implementation of the MAT.

“Commercial Resort Unit” means one room or a group of rooms in a building used or designed or intended to be used as a single, independent and separate housekeeping establishment:

- a. In which food preparation and sanitary facilities are provided for the exclusive use of such occupants; b) Which has a private entrance from a common hallway either inside or outside the building;
- b. Which is part of a rental or lease management program which consists of a minimum of ten commercial resort units in one or more buildings;
- c. In which the maximum habitation per housekeeping unit is restricted to 120 days per year; and,
- d. Which has been established to provide accommodation for gain or profit, but does not mean or include a residential dwelling unit, a hotel unit, a motel unit, an inn unit, a lodge unit, a short term accommodation unit, a dormitory unit or a hostel unit.

“Council” means the Council of the Corporation of the Town of The Blue Mountains;

“County of Grey” means the Corporation of the County of Grey;

“Eligible Tourism Entity” has the meaning given to it in the Ontario Regulation 435/17, as amended;

“Establishment” means the physical location, a building or part of a building that provides Accommodation or Short-Term Rental Accommodation;

“Lodging” includes:

- a) the use of a bedroom, a suite of rooms containing a bedroom, or the use of a bed within a room;
- b) the use of one or more additional beds or cots in a bedroom or suite; and
- c) the use of a hotel room, motel room, campsite, campground, motor hotel/motel, lodge, inn, Commercial Resort Unit and Short-Term Rental Accommodation, or any part thereof;

“Municipal Accommodation Tax” or **“MAT”** means the tax imposed under this By-law;

“Provider” means a person or an entity that sells, offers for sale, or otherwise provides Accommodation and includes agents, hosts or others who sell, offers for sale or otherwise provides Accommodation;

“Purchaser” means a person who purchases Accommodation;

“Purchase Price” means the price for which Accommodation is purchased, including the price paid, and/or other consideration accepted by the Provider in return for the Accommodation provided, but does not include the goods and services tax imposed by the Government of Canada or by the Province of Ontario. Purchase Price also does not include fees and surcharges for ancillary services, including food, beverages, entertainment, internet, and telephone usage, unless such ancillary charges have not been separately itemized on the invoice for Accommodation;

“Room Nights” means the total number of individual Lodging units occupied by guests for a specific duration;

“Short-Term Rental Accommodation” means a building or structure, or any part thereof being used for the habitation of tenants of that temporary residence, lodging or occupancy by way of concession, permit, lease, License, rental agreement, or similar commercial arrangement for any period less than thirty (30) consecutive calendar days, throughout all or any part of a calendar year;

“Tax Collection Agents” means a person or entity as appointed by Town Council from time to time;

"Treasurer" means the person appointed by Council from time to time to act in the legal capacity as authorized by the Municipal Act 2001, S.O. 2001 c. 25, as amended, and includes his or her authorized designate;

“Town” means the Corporation of the Town of The Blue Mountains and its employees;

"Treasurer" means the person appointed by Council from time to time to act in the legal capacity as authorized by the Municipal Act 2001, S.O. 2001 c. 25, as amended, and includes his or her authorized designate.

2. ADMINISTRATION

2.1 The Treasurer is delegated the authority to implement and administer this by-law, to collect the MAT and to take all actions and make all decisions required of the Treasurer under this by-law. Without limiting the generality of the foregoing, the Treasurer is delegated the authority to:

- a. establish and amend from time to time, procedures, forms and documents, as the Treasurer may determine are required to implement and administer this by-law and to collect the MAT;
- b. perform all administrative functions referred to herein and deemed necessary for the due administration, implementation and enforcement of this by-law and collection of monies owing hereunder and authorize refunds in accordance with this by-law;
- c. designate tax collection agents for the Town; and
- d. carry out all duties assigned to the Treasurer under this by-law.

2.2 The Treasurer may delegate the performance of any one or more of his or her functions under this by-law to one or more persons from time to time as the occasion requires and may impose conditions upon such delegation and may revoke any such delegation. The Treasurer may continue to exercise any function delegated during the delegation.

2.3 Except as expressly provided to the contrary in this by-law, the decisions of the Treasurer are final.

3. MUNICIPAL ACCOMMODATION TAX (MAT) IMPOSED

3.1 Except as provided in section 4 of this by-law, every Purchaser shall, at the time of paying for Accommodation, pay to the Provider, Municipal Accommodation Tax in the amount of four percent (4%) of the Purchase Price of any Accommodation provided to the Purchaser.

3.2 For greater certainty, the continuous period referred to in section 17 is not disrupted by the purchase of different rooms, suites, beds, campsites or other Accommodation by the same Purchaser from the same Provider in the course of the continuous period.

3.3 The Municipal Accommodation Tax will be administered in accordance with a Municipal Accommodation Tax Agreement entered into with an Eligible Tourism Entity.

4. EXEMPTIONS

- 4.1 Despite section 3, the Municipal Accommodation Tax imposed under this by-law does not apply to:
- a. the Crown, any agency of the Crown in right of Ontario or any authority, board, commission, corporation, office or organization of persons a majority of whose directors, members or officers are appointed or chosen by or under the authority of the Lieutenant Governor in Council or a member of the Executive Council;
 - b. any Board as defined in subsection 1(1) of the Education Act;
 - c. any university in Ontario or any college of applied arts and technology and post-secondary institution in Ontario whether or not affiliated with a university, the enrolments of which are counted for purposes of calculating operating grants entitlements from the Crown;
 - d. any hospital referred to in the list of hospitals and their grades and classifications maintained by the Minister of Health and Long-Term Care under the Public Hospitals Act and every private hospital operated under the authority of a license issued under the Private Hospitals Act and upon proclamation of the Lieutenant Governor of the amendment to Paragraph 4 of subsection 400.2 of the Municipal Act, to any community health facility within the meaning of the Oversight of Health Facilities and Devices Act 2017 that was formerly licensed under the Private Hospitals Act;
 - e. any long-term care home as defined in subsection 2(1) of the Long-Term Care Home Act, 2007;
 - f. any retirement home as defined in the Retirement Home Act, 2010;
 - g. any home for special care within the meaning of the Homes for Special Care Act, 1990;
 - h. any non-profit hospice occupying land for which there is an exemption from taxation determined in accordance with section 23.1 of Ontario Regulation 282/98 made under the Assessment Act;
 - i. any Person or entity as prescribed by regulation under the Municipal Act, as exempt from payment of Municipal Accommodation Tax;
 - j. any treatment centre that receives provincial aid under the Ministry of Community and Social Services Act; or
 - k. accommodation provided:
 - I. in a house of refuge or lodging for the reformation of offenders;
 - II. by charitable or not-for-profit corporations or by the Town or County of Grey or its contractors or agents for the purpose of providing or operating a shelter or emergency shelter; or for the benefit of persons who are fleeing situations of physical, financial, emotional or psychological abuse; or for other persons who are suffering from homelessness;
 - III. by an employer to its employees in premises operated by the employer.
 - l. group Accommodation bookings with signed contracts prior to the date that this By-law takes effect.
 - m. Short Term Rental Accommodation bookings with reservations made prior to the date that this By-law takes effect.

5. COLLECTION AND REMITTANCE

- 5.1 A Provider shall collect the MAT from the Purchaser at the time the Accommodation is purchased.
- 5.2 The amount of the MAT shall be identified as a separate item or charge on a bill, receipt, invoice or similar document issued by the Provider in respect of the Accommodation on which the tax is imposed and the item shall be identified as "Municipal Accommodation Tax".
- 5.3 A Provider shall, remit to the Town, or its agent, for the amount of the MAT collected for the previous month and submit the monthly statements in the form required by the

Town, or its agent, detailing the number of the Room Nights, the total purchase price of all Room Nights for the applicable previous month, the total MAT collected and any other information as required by the Town (the "MAT Remittance Report"), or its agent, for the purposes of administering and enforcing this By-law.

The MAT Remittance Report shall be due to the Town on or before the last day of every month.

- 5.4 A Provider shall, within 15 days after the MAT Remittance Report due date, pay to the Town or its Agent an amount equal to the MAT required to be charged to and collected from Purchasers during the period reported in the MAT Remittance Report.
- 5.5 When a due date falls on a Saturday, a Sunday, or a public holiday recognized by the Canada Revenue Agency, the payment is considered on time if received on the next business day.
- 5.6 Despite section 5.3, a Provider may apply in writing for quarterly filing of MAT Remittance Reports and payment of MAT charged and collected. If quarterly filing is approved by the Treasurer and while any such approval is in good standing, the Provider shall:
 - a. on or before January 31, April 30, July 31 and October 31, in each year, file a MAT Remittance Report with the Town or its Agent setting out the MAT required to be charged and collected for the three month period prior to the month in which the MAT Remittance Report is due; and
 - b. within 15 days after the MAT Remittance Report due date, pay to the Town or its Agent an amount equal to the MAT required to be charged and collected for the period reported in the MAT Remittance Report.
- 5.7 The Provider shall ensure that the MAT Remittance Reports required this Section 5 are:
 - a. in the form established by the Treasurer from time to time;
 - b. filed with the Town or its Agent in the manner established by the Treasurer from time to time;
 - c. filed with the Town or its Agent in the timelines established in this bylaw;
 - d. fully completed when submitted; and
 - e. signed by an authorized officer to confirm the accuracy of the report.
- 5.8 Every Provider shall file a MAT Remittance Report with the Town or its Agent for a reporting period whether or not any MAT was collected during the reporting period.

6. INTEREST PENALTIES

- 6.1 A charge of 1.25 per cent each month will be applied as a penalty on outstanding balances for the non-payment of MAT. The amount due shall be based on full occupancy unless the actual amount of the MAT owing can be determined by the Town, in that case, the percentage charge of 1.25 per cent of the actual amount of the MAT will be imposed.
- 6.2 An interest charge of 1.25 per cent each month of the amount of the MAT due and unpaid, shall be imposed for the non-payment of taxes on the first day of each month and subsequent months following the first day of default.

7. AUDIT AND INSPECTION

- 7.1 The Provider shall keep books of account, records, and documents sufficient to furnish the Town, or its agent, with the necessary particulars of sales of Accommodations, amount of MAT collected and remittance.
- 7.2 The Town, or its agent, may inspect and audit all books, documents, transactions and accounts of the Providers and require the Providers to produce copies of any documents

or records required for the purposes of administering and enforcing this by-law, as required.

- 7.3 The Provider shall retain such books of account, records and documents required under section 7.1, for a period of no less than six years.
- 7.4 The Provider shall co-operate with the Town or its Agent in the conduct of an inspection or audit under section 7.2 and cause its employees, agents and contractors to comply as required.
- 7.5 Where the Treasurer determines as a result of audit of the Provider's records that MAT which accrued within a period of four years prior to the date of the audit, was not reported and paid by that Provider in accordance with this by-law, the Treasurer may make a determination of the amount of MAT properly payable for that period, adjust the Town records appropriately to reflect the adjustment, and:
- a. notify the Provider in writing:
 - i. of the period for which MAT was adjusted;
 - ii. of the basis for the adjustment;
 - iii. of the amount of MAT actually paid and the amount payable for the period of adjustment;
 - iv. of the amount now owing to the Town or overpaid to the Town; and
 - v. where applicable, that payment of any amount owing to the Town is due within 15 days of the date of the notice.
 - b. in the event that an audit reveals an overpayment, the Treasurer will provide a refund of the amount of MAT overpaid. No interest shall be paid on the amount of the overpayment.
- 7.6 The Town may, for any purpose relating to the administration or enforcement of this By-law, serve on any person personally, by electronic communication, registered mail or by a courier service, a written demand for information or for the production on oath or otherwise of books, letters, accounts, invoices, financial statements, electronic and such other documents as the Town considers necessary to determine compliance with this By-law.

8. LIENS AND COLLECTION

- 8.1 All MAT penalties and interest that are past due shall be deemed to be in arrears, and may be added to the tax roll for any real property in the Town of The Blue Mountains registered in the name of the Provider to be collected in like manner as property taxes and shall constitute a lien upon the lands, but such lien shall not be a priority lien for the purposes of subsections 1(2.1), (2.2) and (3) of the Municipal Act, 2001, as amended and such lien will not have a higher priority than it would otherwise have in law in relation to other claims, liens or encumbrances.
- 8.2 The Town may refer the collection of any tax payable or required to be remitted to a bailiff or collection agency.
- 8.3 Bringing an action in the name of the City for the recovery of the amount in the court of appropriate jurisdiction; and
- 8.4 Exercising any other remedy available pursuant to the Municipal Act, 2001, or otherwise available at law.

9. FAILURE TO FILE REMITTANCE OR PAY

- 9.1 Where a Provider has filed a MAT Remittance Report but failed to pay all or part of the MAT owing to the Town, the Treasurer or his or her Agent may assess the amount of MAT payable to the Town based on the MAT Remittance Report.

- 9.2 Where a Provider has failed to file a MAT Remittance Report, the Treasurer shall assess the amount of MAT payable to the City by multiplying the MAT rate of 4% X room rate X 100% occupancy.
- 9.3 The Treasurer or his or her Agent shall mail an invoice to the Provider setting out the amount of MAT assessed by the Treasurer under section 9.2, as payable by the Provider, and in the case of an invoice related to an amount assessed under section 9.2, advise the Provider of the rights to reassessment under section
- 9.4 The Provider shall pay the assessed amount to the Town or its Agent within 14 days from the date of the invoice, whether or not the assessed amount was actually collected by the Provider and whether or not the assessment reflects the amount of MAT actually payable.
- 9.5 Despite section 9.4, where the Treasurer or the Agent has assessed MAT in accordance with section 9.2, the Provider may, within two months of the date of the invoice sent pursuant to section 9.3, apply to the Treasurer in writing for a re-assessment of the MAT owing to the Town for the assessed period. No request for a re-assessment will be considered by the Treasurer unless the Provider also:
- a. submits or has submitted a completed MAT Remittance Report for the period to which the assessment applied;
 - b. paid the amount of the MAT assessed by the Treasurer, in accordance with section 9.2 and set out in the invoice sent in accordance with section 9.3; and
 - c. has paid any applicable interest or penalties on the amount of MAT assessed by the Treasurer or its Agent under Section 6 of this By-law.
- 9.6 Upon a re-assessment by the Treasurer based on the MAT Remittance Report for the period, the Treasurer shall adjust the City records, if necessary, to reflect the reassessment of the MAT and of any interest or penalties thereon.
- 9.7 In the event that the re-assessment by the Treasurer reveals an overpayment by the Provider, the Treasurer, will notify the Provider in writing and will provide a refund of the amount overpaid. No interest shall be paid on the amount of the overpayment.
- 9.8 Where the Provider who is entitled to do so, fails to apply for a reassessment in accordance with section 9.5, the amount assessed by the Treasurer in accordance with section 9.2 shall be final, except as may be determined to the contrary by way of audit.

10. REFUNDS

- 10.1 Where a person has paid or remitted an amount that is not payable under this By-law, the Town may, upon receipt of satisfactory evidence, make determination that the amount was wrongly paid or remitted, and if such a determination is made, the Town shall refund or credit all or part of the amount, but no refund shall be made unless an application for such refund is made within 24 months after the payment date.
- 10.2. Where a person has, in accordance with this By-law, applied for a refund under this By-law and the person's claim is in whole or in part denied, the City shall deliver to such person by mail, a statement as such and the statement shall specify the denied amount and the reasons.

11. ENFORCEMENT

- 11.1 A municipal law enforcement officer, provincial offences officer, police officer, or other individual duly appointed by the Town for such purpose shall enforce the provisions of this by-law.
- 11.2. No person shall obstruct, hinder, or otherwise interfere with a municipal law enforcement officer, provincial offenses officer, police officer, or other duly appointed individual in the lawful carrying out of their duties and responsibilities under the provisions of this by-law.

12. FINE – FOR CONTRAVENTION

- 12.1 Every person who contravenes any provision of this By-law and, if the person is a corporation, every director or officer of the corporation who knowingly concurs in the contravention of this By-law by the corporation, is guilty of an offence and on conviction is liable to any penalty as provided in the Provincial Offences Act, R.S.O. 1990, c. P. 33.

13. CONTINUATION – REPETITION – PROHIBITED – BY ORDER

- 13.1 The court in which the conviction has been entered and any court of competent jurisdiction thereafter, may make an order prohibiting the continuation or repetition of the offence by the person convicted, and such order shall be in addition to any other penalty imposed on the person convicted.

14. RECOVERY OF COSTS

- 14.1 In this By-law where the Town or its employee, agent, or contractor is given the power to direct or require a person to do a matter or thing, the Town may do the matter or thing at the person's cost if the person defaults in doing it and the Town may recover the costs of doing the matter or thing by action or in accordance with section 446 of the Municipal Act.

15. PENALTIES

- 15.1 Every person who contravenes any provision of this By-law is guilty of an offence under the provisions of the Provincial Offences Act, R.S.O 1990, c P.33, as amended, and is liable on conviction to a penalty not exceeding \$5,000, exclusive of costs, subject to the provisions of the Act.
- 15.2 Every person who contravenes any provision of this By-law, and every director or officer of a corporation, who knowingly concurs in the contravention of this By-law by the corporation, is guilty of an offence under the provisions of the Municipal Act, 2001, S.O. 2001, c. 25 as amended.
- 15.3 Every person who contravenes the provisions of any section of this By-law, and every director or officer of a corporation who knowingly concurs in the contravention of this By-law by the corporation, is guilty of an offence under the provisions of the Municipal Act, 2001, S.O. 2001, c. 25 as amended and is liable on conviction to a penalty where the minimum fine shall not exceed \$500 and a maximum fine shall not exceed \$100,000 exclusive of costs under the provisions of the Municipal Act, 2001, S.O. 2001, c. 25 as amended.
- 15.4 For the purpose of continuous offences, every person who contravenes any provision of this By-law, and every director or officer of a corporation who knowingly concurs in the contravention of this By-law by the corporation, is guilty of an offence and is liable on conviction to a penalty not exceeding \$10,000 per day or part thereof, exclusive of costs, under the provisions of the Municipal Act, 2001, S.O. 2001, c. 25 as amended.
- 15.5 Notwithstanding Section 6.3.3, and in accordance with the provisions of the Municipal Act, 2001, S.O. 2001, c. 25 as amended, the total of all fines for the continuous offences or multiple offences is not limited to \$100,000.

16. RECOVERY OF COSTS

- 16.1 For the purposes of investigation of Non-Compliance with this By-law, and, where the Town, its employees or authorized agents have performed the work required to bring the Eligible Property into compliance with the By-law, all expenses incurred by the Town in doing the work as well as any related fees, shall be deemed to be taxes and may be collected by action or the costs may be added to the tax roll for the property on which the Accommodation is located and collected in the same manner as taxes.

17. SEVERABILITY

- 17.1 Should any section of this by-law be declared by a Court of competent jurisdiction to be ultra vires or illegal for any reason, the remaining parts shall nevertheless remain valid and binding, and shall be read as if the offending section or part had been struck out.

18. DELEGATION OF AUTHORITY

- 18.1 The Mayor and Town Clerk, or designate, is hereby delegated the authority to enter into agreements, including all necessary documents ancillary thereto, with another person or entity as agent for the Town, providing for the implementation and collection of the Municipal Accommodation Tax, all in a form satisfactory to the Town's Solicitor.
- 18.2 The Mayor and Town Clerk, or designate, is hereby delegated the authority to enter into agreements, including all necessary documents ancillary thereto, with Eligible Tourism Entity(ies) that receive(s) an amount of the MAT respecting reasonable financial accountability matters in order to ensure that amount paid to the entity is used for the exclusive purpose of promoting tourism, and the agreements may provide for other matters, all in a form satisfactory to the Town's Solicitor.
- 18.3 The Treasurer or designate, shall be responsible for the administration of this By-law, including but not limited to approvals, appeals, enforcement, collection, and for instructing the Town's Solicitor to take such legal action as may be considered appropriate.

19. TRANSITION

19.1 THAT this By-law shall come into force and effect at 12:01 a.m. on January 6, 2025.

Enacted and passed this ____ day of _____, 2024

Andrea Matrosovs, Mayor

Corrina Giles, Town Clerk

POL.COR.24.XX

Use of Municipal Accommodation Tax and Reserve Fund Policy



Policy

POL.COR.24.XX

Use of Municipal Accommodation Tax and Reserve Fund Policy

Policy Type: Corporate Policy (Approved by Council)

Date Approved: MONTH DAY, 2024

Department: Administration

Staff Report: FAF.23.067

By-Law No.: 2024-XX

Policy Statement

The Town of The Blue Mountains will ensure that funds from the Municipal Portion of the Municipal Accommodation Tax (MAT) Program are directed toward tourism-supportive initiatives and that the funds are used in an accountable, transparent, and responsible manner.

Purpose

This Policy establishes guidelines for the use of the Municipal Portion of funds collected through the Town of The Blue Mountain's MAT program.

The fundamental goal of this policy is to ensure that revenue collected through the Municipal Portion of the MAT program is directed to support and manage Tourism activities, services, initiatives, and opportunities for residents, businesses, and visitors to the Town of The Blue Mountains.

The policy also establishes a Municipal Accommodation Tax Reserve Fund and sets an appropriate target level for the balances in the Reserve.

Application

This policy applies to all MAT revenues remitted to the Town pursuant to Ontario Regulation 435/17 – Transient Accommodation Tax.

This policy applies to all staff and members of the Town of The Blue Mountains Council when processing, evaluating and approving expenditures that will be funded from the Municipal Portion of the MAT Program.

Definitions

Act: shall mean the Municipal Act, 2001, S.O. 2001, c.25.

Council: shall mean the Council for The Corporation of the Town of The Blue Mountains.

Destination Marketing Program: shall have the meaning given to it in the *Ontario Regulation 435/17*, as amended.

Eligible Tourism Entity: shall have the meaning given to it in the *Ontario Regulation 435/17*, as amended.

Municipality or Town: shall mean The Corporation of the Town of The Blue Mountains.

Municipal Accommodation Tax or MAT: shall mean the Transient Accommodation Tax in accordance with *Ontario Regulation 435/17 – Transient Accommodation Tax*.

Policy: shall mean the Town of The Blue Mountains “Use of Municipal Accommodation Tax and Reserve Fund” policy.

Regulation: shall mean the *Ontario Regulation 435/17: TRANSIENT ACCOMMODATION TAX*

Reserve or Reserve Fund: shall mean the reserve fund that is established by the Town of The Blue Mountains for the use of managing funds related to Municipal Accommodation Tax.

Staff or Town Staff: shall mean the employees of The Corporation of the Town of The Blue Mountains.

Transient Accommodation Tax: shall mean a Transient Accommodation Tax implemented pursuant to s. 400.1 of the *Municipal Act*, 2001, as amended, and any applicable regulations promulgated pursuant to that Act.

Policy Details

Revenue Sharing

Pursuant to *Ontario Regulation 435/17 – Transient Accommodation Tax*, 50% of the revenue, net of administration costs, collected through the MAT Program in any given fiscal year will be transferred to the Eligible Tourism Entity, subject to the terms and conditions of an agreement entered into between the Town and the Eligible Tourism Entity.

Funding Principles

MAT funds within the Reserve may be utilized in the following manners:

1. Direct Monetary Support (i.e. cash funding to support a project or initiative); and/or

Use of Municipal Accommodation Tax and Reserve Fund Policy

2. In-Kind Contributions based on the provision of Town property/facilities, materials or resources (i.e. staff time) to support a program or partnership and may or may not include the provision of cash funds. (Note: The recovery of costs related to property/facilities will be based on Council approved User Fee By-Law.)

Subject to compliance with the Agreement between the Town and the confirmed Eligible Tourism Entity, the following are the basic principles that an initiative or project must meet and demonstrate in order to be funded through MAT funds.

- to support investment into tourism-related infrastructure to help more effectively manage tourism to the benefit of residents and visitors;
- to support projects and initiatives that result in measurable improvements to Town services that enhance and improve the management of tourism and visitor experiences;
- to pursue the goals and implement recommendations as outlined in the Town's Tourism and Economic Development Strategies, as amended from time to time;
- to support the creation of tourism product development to bring new and innovative products, experiences, and services to the Town of The Blue Mountains tourism market;
- to support the promotion of the Town of The Blue Mountains as a leading destination for tourism, leisure and business travel with an emphasis on promoting overnight stays;

Ineligible Funding

Programs, projects or initiatives that are considered part of the Town of The Blue Mountains' core business unrelated to tourism and economic development shall not receive funding through the MAT revenue without prior authorization by Council that the funds may be used for a non-tourism-related purpose.

Examples of these are:

- a) Salaries Wages and Benefits (with the exception of costs related to In-Kind Contributions as detailed above)
- b) Operating Costs of Public Works Road Maintenance and Repair
- c) Operating Costs of Existing Municipal Facilities

Reserve Fund

A Municipal Accommodation Tax Reserve Fund shall be established, to which the Municipal Portion of MAT revenue collected shall be deposited. This revenue shall be dispersed at the discretion of Council based on the funding principles of this policy.

Interest income earned on the unused actual cash balance within the Reserve is to be held in the Reserve.

Exclusions

N/A

References and Related Policies

- *Municipal Act, 2001*
- *Ontario Regulation 435/17 – Transient Accommodation Tax*

Consequences of Non-Compliance

Non-compliance with the *Municipal Act, 2001* and any other Act is subject to the remedies prescribed therein.

Review Cycle

This Policy will be reviewed once per term of Council by the Senior Management Team for report to Council in open session.