

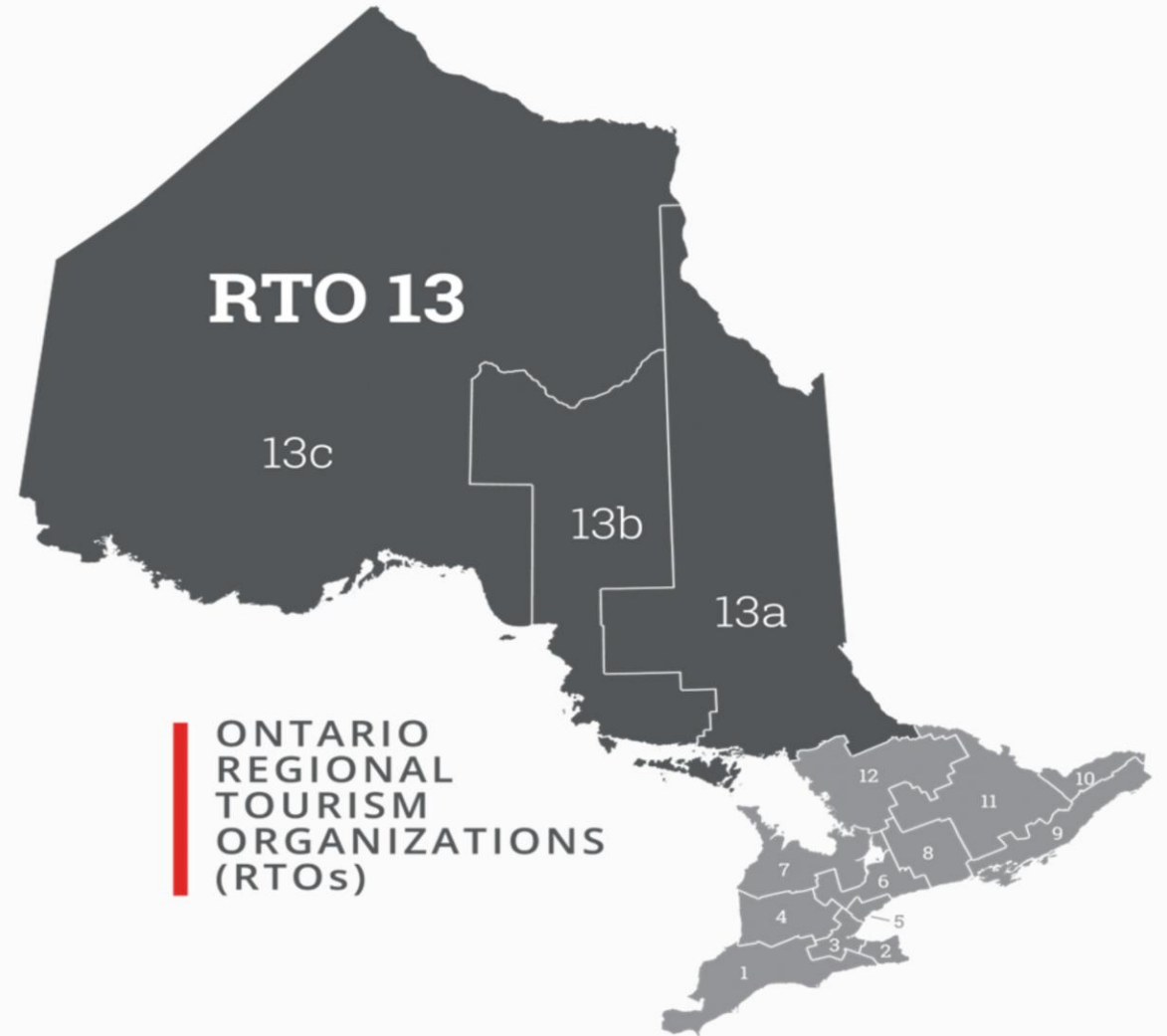
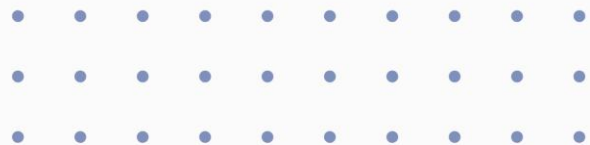
MUNICIPAL ACCOMMODATION TAX OVERVIEW

LaCloche Foothills Region



This presentation has been prepared with the assistance of Destination Northern Ontario.

DNO is one of 13 regional tourism organizations. They work with communities, tourist operators, and tourism stakeholders in the development and marketing of tourism and economic development initiatives.



HISTORY OF THE MAT

Prior to 2017, some tourism accommodation properties in a few urban municipalities in Ontario voluntarily charged a 3% Destination Marketing Fee (DMF) to their visitors.

This funding was forwarded to a Destination Marketing Organization (DMO) and 100% of the funds was used for tourism marketing and initiatives. Municipalities had no role (legal) in the DMF.

As a result of demand from other municipalities and stakeholders for various reasons, a Municipal Accommodation Tax (MAT) was passed in December 2017 under section 400.1 of the Municipal Act, 2001 in accordance with Ontario Regulation 435/17.





This legislation empowers municipalities to direct accommodation properties to charge a municipal accommodation tax on short-term accommodations (stays of 30 consecutive days or less) and remit the proceeds to the municipality, which is to be appropriately divided between the municipality & the designated tourism entity.

The MAT can be divided 50-50, or a larger portion may be forwarded to the tourism entity.

The municipality can use their funds for any purposes, while the tourism entity must use their funds for tourism purposes.



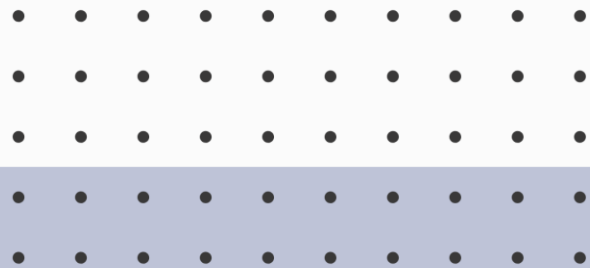
56 of the 444 municipalities in Ontario have implemented MAT

Municipalities in RTO 13 with a MAT:

- Sudbury 6%
- Sault Ste Marie 4%
- Timmins 4%
- North Bay 4%
- Thunder Bay 5%
- Blind River 4%
- Marathon 6%
- Wawa 4%

Other notable municipalities with a MAT:

- Toronto 6%
- Huntsville 4%
- Belleville 4%
- Barrie 6%
- Gravenhurst 4%
- Guelph 4%
- Ottawa 5%



OPPORTUNITY



Tourists are accustomed to paying an accommodation tax in Canada and around the world.

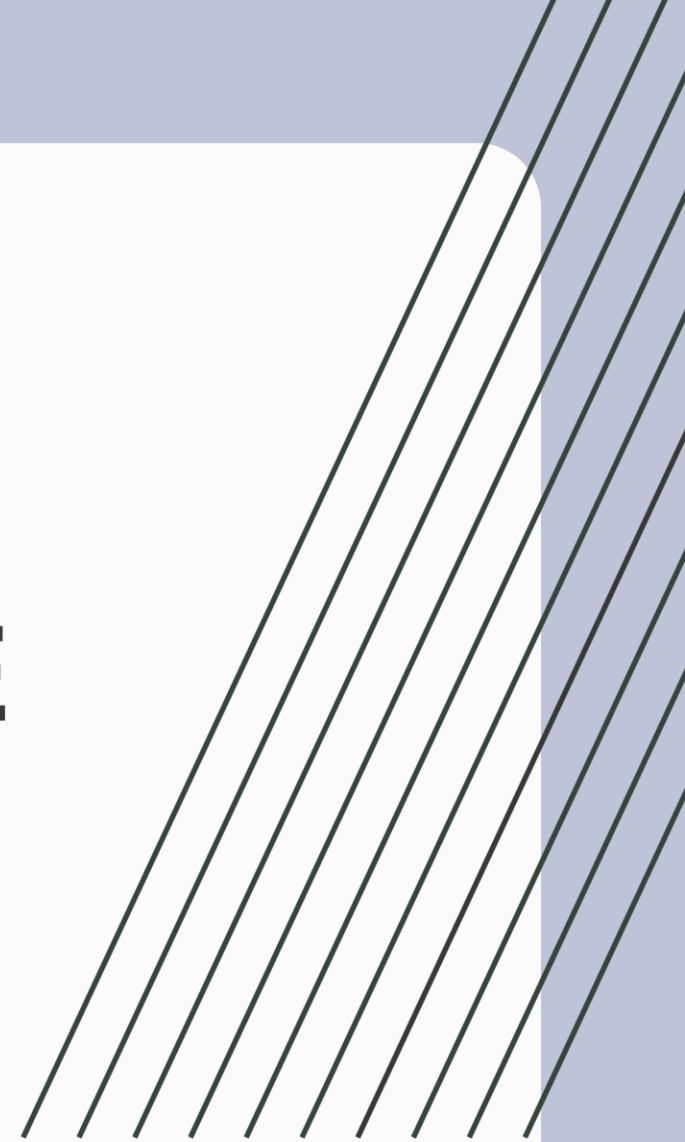
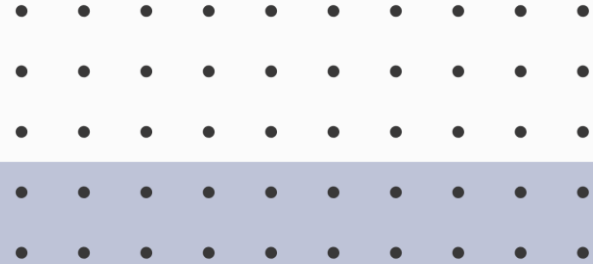
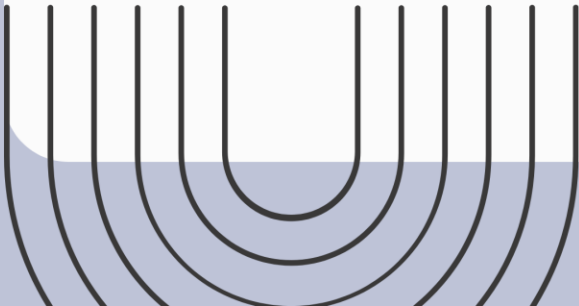
In our region, if residents travel to a major hospital in Sudbury, Sault Ste. Marie, Toronto, or Ottawa, they are paying the MAT to that municipality.

Money our residents are spending in other communities is contributing to the upkeep of infrastructure there.

So why not here?

Implementing a MAT helps to reduce the burden on local rate payers, improve infrastructure, and ensure our municipalities are sustainable and affordable moving forward.

ESTIMATE



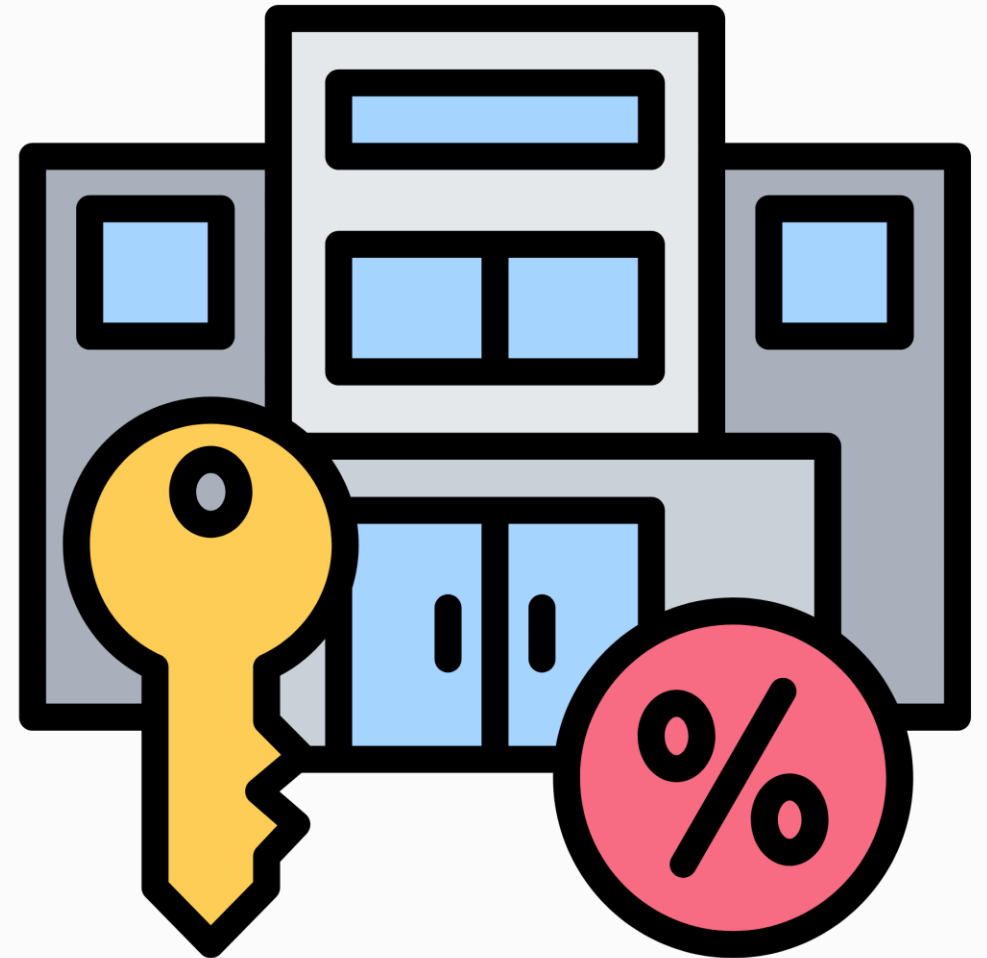
Based on:

- room inventory
- average daily rates
- occupancy rates

The LaCloche Foothills Region could collect upwards of

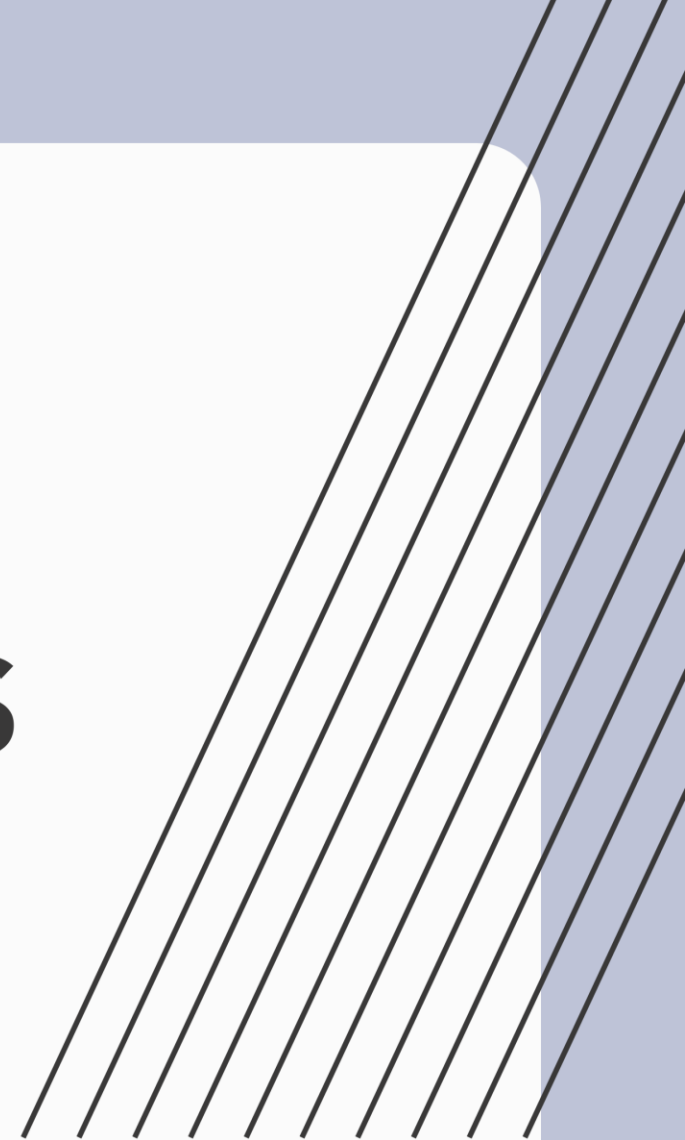
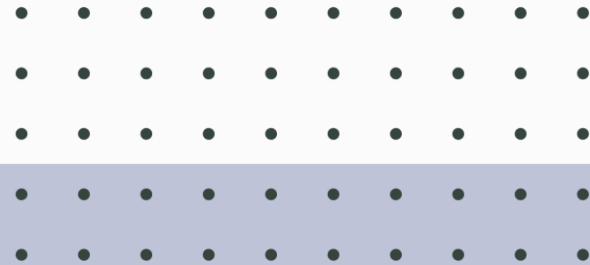
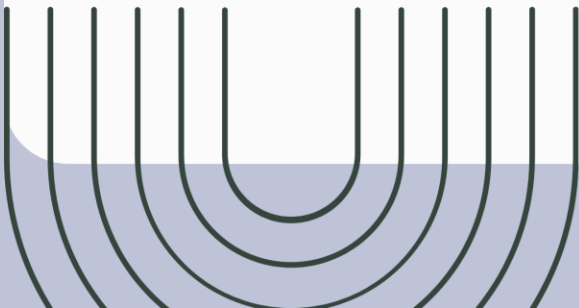
\$85,000-\$100,000/year

in MAT revenue.



Regional estimate including Baldwin, Espanola, Nairn & Hyman, and Sables-Spanish Rivers.

FAQS





Are Ontario's municipalities the only ones that charge a municipal accommodation tax?

No. Room taxes are charged throughout Canada, in the United States and in other countries.

Some jurisdictions have not only a room tax but add on many other taxes, fees and levies to an accommodation bill. Some municipalities also charge the tax on food and beverages and other services.

Ontario is low on the scale at approximately 4% as some jurisdictions charge up to 16%.



Can a tourism entity negotiate with their municipality to receive more than the minimum share of revenue as outlined in the regulations?

Yes. Revenues from the municipal accommodation tax that exceed the amount that municipalities are required to share with a not-for-profit tourism organization may be retained by municipalities for their own purposes.

The sharing formula does not prevent municipalities from dedicating more than the required amount to tourism activities. However, the municipality cannot keep more than 50% of collections.



Who pays the municipal accommodation tax?

This is not a new tax that the business must pay. This is a tax that the visitor must pay, the business just collects it.

1. The visitor pays it to the business.
2. The business collects it.
3. The business remits it to the municipality.
4. The municipality may retain 50% and forward the balance funds to the eligible tourism entity.



Is the MAT mandatory or voluntary?

Mandatory. The Municipal Accommodation Tax must be collected by the accommodation provider at the same time customers are charged for the booking.



The MAT only applies to stays less than 30 days. Is MAT charged for first 29 days and not on 30 days onward for stays greater than 30 days?

No. If a stay is more than 30 days, the entire stay is exempt from the MAT.

If the booking is for 29 days and the guest stays longer, the MAT is based on the ACTUAL duration, not the planned duration.



Does the MAT appear on the invoice or receipt?

Yes, every bill, receipt, invoice or similar document for the purchase of accommodation must have a separate item identified as "Municipal Accommodation Tax" showing the rate and the amount of the MAT charged.



Is the MAT applicable to guests that do not show up for their reservation?

If a guest is charged for accommodation, including no-shows, the MAT is to be collected and remitted. If the guest is not charged for the accommodation but is required to pay a cancellation fee, the MAT would not apply to the cancellation fee.



Are hotel amenity fees and service charges applicable under a MAT?

The municipal accommodation tax does not extend to incidental fees and charges unrelated to the purchase of accommodation. (ie: room rate only, not food, phone calls, etc. as long as they are separate charges on the bill)



Will a municipal accommodation tax apply to short-term rentals (STR) such as Airbnb?

The tax can only apply to accommodation that is short-term in nature. That means a local municipality could apply the tax to hotel accommodation only, or it could choose to apply the tax to other types of short-term accommodation, including transient accommodation offered through online service sites.



THANK YOU

Do you have any question?

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