



Staff Report

Administration – Communications

Report To: COW_Finance_Admin_Fire_Community_Services
Meeting Date: November 18, 2024
Report Number: FAF.24.134
Title: Town Use of Municipal Accommodation Tax Funds Policy
Prepared by: Tim Hendry, Manager of Communications and Economic Development

A. Recommendations

THAT Council receive Staff Report FAF.24.134, entitled “Town Use of Municipal Accommodation Tax Funds Policy”;

AND THAT Council approves the Town Use of Municipal Accommodation Tax Funds Policy as attached to this report.

B. Overview

This report provides Council with an overview of a proposed policy to govern the Town’s use of funds generated through the Municipal Accommodation Tax.

C. Background

The implementation of Municipal Accommodation Tax is governed by Provincial Regulation [435/17: Transient Accommodation Tax](#). The Regulation requires that at least 50% of the net revenue raised by the MAT must be directed to a not-for-profit organization with a tourism mandate, referred to as a Destination Marketing Organization. The remaining Municipal Accommodation Tax revenue is retained by the Town to be used as directed by Council.

Understanding that the intent of Municipal Accommodation Tax is to support tourism, and based on the public and stakeholder interest related to the Town’s use of Municipal Accommodation Tax funds, staff proactively created a draft policy that was presented to Council at the Committee of the Whole meeting on July 8, 2024, through report [FAF.24.067](#).

Through the meeting, Council directed staff to make the draft policy available on the project webpage to receive feedback from the public and stakeholders throughout the summer.

D. Analysis

The proposed Town Use of Municipal Accommodation Tax Funds Policy is attached to this report.

The Policy was developed based on recommendations from the Municipal Accommodation Tax research report conducted during the project's initial review and feasibility assessment phase. For reference, the research report was presented to Council on June 26, 2023, through report [FAF.24.004](#). The report recommended that the Town should consider identifying, committing to, and communicating the Town's use of Municipal Accommodation Tax revenue with residents and industry stakeholders.

It's important to note that a cornerstone recommendation of the research report is for the Town to develop a formal Tourism Strategy to guide investment in tourism development, including infrastructure, services and promotion. Through report [FAF.24.067](#), Council approved funding to support the development of a Tourism and Marketing Strategy.

Following budget approval, the Town awarded the development of the Strategy to Bannikin, a firm that specializes in research, strategy, and tourism development and is respected as a leading expert in strategy development for municipalities and destination marketing organizations. The report outlined that the strategy will be divided into two parallel parts. The first is a five-year Destination Development Plan that will guide the Town's actions of supporting and investing in tourism and destination development, and the second is a five-year Tourism Marketing Strategy that will support the actions and work plan of the Blue Mountain Village Association as the Town's Destination Marketing Organization (DMO).

In addition to the focus on using Municipal Accommodation Tax funds to implement the Tourism and Marketing Strategy, the research report recommended that the Town approve a specific policy related to the Town's use of Municipal Accommodation Tax funds. Based on this recommendation, staff created the proposed policy attached to this report.

The policy includes guidelines and details regarding how funds from the Town's portion of Municipal Accommodation Tax 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 Policy also references the creation of a Municipal Accommodation Tax Reserve Fund and includes a list of ineligible funding items, which includes the following items:

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

As directed by Council, the Policy was posted to the Municipal Accommodation Tax project webpage after it was presented to Council at the Committee of the Whole meeting on July 8, 2024. Over the summer, staff met stakeholders and residents to answer questions related to the draft policy.

Through discussions and based on feedback provided, revisions to the policy have been made to reflect the following:

- Clarity around the policy only applying to the Town's use of Municipal Accommodation Tax funds
- Updated the funding principles to include the implementation of the Corporate Strategic Plan in addition to the Town's Tourism and Economic Development Strategies. This update provides greater flexibility for Council to utilize the Town's portion of Municipal Accommodation Tax to address important community issues and priorities, while ensuring that the use of the funds is intentional and connected to key strategic priorities supporting tourism.
- Updated the funding principles to include references to the use of funds in a measurable/quantifiable and transparent manner
- Added a 'Discretion of Council' section in keeping with the MAT regulation

Consideration was given to the development of an evaluation framework that could be used to score/rank projects when considering the use of the Town's share of Municipal Accommodation Tax funds. Understanding that the intent is to use MAT funds to implement the recommendations of the Tourism Strategy, Economic Development Strategy and the Corporate Strategic Plan, staff are not recommending an evaluation framework at this time. However, if it is of interest, staff will research and present a draft evaluation framework back to Council at a future meeting.

In closing, staff would also like to highlight that the share of Municipal Accommodation Tax funds that will be provided to the Blue Mountain Village Association, as the Town's Destination Marketing Organization, will be subject to a separate revenue-sharing agreement. The use of the funds will be driven by the recommendations of the Tourism and Marketing Strategy and will be supported through industry collaboration.

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

No direct financial impacts are anticipated as a result of this report.

The Town's use of Municipal Accommodation Tax funds will be directed by Council in accordance with the proposed policy and through formal direction provided by Council.

H. In Consultation With

Shawn Everitt, Chief Administrative Officer

Senior Management Team

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre, as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Tim Hendry, Manager of Communications & Economic Development communications@thebluemountains.ca.

J. Attached

1. Town Use of Municipal Accommodation Tax Funds 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.24.134 Town Use of Municipal Accommodation Tax Funds Policy.docx
Attachments:	- Att 1.pdf
Final Approval Date:	Oct 31, 2024

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

Tim Hendry - Oct 30, 2024 - 11:25 AM

Shawn Everitt - Oct 31, 2024 - 12:33 PM

Town Use of Municipal Accommodation Tax



Policy

Town Use of Municipal Accommodation Tax

Policy Type: Corporate Policy (Approved by Council)

Date Approved:

Department: Administration

Staff Report:

By-Law No.: N/A

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 funding principles to guide the use of the Municipal Portion of funds collected through the Town of The Blue Mountain's Municipal Accommodation Tax program.

The fundamental goal of this policy is to ensure that revenue collected through the Municipal Accommodation Tax program is directed to support and manage Tourism development, including infrastructure, services and initiatives, and to address tourism-related opportunities and issues facing the community, including tourism operators, accommodation providers, businesses, residents 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 Municipal Portion of Municipal Accommodation Tax revenues 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 Municipal Accommodation Tax.

Town Use of Municipal Accommodation Tax

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*.

Municipal Portion: shall mean the share of Municipal Accommodation Tax revenue that is retained by the Town, less any payments made to the Eligible Tourism Entity.

Policy: shall mean the Town of The Blue Mountains “Town Use of Municipal Accommodation Tax” 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

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

The remaining balance of funds shall be held in a Municipal Accommodation Tax Reserve Fund, to which the Municipal Portion of Municipal Accommodation Tax revenue collected shall be deposited. This revenue shall be dispersed at the discretion of Council based on the funding

Town Use of Municipal Accommodation Tax

principles of this policy. Any revenue allocated from the fund shall be tracked and returned to the Reserve if it is not spent within one calendar year from the date of approval. Interest income earned on the unused actual cash balance within the Reserve is to be held in the Reserve.

Funding Principles

Municipal Accommodation Tax 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
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.)

The Town's use of Municipal Accommodation Tax funds shall be reviewed based on the following funding principles:

- to support investment into tourism-related infrastructure to help more effectively manage tourism in a quantifiable and transparent manner;
- 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, and the Town's Corporate Strategic Plan as amended from time to time;
- to collaboratively 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 in a quantifiable and transparent manner;
- 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 the outlined funding principles 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.

This includes:

- 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

Town Use of Municipal Accommodation Tax

Discretion of Council

Pursuant to *Ontario Regulation 435/17: TRANSIENT ACCOMMODATION TAX*, Council reserves the right to use the Municipal Portion of Municipal Accommodation Tax funds at their sole discretion through the form of Council direction provided by certified resolution.

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.