



Staff Report

Administration – Communications

Report To: Council Meeting
Meeting Date: November 12, 2024
Report Number: FAF.24.120
Title: Municipal Accommodation Tax By-law
Prepared by: Tim Hendry, Manager of Communications and Economic Development

A. Recommendations

THAT Council receive Staff Report FAF.24.120, entitled “Municipal Accommodation Tax By-law”;

AND THAT Council approves the Municipal Accommodation Tax By-law included as Attachment 1 to this report, with the By-law scheduled for enactment on Monday, January 6, 2025;

AND THAT Council approves a three-month education and transition phase-in period up to and including March 31, 2025, in which the Town shall not penalize operators of transient accommodation for remittance and reporting irregularities for this period.

B. Overview

This report seeks Council approval regarding the Municipal Accommodation Tax (MAT) and Reserve Fund By-law.

C. Background

At the October 9, 2024 Committee of the Whole meeting, Council received staff report [FAF.24.115](#), and approved the Municipal Accommodation Tax By-law as presented and directed staff to bring the By-law forward to the October 21, 2024 Council meeting for final approval.

Staff spoke at the Council meeting to advise that the By-law will be delayed and brought forward to a future Council meeting for formal consideration.

D. Analysis

Industry engagement and consultation have been fundamental priorities upheld throughout the entire Municipal Accommodation Tax review process. Following the Municipal Accommodation Tax By-law was considered by Committee of the Whole on October 9, 2024, staff received additional feedback from accommodation providers expressing concern with two specific exemptions included in the by-law as listed below:

- 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.

For context, the by-law states that the tax will be paid at the time of paying for the accommodation, with the exception of the exemptions included in section 4, which include the two items listed above.

These two exemptions were originally included to address pre-booked reservations. However, based on new feedback from accommodation providers, staff are now recommending that the exemptions be removed and that Council approves a three-month transition and education phase-in period from January 6, 2025 to March 31, 2025, to allow accommodation providers to manage pre-booked reservations based on the needs of their reservation system.

The rationale for the removal of the exemptions and the addition of the transition period is based on differences between Online Travel Agency (OTA) booking systems such as Airbnb, VRBO, Expedia, Bookings.com, etc. The transition period will allow accommodation providers to manage pre-booked reservations based on the needs of their reservation system – for example, some systems allow for the tax to be added to a pre-booked reservation, whereas others do not. Without the transition period, accommodation providers will be required to manually adjust tax rates for each individual booking, which will result in significantly increased operational costs.

Town staff supports the removal of the exemptions and the approval of a transition period, which will help address operator-level concerns and allow greater time for public education. After the three-month transition period, Municipal Accommodation Tax will be collected on every reservation, regardless of how/when it was made. The removal of the exemptions will also reduce revenue lag as all reservations after March 31, 2025, will be required to pay the 4% MAT.

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

The removal of the exemptions will help reduce revenue lag for pre-booked reservations. Through the removal, MAT revenue will be realized faster than originally anticipated.

The approval of the three-month education and transition phase-in will result in reduced revenues but will allow accommodation providers to manage reservations based on the needs of their reservation management systems.

Despite these changes, estimated revenues are expected to remain consistent with the estimates calculated in the Economic Impact Assessment report.

In addition, through the enactment of the By-law, a portion of the revenue collected through the Municipal Accommodation Tax will be shared with the Blue Mountain Village Association, the Town's confirmed Destination Marketing Organization, to support investment in tourism promotion.

A draft policy regarding the Town's use of MAT funds policy was created and presented to Council at the July 8, 2024, Committee of the Whole meeting as part of report [FAF.24.067](#). Based on the feedback provided, staff are working to finalize the policy and plan to present the policy to the Council at the November 18, 2024, Committee of the Whole meeting.

H. In Consultation With

Shawn Everitt, Chief Administrative Officer

I. Public Engagement

The topic of this Staff Report has been the subject of a Public Meeting and/or Public Information Centre which took place on September 10, 2024. Those who provided comments at the Public Meeting and/or Public Information Centre, including anyone who has asked to receive notice regarding this matter, has been provided notice of this Staff Report. Any comments regarding this report should be submitted to Tim Hendry, Manager of Communications & Economic Development, communications@thebluemountains.ca.

J. Attached

1. Municipal Accommodation Tax (MAT) By-law.

Respectfully submitted,

Tim Hendry
Manager of Communications & Economic Development

For more information, please contact:
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Report Approval Details

Document Title:	FAF.24.120 Municipal Accommodation Tax By-law.docx
Attachments:	- Att 1.docx
Final Approval Date:	Nov 5, 2024

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

Tim Hendry - Nov 4, 2024 - 11:52 AM

Shawn Everitt - Nov 5, 2024 - 7:54 AM