

**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

December 10, 2018

TO: Mayor Christian Provenzano and Members of City Council

AUTHOR: Al Horsman, CAO

DEPARTMENT: Chief Administrative Officer

RE: Municipal Transient Accommodation Tax (MAT)

PURPOSE

To implement through By-Law 2018-218 found elsewhere on this agenda, a municipal accommodation tax effective January 1, 2019.

BACKGROUND

At its meeting of July 16, 2018 Council approved implementing a Municipal Transient Accommodation (MAT) tax effective January 1, 2019. Council further sought report backs in 2019 respecting a framework to allocate the revenue proceeds received through the MAT as well as a revised City/Sault Ste. Marie Economic Development Corporation (SSMEDC) MOU to reflect the use of MAT revenue for the promotion of tourism including product development. The revised MOU was to include a provision for affected short term stakeholders to have input on use of the MAT.

ANALYSIS

By-law 2018-218 found elsewhere on this agenda is provided to effect implementation of the MAT tax effective January 1, 2019. In addition to emails and other correspondence sent to those short term accommodation stakeholders impacted by the MAT, the City hosted an information session November 7, 2018 to respond to questions and provide clarity on what was required. As a result of feedback provided during these outreaches, the City made some adjustments to the By-law that is now before Council for its approval. A Council Report relating to the MOU and MAT framework will be provided in early 2019 once discussions with all stakeholders is concluded.

FINANCIAL IMPLICATIONS

As shown in Table A below, based on the CBRE data of 56% occupancy with average daily rates of \$108.31, total potential revenue from the MAT in 2019 would be \$1.248 M. Adjusting for payments to SSMEDC to uphold the \$760,000

Destination Marketing Fund (DMF) revenues per the new regulation, there remains \$475,000 available for additional tourism promotion activities.

Table A – MAT Annual Potential

MAT Revenue 2019	\$1,247,508
Less: Payment to SSMEDC Tourism	-\$760,000
Less: Administration Costs (Collection and Audit – City	-\$ 12,475
Net MAT Revenue	\$475,033

STRATEGIC PLAN / POLICY IMPACT

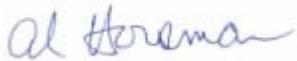
This is an operational matter not articulated in the 2014-2018 Corporate Strategic Plan.

RECOMMENDATION

It is therefore recommended that Council take the following action:

Resolved that the report of December 10, 2018 concerning Municipal Accommodation Tax be received and that Council approve the relevant By-law 2018-218 listed elsewhere on the Agenda.

Respectfully submitted,



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Appendix A

Sample Municipalities Considering a Municipal Transient Accommodation Tax

Municipality	Current Status
City of Toronto	<ul style="list-style-type: none"> • Approved 4% tax (January 24, 2018) to replace Destination Marketing Fund (DMF) of 3% • Applied to all hotels; DMF only applied to participating hotels • Estimated revenue of \$17.2 - \$28.2 Million annually • Implementation targeted for June 1, 2018 • Accountability agreements still being negotiated with the Greater Toronto Hotel Association (GTHA) who will administer the tax
City of Mississauga	<ul style="list-style-type: none"> • Approved 4% tax (November 1, 2017) replacing DMF of 3% applied to only 2 hotels and administered by the GTHA • Estimated revenue of \$9.8 Million annually • Implementation July 1, 2018 • Accountability agreements still being worked on • Staff recommended creation of a new not for profit entity to administer the program
City of Niagara Falls	<ul style="list-style-type: none"> • Endorsed a 4% tax rate • Estimated revenue is \$15 Million annually • No DMF in place, but one did exist so revenue shared 50% with local Niagara Falls Tourism (NFT) not for profit entity • Tax to be applied to all short term accommodations including Airbnb
City of Markham	<ul style="list-style-type: none"> • Recommended a 4% tax (February 20, 2018) • No DMF in place so 50% to be provided to a Municipal Services Corporation to be reported on this year • Estimated annual revenue of \$2.6 Million • Applied to all transient accommodations

City of Ottawa	<ul style="list-style-type: none"> • Endorsed a 4% tax (November 27, 2017) • Replaces voluntary DMF of 3% • Implemented January 1, 2018 • Accountability agreement still being forged
City Of Kingston	<ul style="list-style-type: none"> • Approved 4% tax (June 12, 2018) • Excludes Airbnb's • Applied to all accommodations • Estimated revenue up to \$3 million annually • In 2016, a separate Tourism Board was created hiving off tourism from the Kingston EDC • Kingston Accommodation Partners (KAP) administers the tax that is shared with City 35% for tourism product development and 65% for tourism promotion by the Board
City of Sudbury	<ul style="list-style-type: none"> • Approved 4% effective September 1, 2018 • Applied to all transient accommodations • Estimated revenue of \$1.7 Million annually • Accountability agreements still being worked on
City of North Bay	<ul style="list-style-type: none"> • Still assessing tax implication • City staff are working with Tourism North Bay to develop a proposal • Expect 4% being recommended for implementation in 2019
City of Thunder Bay	<ul style="list-style-type: none"> • Approved 4% (June 1, 2018) subject to report back on structure and implementation of program • No DMF in place so City will remit 50% to a Not Fr Profit entity • Estimated revenue of \$2 Million annually • Applied to all accommodations of 29 consecutive days or less • Funds are incremental to existing tourism budget allocations
City of Timmins	<ul style="list-style-type: none"> • Has not reported to Council on this matter yet • Expect to recommend 4% when administration does report out