# Municipal Accommodation Tax (MAT)



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### What is the MAT?

- The MAT was introduced in Ontario in 2017 as a tool for municipalities to generate additional revenue for tourism-related activities and projects.
- The MAT is a tax levied on visitors who stay in short-term and overnight accommodations within a municipality.
- Approximately 50 of the 444 municipalities across the province have implemented a MAT.
- South Bruce Peninsula, The Town of the Blue Mountains, Midland, Barrie, Orillia, Niagara Falls and Toronto to name a few.





## Why a MAT?



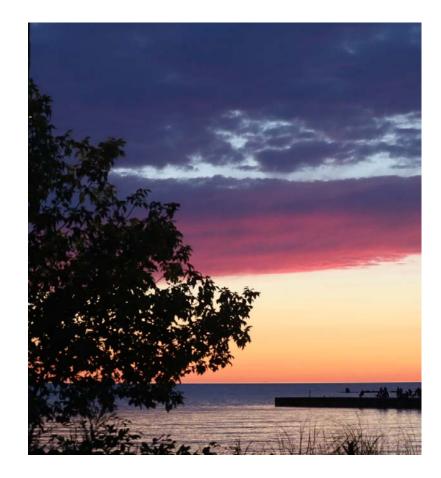
 MAT is a revenue source that will see visitors help pay for the use of existing facilities, programs and/or services in the Municipality of Kincardine, lessoning the burden on our ratepayers.

 MAT revenues could also provide new facilities, programs or services (e.g., parks, beaches, trails) that will benefit visitors and residents alike!



#### Where would the MAT apply?

- Each municipality determines the types of accommodation providers that the tax would apply to (i.e.: hotels, short-term rentals, etc.).
- In general terms, stays of 30 days or less could be considered.
- Regulations under the Municipal Act, 2001 do not define transient accommodation, providing the municipality with flexibility on how and where to implement the tax.
- However, there are exemptions including hospital stays, post secondary dorms, shelters, treatment centers, etc.





# Council to determine what type of accommodations the MAT applies to

- Commercial accommodators hotels, motels
- Short Term Accommodations cottage rentals
- Transitory housing lodging, rooming house, bed and breakfast
- Campgrounds Tent, trailer, vehicle, recreational vehicle or other structure on a campsite
- Marinas transient docking
- The legislation includes exemptions for colleges, universities, the Crown, Educational Boards, hospitals, and long-term care homes.
- Note: Most municipalities enacting the MAT also implement short term accommodation (STA) licencing to regulate their use during this process.



#### **Provincial regulation stipulates:**

The Municipality can retain up to 50% of the MAT and can be used at its discretion for services and infrastructure. Typically, these funds are used to enhance tourism related amenities while benefitting residents including revenue support for parks, beaches, trails, facilities, etc.

50% is to be distributed to a not-for-profit eligible tourism entity and used exclusively to promote tourism in the area. What the MAT can be used for



### Not-for-profit Tourism Entity

- 50% of the funds generated through the MAT program are to be shared with an eligible not-for-profit tourism entity Destination Management Organization (DMO).
- An "eligible tourism entity" is a not-for-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality.
- The municipality is required to enter into an agreement with the eligible tourism entity that receives a portion of the MAT.
- Since this not-for-profit entity does not exist in the Municipality of Kincardine, part of this work would need to include a process to identify and establish the a governance structure for this entity.





### **MAT Collection**

- Once the MAT is approved it is a mandatory fee, and the collection details are established in the by-law.
- The municipal Treasurer is responsible for administering the by-law to collect the MAT and establish related procedures and documents.
- The MAT can be administered and collected either:
  - Directly by the Municipality
  - By a third-party contracted to collect the tax (e.g. ORHMA, Harmari)
  - By the not-for-profit tourism entity
- Pros, cons and costs for each model will be presented to council during this process



# Licensing of Short-Term Accommodations (STA)

- Preliminary discussions with municipalities indicate that STA licensing is a critical factor in the successful implementation of the MAT and should occur prior to the implementation of the MAT.
- Along with growth in the number of STA units, municipalities have faced increasing pressure to address STAs as complaints and land use conflicts arise.





#### The benefits of licensing STAs

Ensures that short-term rentals are operated in a safe and legal manner.

Provides assurance that accommodations comply with the Ontario Building Code.

Ensures that rentals located within neighbourhoods do not impact neighbouring property owners.

Added benefit of helping the Municipality understand the housing supply dedicated to short-term rentals which is believed to remove the supply from the housing market.



#### **Overview of proposed process**

- Staff have consulted with some municipalities to gather lessons learned and promising practices.
- RT07, South Bruce Peninsula, Collingwood, The Town of the Blue Mountains, Tiny, Thunder Bay, Barrie, Midland, and the RT07, TIAO
- These conversations helped shape the proposed next steps in order to move forward.



#### Timeline in summary Communication and engagement throughout

**Forecast of revenues** 

- Conduct a forecast of revenues generated by the Mat for both commercial and short-term accommodations.
- June 2025 Council to decide if they wish to licence STA.

#### Short Term Accommodation (STA) licencing

• Zoning amendment, establish licencing by-law, fees, permitting, collection of information, complaints process for short-term accommodations.

Jan 2026 to Jan 2027

June to

Jan 2026

Feb to

DMO established and Mat Tax implemented



#### **Questions?**



