

Municipality of Kincardine Municipal Accommodations Tax Financial Modelling

May 28, 2025



Agenda



- Who We Are and Why We Are Here
- What is a MAT
- What is the Purpose of the Model
- Clarification Notes Regarding the Model
- Understanding the Model
- Understanding the Municipality's numbers
- Financial outcomes
- Project Next Steps



Introductions and Who We Are



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Why are we here?



The Municipality of Kincardine wants to have a thorough background analysis on a Municipal Accommodation Tax to help Council with future decision making.



What is a Municipal Accommodation Tax



- A fee levied on short-term and overnight accommodations.
- Typically 4%.
- The Fee only applies to stays **under 28 days**.



Why this MAT Calculation?



- The model helps better understand and articulate the financial figures associated with introducing a MAT into the Municipality of Kincardine.
- Understanding the potential impact of a MAT is imperative when considering the municipality's options.



Clarification Notes



- A Note on Short-Term Accommodations and the MAT
- Data Accuracy
- Wide Range of Financial Outcome Estimates
- Distribution of Funds



The Model



Step 1

Yearly Occupied Rooms

Available Daily Rooms
x
365
x
Occupancy Rate



Step 2

Total Annual Revenue

Yearly Occupied Rooms
(Step 1)
x
Average Daily Rate



Step 3

Potential MAT Revenue

Total Annual Revenue
(Step 2)
x
MAT (%)*

*Adjusted for Price Elasticity

The Municipality's Model Part 1



Available Rooms Estimate:

299

352

472



Low Estimate

Average

High Estimate



The Municipality's Model Part 2



Annual Occupancy Rate Estimates:

41.1%



Low Estimate

54.8%



Average

60.1%



High Estimate



The Municipality's Model Part 3



Average Daily Rate Estimate:

\$112.31



Low Estimate

\$128.55



Average

\$161.95



High Estimate



The Municipality's Model Part 4



Short-Term Accommodation Estimates

Table 3: Short-Term Accommodation Variable Estimates

Projection Estimate	Number of Active Listings	Annual Occupancy Rate	Average Daily Rate
Low	85	40%	\$97.85
Current	100	53%	\$112.00
High	127	58%	\$141.10

Source: Hamari Avenu Insights & Analytics and calculations by McSweeney and Associates.



Financial Outcomes



- Projected MAT Revenue for overnight accommodations (hotels/motels): **\$300,000 to \$474,000**
- Projected MAT Revenue for short-term rental accommodations: **\$60,000 to \$110,000**

Projected total MAT revenues:
\$328,000 to \$580,000*

*Total revenue, to be split among administrative costs, a tourism-specific entity, and the municipality.



Next Steps



PHASE 1: FINANCIAL MODEL AND INDUSTRY OVERVIEW

SPRING 2025

- » Financial Implications of a MAT
- » Macro Analysis of Tourism Industry and Impact on Future MAT Funds

PHASE 2: LOCAL ANALYSIS

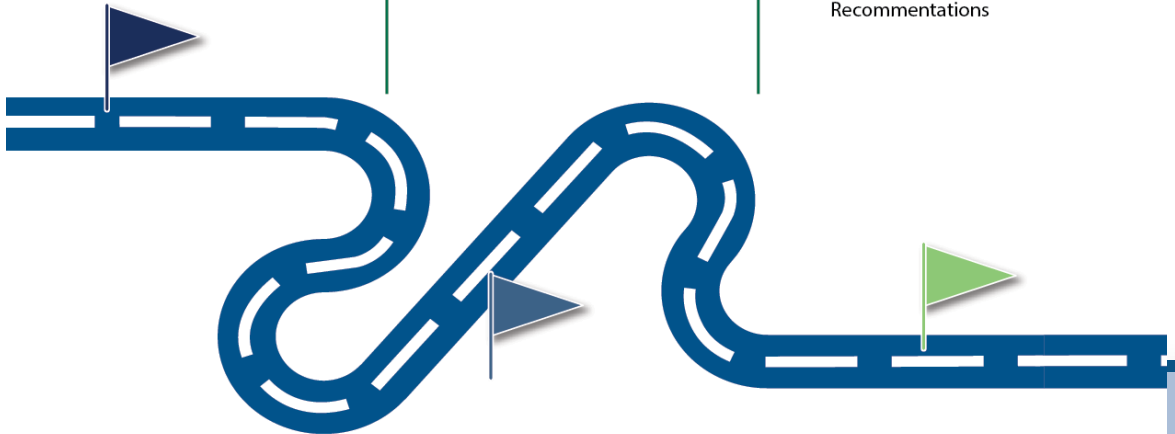
SUMMER AND FALL 2025

- » Stakeholder Consultation
- » MAT Governance Best Practices
- » MAT Revenue Distribution Best Practices

PHASE 3: STEPS TO IMPLEMENTATION

FALL/WINTER 2025

- » Templated MAT Implementation Options
- » Implementation Plan for Pre- and Post-MAT
- » Yearly Reporting and Forecasting Recommendations



THANK YOU!

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