



Subject: MAT By-law and Agreement

To: Council

From: Office of the Chief Administrative Officer

Report Number: 2022-148

Meeting Date: August 9, 2022

Recommendation:

That Office of the Chief Administrative Officer-Economic Development and Tourism Division Report 2022-148 be received; and

That the Municipal Accommodation Tax (MAT) at a rate of four per cent (4%), as described in Report 2022-48 dated March 22, 2022, be approved; and

That the By-law to establish a MAT, as set out in Appendix A, be approved and effective September 1, 2022; and

That Council delegate authority to the Mayor and Acting City Clerk to enter into the agreement in Appendix B with Niagara's South Coast Tourism Association to share 50 per cent (50%) of the total amount of MAT revenue collected in a fiscal year.

Purpose:

The purpose of this report is to seek approval to implement a four percent (4%) Municipal Accommodation Tax (MAT) effective September 1, 2022, on camping sites and Sugarloaf Marina in the City of Port Colborne.

Background:

Report 2022-48 from the March 22nd Council meeting introduced Ontario Regulation (O. Reg.) 435/17, Transient Accommodation Tax, and the opportunity to implement this tax in the City of Port Colborne. At this meeting, Council committed, in principle, to levying the tax at no more than four per cent (4%) on campsites effective January 1, 2023. Amendments were made at this same meeting to propose an in-effect date of

September 1, 2022, and to include Sugarloaf Marina in the Municipal Accommodation Tax or MAT By-law.

Discussion:

Once implemented starting September 1, 2022, the MAT will be mandatorily applied to purchases of accommodation for a continuous period of less than or equal to 30 days at camping sites and Sugarloaf Marina boat slips. The By-law accompanying this report provides the definitions, procedures of application or implementation, exemptions, and functions necessary to administer the By-law and collect the MAT. It bears mentioning the By-law also delegates authority to the Director of Corporate Services/Treasurer to implement and administer the By-law, collect the MAT, and take all actions to enforce the By-law.

O. Reg. 435/17 requires that the municipality and an eligible tourism entity, which in this case is Niagara's South Coast Tourism Association (NSCTA), enter into an agreement respecting reasonable financial accountability matters. Such an agreement accompanies this report as item Appendix B. Fifty percent (50%) of the net proceeds collected from the MAT is to be deposited into a fund accessible to the NSCTA.

Internal Consultations:

Economic Development & Tourism Services staff consulted with colleagues in Corporate Services and Development and Legislative Services regarding the MAT By-law and the agreement between the City and Niagara's South Coast Tourism Association.

Financial Implications:

Recognizing that lower-tier municipalities like Port Colborne are constantly under pressure to deliver value for taxpayer dollars, the Province's Transient Accommodation Tax Regulation provides a means for funding municipal tourism promotion and development projects without having to draw from property tax revenue or the financing of core services. As dictated in the Regulation, the total revenue from the 4% MAT will be shared in a 50/50 split between the City and the NSCTA. Because the NSCTA's finances are consolidated with those of the City, a tourism cost centre will be created to track the spending of MAT revenue by the NSCTA as well as the City's portion of MAT revenue. Currently, staff anticipate the City's portion of the MAT will to be used to pay the interest incurred on the waterfront centre's debenture if and when the centre is constructed.

Public Engagement:

Economic Development & Tourism Services staff met with the two private businesses in the City operating with a trailer camp licence: Sherkston Shores Beach Resort & Campground and Pleasant Beach Campground. These two businesses will be subject to the MAT when it takes effect.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillars of the strategic plan:

- Attracting Business Investment and Tourists to Port Colborne
 - City-Wide Investments in Infrastructure and Recreational/Cultural Spaces
 - Value: Financial Management to Achieve Financial Sustainability
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Conclusion:

In 2017, the Province enacted O. Reg. 435/17 to give lower-tier and single-tier municipalities the opportunity to levy a tax on transient accommodation and share the revenue received with an eligible tourism entity. Promoting tourism and developing the local tourism industry are important to both the City of Port Colborne and Niagara's South Coast Tourism Association. After allowing some time for the MAT to be implemented and for the effects of the COVID-19 pandemic to subside, staff intend to return to Council in Q2 2023 with a new report that will propose possible amendments to the MAT By-law and the inclusion of other transient accommodation providers like motels, bed & breakfasts, inns, and multi-unit short-term rentals starting in 2024.

Appendices:

- a. By-law to establish a Municipal Accommodation Tax
- b. Agreement between The Corporation of the City of Port Colborne and Niagara's South Coast Tourism Association

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.