

## MUNICIPAL ACCOMMODATION TAX (MAT)

In 2017, the Ontario government, through legislation, provided municipalities with the ability to add a Municipal Accommodations Tax (MAT) and each Ontario municipality has the option to implement such a tax. Municipalities across Ontario are embracing MAT. The tourism portion of the funding aims to boost much needed funding to attract visitors to a destination.

### The Issue:

With most municipalities implementing MAT competition among each other will be fierce. One's existing business can be at risk and potential business present an opportunity depending on the amount of funding collected and most importantly by the decision making surrounding the development and execution of the MAT business plan. This will create tourism business shifts between destinations.

Those impacted the most are the hotels which also happen to generate the MAT funding. It is important that the accommodations industry has a voice on decision making and works in collaboration with the local tourism entity in bringing overall success to a destination.

**In consultation with hotel city associations and hotel ownership groups the ORHMA is recommending amendments to the existing MAT regulations that would strengthen the existing legislation while providing a voice for the hotel industry. Listed below are the following recommendations:**

### ORHMA Municipal Accommodation Tax (MAT) Recommendations

- **Add an amendment to cap the MAT at 4%**  
The existing rules can potentially lead to inconsistency of fees for the consumer across the Province and in the extreme case, penalize the hotel sector as well as the hotel guests. Domestic travel, primarily by Ontarians, make up a large percentage of hotel stays. Many other provinces in Canada have addressed this concern by instituting a cap on the MAT in the regulations. Ontario should consider legislating a cap on the MAT at 4%.
- **The MAT tourism plan is approved by the local hotel association**  
In recognition of the accommodation industry's role in charging the MAT, for which the funding is used for growing visitation and promoting tourism in municipalities, the hotel sector should play an integral role in producing and approving the DMO's annual business plan. The MAT tourism plan should be approved by the local hotel association where ever there is an existing association or when an association is formed. This condition should be a requirement that is written right into the legislation for purposes of clarity and understanding with the municipal governments and DMO's.

- **Universities and Colleges to charge MAT on transient business**

Add clear language to the legislation to allow for imposing the MAT to room revenue in a university or a college of applied arts and technology or post-secondary institution to transient business (for non-student revenue generated primarily over the summer months).

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- These schools directly compete with accommodation properties for group business.
- These schools directly benefit from marketing activities by the DMO that are funded by the MAT generated by the local municipal hotels.
- Unfair treatment in not paying commercial taxes.

- **Exempt the credit card processing fee costs charged on the MAT**

A hotel that participates in the MAT should be able to retain the credit card processing fee charged on the MAT amount by the credit card companies. This is a processing fee the hotel currently absorbs and the impacts on costs are significant.

Example: A 125 room hotel located in a community where the municipality has enacted a 4% MAT.

- Assuming the hotel will achieve 65% annual occupancy at a \$120 rate, the total room revenue would be \$3,558,750.
- 4% MAT = \$142,350
- Assuming 3% credit card processing fees, this hotel would incur a cost of \$4,270 in a year to the credit card processors.

The Ontario Restaurant Hotel & Motel Association (ORHMA) is Canada's largest Provincial hospitality association representing the interests of 11,000 foodservice and accommodation businesses throughout Ontario. Our accommodation sector is represented by independent and corporate ownership & management groups.