

DATE: 8/8/2024

SUBJECT: Municipal Accommodation Tax Roadmap

CONTACT: Kaitlyn Monsma, Economic Development Officer

REPORT NUMBER: 2024/08/22-16

RECOMMENDATION:

1. **THAT** the report titled: Municipal Accommodation Tax Roadmap to the Council meeting of August 22, 2024 be received for information.

EXECUTIVE SUMMARY:

- Staff have begun work on the recommendation of the adoption of municipal accommodation tax.
- This report is a brief overview of the proposed project timeline and scope of community engagement.
- Proposed project completion has been set for Summer 2025

BACKGROUND:

With the rapid growth of the short-term accommodation industry and the ongoing Town by-law review of this sector, now is an ideal time to explore the introduction of a Municipal Accommodation Tax (MAT) in Wasaga Beach. This brief update outlines the key deliverables and timeline for recommending the adoption of MAT to Council. The implementation of a MAT was highlighted as Action Item #4 in the newly updated Tourism Destination Management Plan (TDMP). It is recommended in the document to be introduced as soon as possible in order to secure the resources necessary for developing Wasaga Beach into a thriving and attractive tourism destination. Below is a summary of this action item from the TDMP:

- Prioritize the exploration of a municipal-led accommodation levy.
- Incorporate new Short-Term Rental (STR) guidelines and policies into this recommendation.
- Engage in open and transparent dialogue with tourism stakeholders and accommodation operators.
- Learn from best practices in other Ontario communities.
- Collaborate with a third-party company, such as Granicus, to manage STR identification and compliance. Staff have already engaged Granicus to quote on this service.
- Complete the Short-Term Rental (STR) review, act on the findings, and implement recommendations.
- Finalize the MAT model, including mechanisms for fund collection and distribution, and proceed with implementation upon Council approval.

- Incorporating the 50th-anniversary theme: "Success for the Next 50."

DISCUSSION:

MAT Roadmap:

- **Background and Research:** Conduct thorough research to identify best practices and gather insights from other municipalities that have implemented or are exploring the introduction of a Municipal Accommodation Tax (MAT).
- **Stakeholder Engagement and Consultation:** Engage with a diverse range of stakeholders, including residents, local businesses, and tourism associations, through the following initiatives:
 - i. Creation of a 'Let's Talk' Wasaga Engagement Page: Launch a dedicated online platform to inform the public about the project, its objectives, key dates, and opportunities for engagement.
 - ii. Online Survey: Distribute an internet survey to gather broad input from the community.
 - iii. Business Roundtable Discussion: Host an invitational roundtable event to engage directly with tourism sector businesses impacted by MAT. This discussion will be facilitated by key staff.
- **Development:** Compile and analyze comparator data and feedback from public engagement, then present the findings to Council in an information report. Draft and revise the recommendation with input from relevant departments through an internal review process.
- **Reporting and Implementation:** Submit the report and draft by-law to Council for approval. Upon approval, proceed with the implementation.

CORPORATE IMPLICATIONS:

Financial Implications:

This report has no direct financial implications.

Accommodation Levy Calculation – Example (Taken from the Tourism Destination Management Plan)

Rooms Available in 2018: 1,047 (excluding short-term rentals, per Simcoe County)

Occupancy Rate: 50%

Room Nights Sold: 523.5 per night

Average Room Rate: \$200 per night

Revenue Calculation:

Daily Revenue: $523.5 \text{ rooms} \times \$200 = \$104,700$ per night

Annual Revenue: $\$104,700 \times 365 \text{ nights} = \$38,215,500$

Levy Revenue (4%): $\$38,215,500 \times 4\% = \$1,528,620$

Including Short-Term Rentals (STRs):

Average STR Units Available: 570 (as of September 2023, per Wasaga Beach unit count)

Adjusted Levy Revenue: With STRs included, total levy revenue increases to \$2,360,820.

Granicus Update

In June, Council approved the purchase of the Granicus Host Compliance Software. This software includes a Rental Activity Monitoring module that provides detailed information for each short-term accommodation (STA) address, including its rental history and estimated rental revenue.

Looking ahead, should the Town decide to implement a Municipal Accommodation Tax (MAT), the TAX module add-on offered from Granicus could offer a streamlined solution for tax collection. This feature would enable STA operators to calculate and pay their taxes online, while allowing the Town to accurately track and monitor reported revenue and tax data. The estimated cost for this module is approximately \$9,929.12 per year. Before this payment option could be selected, the Treasurer will have to review the Granicus payment system for compliance with financial procedures. In addition to the review, the Town's financial payment strategy is to limit the number of payment providers to as few as possible to reduce complexity in payment processing and the reconciling requirements that accompany each payment system. The reconciling ensures the financial integrity of payment collections and is part of the internal control system.

This update is significant because, in the past, the primary concern with implementing MAT has been the challenges associated with tax collection. The Granicus add-on would allow the Town to enforce MAT fairly and ensure accurate tax collection. Other options for tax collection will also be explored to ensure the best fit and compliance with financial procedures.

Staff have engaged with Granicus to discuss the cost and have scheduled a follow-up meeting to further explore this option.

Term of Council Priorities:

This report aligns with and supports the financial goals of the TOCP, specifically under the sections "U. Financial Sustainability" and "O. Grow Tourism." It also advances action #4 of the newly updated and Council-approved Tourism Destination Management Plan (TDMP).

CONCLUSION:

Exploring a Municipal Accommodation Tax (MAT) is a crucial step in managing tourism effectively within the Town of Wasaga Beach. Implementing a MAT is a complex decision that requires careful consideration and strategic planning. The proposed timeline details a thorough process that includes stakeholder engagement, expert input, and a commitment to transparency throughout the development and implementation of MAT. This initiative reflects the town's dedication to fostering responsible tourism and ensuring effective destination management. The MAT project is on track for implementation in spring 2025.

Authored by:

Kaitlyn Monsma,
Economic Development Officer

Appendices:

Appendix A: MAT Road Map