

## THE MUNICIPALITY OF LAMBTON SHORES

**Report CAO 04-2024**

**Council Meeting Date: March 19, 2024**

**TO:** Mayor Cook and Members of Council

**FROM:** Steve McAuley, CAO

**RE:** Municipal Accommodation Tax

**RECOMMENDATION:**

**THAT** Report CAO 04-2024 regarding the “Municipal Accommodation Tax” be received; and

**THAT** staff be directed to request Tourism Sarnia-Lambton to prepare and present to Council a draft work plan for the potential use of monies generated through a Municipal Accommodation Tax; and

**THAT** staff be directed to prepare a draft agreement with Tourism Sarnia-Lambton for the use of MAT monies as an identified not-for-profit tourism entity.

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### **SUMMARY**

One of Council’s Strategic Priorities, under the heading of Growth and Economic Development, was the reconsideration of the Municipal Accommodation Tax (MAT). This reports requests direction from Council regarding the implementation of a MAT.

### **BACKGROUND**

The idea of a MAT was considered during the previous term of Council both in December of 2019, and again in February of 2020. Ultimately no action was taken regarding implementing the MAT, however as noted above, the reconsideration of MAT was included in Council’s Strategic Priorities. As part of these previous meetings, a detailed analysis of MAT was presented to Council by Mr. Williams, Lambton Shores previous CAO, through written reports. These reports were fulsome reports on the details of a MAT and are attached for Council’s review. Although this report will not repeat the details contained in the previous reports, a summary of a MAT tax is presented as follows:

- Authority to levy this tax is granted through O. Reg. 435/17: Transient Accommodation Tax
- Applicable to any short-term accommodation i.e. hotel, motel, short term rentals
- Does NOT apply to campgrounds, restaurants, or other commercial activities

- Rate is set by the Municipality – typically 3-5%
- Revenue is split between a not-for-profit tourism entity and the Municipality
- The Municipal share has no requirements on how the money is spent
- Not-for profit share is intended for the promotion of tourism in the area
- Would require a by-law to implement MAT
- Would require an agreement between the Municipality and the not-for profit
- Can be collected by a third party at a cost paid to the third party.

In Lambton County, both the City of Sarnia and the Village of Point Edward have implemented a 4% MAT. Both have agreements with Tourism Sarnia-Lambton (TSL) as their not-for-profit tourism entity. In speaking with the Executive Director of TSL, Mr. Mark Perrin, he confirmed that in the case of the City of Sarnia, the funds collected through MAT were funneled back into tourism initiatives focused on the City, whereas in the case of the Village of Point Edward those funds were utilized to promote the entire County. In both cases, the collection of the tax was done through an agreement with the Ontario Restaurant Hotel & Motel Association (ORHMA). ORHMA is providing this collection services in many municipalities across Ontario who have implemented a MAT. The cost of this service is based on a small percentage of the gross tax collected which is paid to ORHMA.

During the previous Council discussions regarding MAT, one of the concerns raised the lack of any licensing program or even database that would identify short term rentals in Lambton Shores. The concern was that it would be difficult collecting the MAT from STRs and as such would create a unfair situation between hotel and motel owners and STR owners. Since that time, as Council is aware, a very robust licensing program has been put in place for Lambton Shores. Now in its second full year of operation we have approximately 430 licensed STR's in the Municipality. The implementation of MAT would require our current STR by-law to be amended to include provision for the requirement to remit, timelines for remittance, penalties for failure to remit etc., however the framework is certainly in place to enable the fair application of MAT to all STRs in the Municipality.

If Council is supportive of implementing a MAT for Lambton Shores, staff would suggest the following next steps:

- Confirm a work plan with TSL for the use of MAT revenue in Lambton Shores
- Negotiate the framework of an agreement with TSL
- Determine the appropriate mechanism for collection
- Negotiate third party collection agreement if necessary
- Prepare and pass appropriate by-laws
- Undertake a fulsome public education campaign

It is expected that if Council proceeds with MAT, the effective date would be January 1, 2025, this will give operators the opportunity to include the additional charge on bookings in 2025. Trying to institute the MAT earlier would be problematic for operators as many bookings for 2024 have already been placed.



## **ALTERNATIVES TO CONSIDER**

Council is under no obligation to collect MAT. If Council was interested in collecting MAT, they could also direct staff to investigate other not-for-profit tourism entities that would be eligible to receive the tax. Staff have identified other municipalities who have created their own tourism entity. This would have to be done through a Municipal Business Corporation or Service Board that would operate independently from Council. Staff is not recommending this at this point until such time as Council has had a chance to understand and review a workplan from TSL.

## **RECOMMENDED ACTIONS**

Staff are recommending Tourism Sarnia-Lambton to prepare and present to Council a draft work plan for the potential use of monies generated through a Municipal Accommodation Tax and an agreement be made with Tourism Sarnia-Lambton for the use of MAT monies as an identified not-for-profit tourism entity.

## **FINANCIAL IMPACT**

Based on estimations completed in 2020 during the previous MAT discussion coupled with our understanding of the number of STR's we have with an average nightly rental rate of \$399, staff is expecting that a MAT in Lambton Shores would generate in excess of \$400,000. This amount would then be split between the Municipality and the not-for-profit agency. A small percentage of the gross revenue generated would be used for the collection of the tax.

## **CONSULTATION**

Mr. Mark Perrin – Tourism Sarnia-Lambton  
Mr. Tony Elenis - ORHMA

## THE MUNICIPALITY OF LAMBTON SHORES

**Report CAO 09-2019**

**Council Meeting Date: December 3, 2019**

**TO:** Mayor Weber and Members of Council

**FROM:** Kevin Williams, CAO

**RE:** Municipal Accommodation Tax Update

**RECOMMENDATION:**

**THAT** Report CAO 09-2019 regarding the “Municipal Accommodation Tax Update” be received; and

**THAT** a 4% Municipal Accommodation Tax (MAT) for all short-term rental accommodations within the Municipality of Lambton Shores be implemented effective April 1, 2020; and

**THAT** 50% of the MAT revenue be remitted to Tourism Sarnia-Lambton as the eligible tourism not-for-profit; and

**THAT** staff be directed to prepare a by-law for MAT implementation; and

**THAT** staff be directed to create a Municipal Accommodation Tax Reserve Fund to segregate the Municipality’s portion of the Municipal Accommodation Tax revenue; and

**THAT** staff be authorized to enter into an agreement with the Ontario Restaurant Hotel & Motel Association (ORHMA) to collect the revenues on behalf of the Municipality; and

**THAT** staff be authorized to enter into other agreements required to administer and govern work to be funded from the MAT, including an agreement with Tourism Sarnia-Lambton for its share of revenues from MAT; and

**THAT** staff be directed to report back to Council at the end of 2020 on the progress and effectiveness of the new Municipal Accommodation Tax.

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### **SUMMARY**

This report is to supplement information provided to Council by Mark Perrin of Tourism Sarnia Lambton related to implementation of a Municipal Accommodation Tax (MAT) within Lambton County and more specifically within Lambton Shores. This report will outline the opportunities and challenges associated with implementing MAT in Lambton Shores and recommends the implementation of a 4% Municipal Accommodation Tax effective April 1, 2020.



## **BACKGROUND**

In 2017, the Province of Ontario passed Bill 127, Stronger, Healthier, Ontario Act 2017 that amended the Municipal Act, 2006. Bill 127 provides municipalities with the legislative authority to levy a tax on transient accommodations of 30 days or less. Ontario Regulation 435/17 allows each Ontario municipality that chooses to implement a transient accommodation tax to determine the types of short-term accommodation the levy would apply to, tax rate to be applied and accountability agreements necessary to ensure the use of tax revenue proceeds for the promotion of tourism. Accommodation rentals that are not short-term in nature (e.g. 30 consecutive nights or longer), are not eligible for application of the MAT.

Under the regulation, all single-tier and lower-tier municipalities now have the authority to put a municipal accommodation tax (MAT) in place. The MAT is not a requirement; rather, municipalities have the flexibility to decide if they want to put the tax in place.

The MAT would apply to hotels, motels, bed & breakfasts, and participants operating rental accommodations for room nights of less than 30 days. It is important to note that MAT can also be applied to other types of accommodations such as those promoted through AirBNB and VRBO website platforms. This includes rental “cottages”. MAT does not apply to campgrounds, restaurants, event venues or any other service associated with tourism and accommodation.

It is important to note that this is not a tax on the local service provider, but rather is a tax paid by the user of the accommodation and collected by the service provider much the same as sales tax. In a municipality such as Lambton Shores, this “user pay” charge could be used to offset the municipal costs of servicing the needs of visitors and the seasonal demands placed on bylaw, parking, beach, signage and garbage services without impacting the tax rate of residents.

The regulation requires that 50% of the revenue collected must be remitted annually to one or more eligible not for profit tourism entities whose mandate includes the promotion of tourism in Ontario or in a municipality, including product development. Tourism Sarnia-Lambton (TSL) is the designated not-for-profit tourism organization for the County of Lambton.

In Lambton County, Point Edward and Sarnia have both agreed to implement MAT, and 50% of the revenue from MAT will be remitted to Tourism Sarnia-Lambton. These communities make up a combined 78% of hotel/motel rooms in Lambton County. Lambton Shores accounts for 18%, and Petrolia, St. Clair and Plympton-Wyoming make up the 4% balance. When considering online private rentals, Point Edward and Sarnia make up a combined 34% of accommodations compared to 51% in Lambton Shores and the 15% balance from the rest of the County.

At its October 22, 2019 meeting, Council passed the following motion:

19-1022-03

*THAT the presentation from Tourism Sarnia-Lambton regarding a Municipal Accommodation Tax be received; and*



*THAT staff prepare a report outlining the opportunities and challenges of implementing a Municipal Accommodation Tax within Lambton Shores.*

A copy of Tourism Sarnia-Lambton's report from the October 22, 2019 meeting is attached for reference. (Attachment 1)

Implementation of MAT requires an enabling bylaw. The by-law for Point Edward MAT implementation is included for reference and closely follows the template established for other municipal jurisdictions. This format can also be applied in Lambton Shores. (Attachment 2)

The following sections present an outline of the opportunities and challenges of implementing MAT in Lambton Shores.

### ***Opportunities if MAT is implemented***

Tourism Sarnia-Lambton estimates that annual MAT revenues in Lambton Shores could be in the range of \$343,000. This could result in approximately \$171,500 per annum for Lambton Shores, with the other \$171,500 going toward the marketing, product development and promotional efforts of TSL.

There are no restrictions on the use of MAT funds for the municipality. However, in the spirit of implementing MAT, there are a number of tourism-related projects that could be accomplished with this revenue. Council has identified a number of tourism-related initiatives through its Strategic Priorities 2019-2022 that could be funded through the revenues realized through MAT. These projects include:

#### **Infrastructure Improvements:**

1. The Municipality will develop a strategy to expand parking capacity in Grand Bend.
2. The Municipality will consider opportunities for development of the Municipal Drive/Lions Park area of Grand Bend in order to improve operational access, public parking and recreational opportunities.
3. The Municipality will continue to invest in the development of its waterfront assets including consideration of improvements to the harbours and dockage.

#### **Governance and Organizational Management:**

1. The Municipality will maintain, and explore ways to expand the relationship with the County and its agencies, particularly in areas of marketing and economic development.
2. The Municipality will continue to promote the Lambton Shores brand in all physical, print and web-based forms.

As already identified, Council could allocate (a portion of) MAT revenue to ongoing expenses associated with providing and enhancing maintenance activities directly impacted by seasonal visitor use. Council could also allocate a portion of the MAT



revenue to provide financial support to events that attract visitors to the area, and especially those that seek to encourage growth during the shoulder seasons in the spring and fall. The list below includes a summary of some of the existing events that could be supported:

Grand Bend Beachfest, Canada Day activities, Silver Stick hockey tournaments, Sunset Summer Sounds and Wednesday Familiar Favourites concert series, Forest Fall Fair, Western Ontario Steam Threshers, Forest Legion Car Show, Poinsettia Tour and annual craft show, and the Forest Film Festival

This list is not exhaustive, but provides an idea of the many events in Lambton Shores that could be enhanced with additional funding. Funds could also be used to develop new events that could increase shoulder season tourism.

Council could consider investing MAT revenue in development of trails and other tourism-related infrastructure. The Lambton Shores “Feasibility Study and Preliminary Design for Port Franks and Ipperwash Trail Construction” identifies over \$2 million in trail development throughout these two communities. There are also recommendations throughout the Recreation and Leisure Services Master Plan (2018) that would be considered tourism-related expenditures such as consideration of public art installations and redesign of green spaces (parks).

Projects that can be funded through MAT create an opportunity to increase the profile of Lambton Shores and to promote and showcase the municipality. By creating a reserve fund to segregate the revenue from MAT, residents can benefit from increased services or improved infrastructure without having to pay for it through property taxes.

Collection of the MAT at this time would have no requirement for additional administration by the municipality. Council would need to pass a by-law enacting MAT for Lambton Shores. Once the by-law is in place, it is sent to AirBNB and VRBO. These organizations will collect MAT (4%) for the municipality, and remit directly to the municipality. The municipality would then send 50% of the remittance to TSL.

Additionally, there are a number of municipalities that have entered into agreements with the Ontario Restaurant Hotel & Motel Association (ORHMA) to collect MAT on their behalf. A separate agreement is required for ORHMA to collect the tax. ORHMA will collect from eligible accommodations including hotels, motels and bed and breakfasts. ORHMA will remit back to both the municipality and the tourism association. Registration with ORHMA is not required in order for this organization to collect the tax. It is noted that the by-law will be written to apply to all short term accommodation providers, whether they are recognized by ORHMA, or any specific online platform.

Staff have discussed the implementation of MAT with staff at Tourism Sarnia-Lambton (TSL). As the eligible tourism organization to receive the MAT revenue, TSL has indicated the following possible uses of MAT funds that would be of specific benefit to Lambton Shores:

- Promote an “extended” tourist season (spring and fall)
- Work to attract more tourism businesses to the municipality



- Further the existing marketing reach with new media platforms and materials
- Broaden awareness of the tourist demographic towards seasonal influence
- Support existing tourism businesses with ongoing development, training, workshops and partnership opportunities
- Aid in growing existing events, and securing / hosting new events within Lambton Shores

### ***Challenges with implementing MAT***

Council has received public correspondence with respect to the MAT. Should Council choose to move ahead with implementation of MAT, engagement of accommodation providers to obtain input on how MAT revenues can be directed for mutual benefit could be undertaken.

As Council is aware, there is a mix of accommodations in Lambton Shores. Although the by-law can be written to apply to all short term rental accommodations, at this time the collection mechanism is in place for only hotels, motels, bed and breakfasts, AirBNB and VRBO rentals. Property management (cottage rental) businesses operating outside of online platforms can collect MAT for their client properties. Implementation across this spectrum of short term accommodation providers will serve to “level the playing field” within the municipality.

As identified in the Grand Bend Chamber of Commerce correspondence to TSL dated November 20, 2019 (Attachment 3) there are a number of issues associated with short term rentals (cottages) in residential areas and Council may wish to consider developing a registry or licensing program for short term accommodations. Not only would this enable the municipality to identify and apply the MAT to these accommodations, it could be used as a mechanism to address the many associated concerns outlined in the Chamber’s letter. Staff suggest that this is a matter separate from the decision on whether or not to implement MAT and staff can develop a subsequent report to provide additional information to Council on what the licensing program could look like, how it would be implemented and regulated.

It should also be acknowledged that Lambton Shores shares its northern border with South Huron. There is no indication that South Huron and/or Huron County are in a position to implement MAT at this time. It could be argued that the additional 4% MAT applied to a Grand Bend accommodation would disadvantage the provider over an accommodation provider north of town; but, it could also be argued that the accommodation provider north of grand bend is in turn disadvantaged by not being able to realize any of the marketing and promotional benefits that will be enabled through the substantial Lambton County MAT revenues realized by TSL.

### **ALTERNATIVES TO CONSIDER**

Council may choose to not implement MAT, or choose a different date for implementation. Although this report recommends the establishment of a Municipal Accommodation Tax Reserve Fund until such time as funding becomes predictable and



a policy for its use is established, Council could choose to commit some amount of the anticipated revenue for a specific use at this time.

As noted throughout this report, implementation of MAT provides a number of opportunities for Lambton Shores to benefit from increased marketing and promotional activity as well as being in a position to invest in its tourism infrastructure, without requiring residents to pay for these increased benefits through property taxes.

### **RECOMMENDED ACTIONS**

The recommendation of this report is to follow the lead of Point Edward and Sarnia in supporting the TSL request that Lambton Shores implement a 4% Municipal Accommodation Tax that would apply to all short-term accommodations throughout the municipality. The recommendation is to implement MAT for April 1, 2020.

### **FINANCIAL IMPACT**

Based on the assumptions presented by Mark Perrin of TSL, implementation of the Municipal Accommodation Tax (MAT) could provide approximately \$343,000 in revenue, 50% of which would be remitted to Tourism Sarnia-Lambton, leaving Lambton Shores with an estimated \$171,500 in revenue per annum. This estimate will be validated through the first year of implementation. Notwithstanding the amount of revenue generated, staff recommends that the Lambton Shores portion of MAT receipts be carried in a Municipal accommodation Tax Reserve Fund until such time as Council can consider best use.

### **CONSULTATION**

Mark Perrin, Tourism Sarnia-Lambton  
Ashley Farr, Manager of Community Development

Attached:

1. Tourism Sarnia-Lambton – Lambton Shores MAT Report  
Copy of Lambton Shores MAT Calculation  
Municipal Act – Ontario Regulation 435-17 – Transient Accommodation Tax
2. 43 of 2019 – The Corporation of the Village of Point Edward MAT Bylaws
3. Letter to TSL re: Short Term Licensing and MAT

## THE MUNICIPALITY OF LAMBTON SHORES

**Report CAO 01-2020**

**Council Meeting Date: February 11, 2020**

**TO:** Mayor Weber and Members of Council

**FROM:** Kevin Williams, CAO

**RE:** Municipal Accommodation Tax

**RECOMMENDATION:**

**THAT** Report CAO 01-2020 regarding the “Municipal Accommodation Tax Update” be received; and

**THAT** a 4% Municipal Accommodation Tax (MAT) for all short-term rental accommodations within the Municipality of Lambton Shores be implemented effective May 1, 2020; and

**THAT** 50% of the MAT revenue be remitted to Tourism Sarnia-Lambton as the eligible tourism not-for-profit; and

**THAT** staff be directed to prepare a by-law for MAT implementation; and

**THAT** staff be directed to create a Municipal Accommodation Tax Reserve Fund to segregate the Municipality’s portion of the Municipal Accommodation Tax revenue; and

**THAT** staff be authorized to enter into an agreement with the Ontario Restaurant Hotel & Motel Association (ORHMA) and AirBNB to collect the revenues on behalf of the Municipality; and

**THAT** staff be authorized to enter into other agreements required to administer and govern work to be funded from the MAT, including an agreement with Tourism Sarnia-Lambton for its share of revenues from MAT; and

**THAT** staff be directed to report back to Council at the end of 2020 on the progress and effectiveness of the Municipal Accommodation Tax Program; and

**THAT** staff be directed to develop a licensing program for Short Term Rentals and report back outlining the details of the licensing program.



## **SUMMARY**

This report is provided at Council's request for more information related to the local implementation of a Municipal Accommodation Tax By-law to be used in support of tourism related initiatives in Lambton Shores. Council received and tabled CAO Report 09-2019 pending this follow up.

## **BACKGROUND**

At its December 3, 2019 meeting, Council received a report regarding the Municipal Accommodation Tax (MAT), which is attached to this report for reference.

Since the Council meeting in December, staff has had an opportunity to further research the Municipal Accommodation Tax and potential impacts to Lambton Shores. A number of considerations are discussed in the following sections.

### **Zoning**

Hotel and Motel accommodation providers operate within commercial zoning throughout Lambton Shores.

As Council is aware, there are also a number of existing dwellings throughout the Municipality that are operating as short term rentals (STRs). The Zoning By-law does not provide a distinction between dwellings used as STRs versus permanent residences. Therefore, STRs are operating within the parameters of the existing zone regulations. Council may choose to consider establishing a distinction between the uses in the Zoning By-law, which may ultimately impact the number of STRs but has no direct influence on Council's decision to implement MAT.

### **Hotels and Motels**

If MAT is implemented the Municipality would enter into an agreement with Ontario Restaurants and Hotels Management Association (ORHMA) to collect and remit MAT on behalf of the operators. Tourism Sarnia-Lambton (TSL) provided a list of hotels and number of rooms in Lambton Shores that has been included in previous reports.

By TSL's estimate, there are approximately 260 hotel rooms throughout the Municipality. This number will fluctuate depending on the operating status of some local establishments, but does provide an indication of the funds that Lambton Shores may expect if MAT is implemented. Occupancy rates are variable depending on numerous factors such as weather, facility location and amenities.

TSL has estimated that the average room per night rate for hotels and motels is \$125. The MAT allocation would therefore be, on average \$5.00 per night. To put this into perspective, day-use visitors to the Grand Bend Beach pay \$20 per day for parking to help cover costs associated with being a tourism destination.



## **Short Term Rentals (STRs)**

There are a variety of accommodations in Lambton Shores that would be defined as STRs including rental cottages/cabins, bed and breakfast establishments, and seasonal homes. For the purposes of MAT collection, STRs do not include long-term rentals (e.g. those dwellings being rented to a single tenant for 30 consecutive nights or longer), family-use cottages (e.g. those that are not profit-driven and/or advertised as rentals) or campsites.

Most Lambton Shores STRs are promoted through a variety of online platforms including AirBNB, VRBO, Rent Huron, Lake Huron Cottage Rentals, Cottages in Canada, Canada Stays, etc. There are also thirteen cottage businesses listed on the Sarnia-Lambton Economic Partnership Business Directory. TSL had estimated in its report that there are approximately 235 STRs in Lambton Shores, based on AirBNB and VRBO listings. Due to privacy restrictions through these sites, it is not possible to determine if the listings are unique listings, or if they are advertised on other websites in addition to AirBNB and VRBO.

At this time, AirBNB is working with municipalities to collect and remit MAT on behalf of its operators, which would work in a similar fashion to the agreement with ORHMA noted above. Other operators would be required to remit either individually, or through an agreement with the hosting agent (e.g. Rent Huron, Lake Huron Cottage Rentals, Cottages in Canada, Canada Stays, etc.). This obligation to remit is stipulated in the MAT by-law.

Hotels and motels are easily identifiable because of the rules and regulations they are required to follow. STRs are more difficult to identify, especially in the absence of a formalized organization such as ORHMA collecting MAT on their behalf.

Municipalities throughout the province are approaching the incorporation of STRs into the MAT program in different ways. Some are choosing to collect from STRs only through AirBNB, and have not identified a process for collecting from those STRs not advertising through AirBNB. Others are choosing to implement a licensing program to identify the STRs and to legitimize these business operations. A third option for including STRs would be to develop a voluntary registry for those operators listed on hosting websites other than AirBNB.

The development of a licensing program for STRs would be the most administratively demanding, but would yield the most inclusive results. A licensing program can in fact help to legitimize the business operation to potential visitors by ensuring fire inspections have been completed, and capacity has been considered through number of bedrooms, parking spaces and sanitary capacity of the STR. Through licensing, by-law concerns such as parking and noise may be pro-actively addressed.

Licensing of STRs provides the opportunity to address public safety and to arm STR owners/operators with information and education to legally and safely operate their



rental properties. By identifying owners of STR properties, Lambton Shores is presented with an opportunity to reduce the challenge of contacting absent landlords, and provide educational and promotional information directly to property-owners, thus enhancing the visitor experience.

Licensing also allows council to consider market saturation of STRs. Council may ultimately choose to determine how many STRs are included in a certain area, or how many new licenses are issued per year, much like what currently happens through the commercial zoning that applies to Hotels and Motels.

## Surrounding Areas

The Municipality of Bluewater and the Municipality of South Huron are located on the northern border of Lambton Shores. At this time, they have not implemented MAT and staff are not aware of any plans to do so. It is acknowledged that because it is located in South Huron, the Oakwood patrons would not have a MAT associated with their accommodation at that resort. That said, it must be noted that in lieu of MAT, the Oakwood Resort has implemented its own “Marketing Fee” that is equal to 4% of the accommodation charges. By means of explanation to their clients, the Oakwood website states:

*“The charge is used by the Resort to subsidize the destination sales and marketing efforts required by the Resort to remain competitive with jurisdictions that benefit from publically funded (Municipal Accommodation Tax) tourism marketing associations such as London, Niagara, Muskoka, and many others.”*

In Lambton County, both Sarnia and Point Edward have now implemented MAT. Mr. Perrin’s October 22, 2019 report to Council (Appended to Report CAO 09-2019) identifies many of the other municipalities across Ontario that have now implemented MAT as well.

## Revenue Estimation

Actual revenue generated through MAT implementation will not be known until after the first year of implementation. Until that time, Tourism Sarnia-Lambton (TSL) had provided an estimated revenue based on number of rooms and a 50% occupancy rate. Staff have updated the chart provided by TSL to include two additional revenue scenarios at 40% and 30% occupancy. Although an estimate, these figures do provide context to the general magnitude of revenue that can be generated.

Hotels/Motels	Avg. Per Night	Season Length	Occ Rate - 100%	Occ Rate - 50%	Occ Rate - 40%	Occ Rate - 30%	MAT	Occ Rate - 50%	Occ Rate - 40%	Occ Rate - 30%
260 Rooms	\$125 per night	365 days	\$ 11,862,500.00	\$ 5,931,250.00	\$ 4,745,000.00	\$ 3,558,750.00	4%	\$ 237,250.00	\$ 189,800.00	\$ 142,350.00
AirBNB										
235 Rentals	\$125 per night	180 days	\$ 5,287,500.00	\$ 2,643,750.00	\$ 2,115,000.00	\$ 1,586,250.00	4%	\$ 105,750.00	\$ 84,600.00	\$ 63,450.00
								\$ 343,000.00	\$ 274,400.00	\$ 205,800.00
							LS 50%	\$ 171,500.00	\$ 137,200.00	\$ 102,900.00
							TSL 50%	\$ 171,500.00	\$ 137,200.00	\$ 102,900.00

## **Uses for MAT Funds**

MAT funds provide a key opportunity to support visitor-related services. These may include supplementing existing operating costs such as additional lifeguards, and by-law services. MAT funds could also support capital investment into infrastructure such as trails, parks and beach. Another opportunity would be to consider the development of a fund to support new and existing events, with an emphasis for those taking place during the shoulder seasons (April – June and September – November) to help encourage year-round visitors. By providing funds for events through MAT, existing programs such as the Vibrancy and Community Grant program could be focused more to capital and community projects. In 2020, \$41,400 has been granted through these two programs to support events in Lambton Shores.

As Council is aware, 50% of MAT must go to the local DMO or other tourism marketing organization. In Lambton Shores' case, this organization is Tourism Sarnia-Lambton. TSL will be in a position to use its share of MAT funding to support TSL's six business units, including: conventions, cultural attractions, entertainment, leisure travel, product development and sports. Opportunities that could be funded include:

- The provision of Bid Requirement Funding for Major Events without additional Funding commitments being required from local Municipalities
- Enhanced promotion to drive increased visitations to Lambton County municipalities
- Support for Existing Major Local Events to Create a Greater Tourism Draw
- Support tourism related Product Development and Industry Growth

## **ALTERNATIVES TO CONSIDER**

1. Implement a MAT program and a short term rental accommodation licensing program.

Staff's recommendation is to implement MAT beginning May 1, 2020. MAT provides an opportunity for the Municipality to collect funds to help cover the cost of providing visitor services so that the burden of paying for these services does not fall solely on the residential tax base. Conversations with other municipalities that have implemented MAT suggest that the implementation of MAT has had no obvious negative impact on tourism to those communities.

In the first year, there would be no expectation to collect revenue on stays that have been fully pre-paid before May 1, however accommodation providers will be asked to provide data for the number of nights and revenue collected in order to assist in determining future year estimates.



Staff believe it is prudent to provide council with year-end status reports on the progress of MAT during the first two years of the program to report back on actual results and impacts.

If it is Council's desire to collect MAT from a broad range of short term rentals (STRs) and to seek to level the playing field of STR operations with hotels and motels, then a licensing program is appropriate. The licensing program can be developed and implemented throughout 2020. Staff will report back on the proposed licensing program, associated costs and impacts to existing operations. It is anticipated that the additional resources necessary to administer the licensing program will be recovered through licensing fees.

Staff can assist operators in the communication of MAT through rack cards, FAQ forms and through the municipal website.

## 2. Implement MAT without a licensing program

Council may choose to implement MAT as described above, without a licensing program for short term rentals. With this option, MAT could still be collected through STRs listed on AirBNB and the hotels and motels. AirBNB is the only STR accommodation website that is currently entering agreements with municipalities to collect and remit MAT. It is possible that other agreements could be arranged with other accommodation website hosts in the future.

This option would require minimal administration from Lambton Shores.

## 3. Do not implement MAT

Municipalities have the choice to implement MAT or to not implement MAT. MAT has the potential to provide an additional revenue stream for visitor services as Council deems appropriate, without solely relying on the residential tax base to pay for these services. It is staff's recommendation to implement MAT.

## **RECOMMENDED ACTIONS**

The recommendation of this report is to follow the lead of Point Edward and Sarnia in supporting the TSL request that Lambton Shores implement a 4% Municipal Accommodation Tax that would apply to all short-term accommodations throughout the municipality. The recommendation is to implement MAT for May 1, 2020.

## **FINANCIAL IMPACT**

The chart included in this report shows a variety of scenarios that the Municipality might expect if MAT is implemented, although the true financial impact is not known at this time. It is expected that additional staff will be required to implement a licensing program; however this cost is expected to be covered through the license fee.

Notwithstanding the amount of revenue generated, staff recommends that the Lambton Shores portion of MAT receipts be carried in a Municipal Accommodation Tax Reserve Fund until such time as Council can consider best use.

### **CONSULTATION**

Will Nywening, Senior Planner  
Chris Martin, By-law Enforcement  
Lawrence Swift, Fire Chief  
Ashley Farr, Manager of Community Development

#### **Attachments:**

1. CAO Report 09-2019 Municipal Accommodation Tax
2. Draft Municipal Accommodation Tax Frequently Asked Questions