



Date: July 14, 2025
To: Mayor and Council
Author: Tara Hewitt
RE: Municipal Accommodation Tax

RECOMMENDED ACTION

That Council DIRECTS Administration to communicate to Tourism Windsor Essex Pelee Island (TWEPI) that the Town of Kingsville will not implement a Municipal Accommodation Tax at this time.

BACKGROUND

Ontario Municipalities are authorized to establish and collect a Municipal Accommodation Tax (MAT), through section 400.1 of the Municipal Act, 2001 and Ontario Regulation 435/17.

A Municipal Accommodation Tax is a tax paid by visitors staying in short-term rentals (hotels, bed and breakfasts, inns, AirBNBs, etc.) within the municipality. The MAT aims to generate additional revenue for the municipality to support tourism-related initiatives, promotion, infrastructure and product development. The municipality retains 50% of the revenue, and the remaining 50% is shared with an eligible not-for-profit tourism entity (or entities) to promote tourism.

The municipality can use its portion for infrastructure and services that benefit both residents and visitors, such as adding additional benches to community parks. The Tourism entity must use its portion exclusively to promote or support tourism.

Of the 444 municipalities across Ontario, approximately 50 have implemented, or are in the process of implementing a MAT. Some examples include Collingwood, Midland, Orillia, Niagara Falls, Barrie, Stratford, Kingston, Ottawa and Windsor. Municipalities have the flexibility to set whatever rate they want, but most have chosen 4% to 6%.

At its April 28, 2025, meeting, Council heard a Tourism Windsor Essex Pelee Island (TWEPI) presentation advocating that Kingsville implement a MAT. TWEPI wants the MAT adopted in all municipalities across Essex County. TWEPI also proposes they take on the role of the tourism entity that receives 50% of the MAT revenue. They suggested the City of Windsor act as the region's collection agency. The cost of administering the

program was unclear and dependent on the number of municipalities moving forward with implementation.

DISCUSSION

Administration is concerned about unknown factors that have yet to be addressed, such as the full cost of administering the program, enforcement responsibilities, and lack of clarity surrounding how TWEPI will use the funds for the Town. For example, although TWEPI suggests that the City of Windsor could administer the program, there is no certainty on the fees that Windsor will charge for this service and no confirmation about who will take enforcement action against short-term rentals that do not remit the tax revenue.

The Town of Kingsville has only recently implemented a Short-term Rental Bylaw. This new licensing program is still in its infancy and Administration believes it might be premature to now also implement a MAT.

Administration also questions if a new tax will help or hurt the local tourism sector and broader Kingsville economy. Revenue can be used to promote tourism and help pay for needed tourism investments, which can help the tourism industry by attracting new visitors. However, a tax might discourage tourism visitors and adds “red tape” to accommodation businesses with additional responsibility to collect and account for taxes collected. It will also add to administrative costs for the municipality or whoever administers the program.

Public sentiment is overwhelmingly opposed to implementing a MAT.

The Business Improvement Area (BIA) Board conducted a member survey. The majority of respondents opposed a MAT. Some respondents thought an additional tax would discourage tourism and hurt small businesses. There is a perception that the Town lacks a tourism plan or staff to focus on tourism. Some opposed TWEPI as the tourism entity receiving 50% of the funds.

The Town conducted additional public consultation through its citizen engagement portal, HaveYourSayKingsville.ca. Many comments mirrored the input received from the BIA survey. Participants raised additional concerns about the unfair burden placed on hotel and rental property operators. Many think the tax will have a negative impact on how visitors view Kingsville. A small minority saw potential in the principle of a MAT; however, they expressed that it should be more thoughtfully planned, with 100% of the revenue staying in Kingsville.

Administration does not believe the revenue-share model proposed by TWEPI is the only option, or perhaps the best option, for Kingsville. Administration can envision future consideration of a MAT, whereby the municipality establishes its own tourism corporation to serve as the dedicated tourism entity and keep the program exclusively in

Kingsville. Other municipalities like Brantford, Lambton Shores, and Peterborough have moved in this direction.

FINANCIAL CONSIDERATIONS

TWEPI estimates a 4% mat would generate \$292,000 (\$146,000 for each Kingsville and TWEPI) and a 6% mat would generate \$440,000 (\$220,000 for each Kingsville and TWEPI). TWEPI's numbers are based on Kingsville having 258 accommodation listings, which Administration knows is too high based on internal short-term rental licensing data. The proposed MAT does not replace Kingsville's contribution to TWEPI through the County of Essex.

CONSULTATIONS

Kingsville Business Improvement Area (BIA) Board
Community engagement through HaveYourSayKingsville.ca

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