

Municipal Accommodation Tax Governance Advisory Group Thursday May 5, 2022

PRESENT:

Minerva Ward	Niagara-on-the-Lake Chamber of Commerce
Paul Macintyre	Vintage Hotels/Chamber of Commerce
Stephen Livett	White Oaks Resort & Spa
Linda Walsh	Hilton Hotels
Eric Quesnel	124 on Queen
John Foreman	NOTL Bed & Breakfast Association
Janet Jones	Owner Operator B&B
Tim Coons	Andrew Peller

REGRETS:

STAFF:

Marnie Cluckie	CAO
Kyle Freeborn	Director of Corporate Services/Treasurer
Marilena Basilone	Administrative Assistant Corporate Services

OTHERS:

N/A

1. Introductions

Marnie Cluckie welcomed the group and introductions were conducted.

2. Overview/Purpose

Marnie Cluckie provided an overview of the motion made by Council to implement the Municipal Accommodation Tax on July 1, 2022. The group was invited to provide feedback and input on the draft By-law.

3. Presentation (Treasurer)

Kyle Freeborn, Treasurer discussed the following items:

- Overview of legislation
- Council motions supporting the introduction of MAT
- Governance
- Framework and logistics
- Criteria for disbursement of funds generated through MAT

4. Break-out Groups and Round Table

4.1 Review of the By-law

The group broke into small groups, each group reviewed two sections of the by-law. The group was asked to comment on any suggested revisions. The following comments were made for each section:

DEFINITIONS:

- The purchase price needs to be clearly defined, specifically as to the timing of when MAT is applied. The current definition indicates the MAT would be applicable upon purchasing or booking, but visitors may make modifications to stays.

Application:

- Clarification is required regarding the time of purchase – prior to services delivered or when services rendered. The group preferred that the MAT is calculated upon settlement and after services are rendered.
- Discussion occurred regarding a flat rate over a percentage was preferable, as it's easier to calculate on a per daily basis.
- It was noted that “Vacation Rental” should be added to the list of accommodation types listed in item number 2 of the draft by-law.

Exemptions:

- Item (c) - The purchase of transient Accommodation at a university or a college of applied arts and technology or post-secondary institution was brought up for discussion and whether it should apply to be exempt. This is, however, a requirement under O. Reg 435/17 and shall remain exempt per section 3.
- Item (j) - Accommodations provided by tent or trailer sites supplied by a campground, tourist camp, or trailer park was also brought up for discussion as the relevance of being exempt, this is, however, to align with the Town's Short Term Rental By-law, where Short Term Rental Licenses do not apply to these sites.
- The group discussed the complexities around when to begin applying MAT to existing bookings. In anticipation of this, and in discussions with existing operators inquiring about the implementation of the MAT, Item (n) was introduced to exempt existing bookings made before July 1st, 2022.
- A general discussion about exempting corporate bookings ensued. This included describing the competitive corporate booking market and the potential to push business to surrounding municipalities due to proximity and a potentially lower cost. It was clarified that resort fees were not charged on Corporate bookings, and that bookings may be made 3 to 4 years in advance of events, which also fed into the discussion around exempting existing bookings/agreements and the timing of when MAT was collected.

Tax Collection and Remittance:

- A discussion ensued around itemizing items on a receipt or invoice and that some Operators include food, beverage, and accommodation line items as a single charge on a bill. This will create logistical issues in administering the MAT and properly calculating the tax. The group agreed that a flat rate would again simplify the overall administration of MAT and avoid potential booking or accounting system modifications, or changes to existing rate structures.
- Concerns over remitting corporate and financial records to the Town was discussed as many expressed hesitancy in sharing revenue figures or records with the Town. Confidentiality and liability were key points of discussion, as many did not want their records to be searchable under a freedom of information request, or to be inadvertently shared. Potential solutions such as a third party administering the collection and verification of MAT was discussed, including the use of a Hotel association, Short Term Rental, or Bed & Breakfast association, and/or third-party auditors. The group agreed that a flat rate would alleviate this concern, as an audit or remittance exercise would only require the number of bookings and nights to be provided, and not overall revenue figures.
- The group was agreeable to a quarterly remittance schedule. Clarification was sought on actual due dates.

Interest Penalties

- Due to a short implementation cycle and the complexities of modifying accounting systems, the group requested a grace period of 90 days for consideration in the first year of the by-law. This would be considered a one-time clause.
- Item number 10 should specify how many days as item number 11 “each month”
- The group was agreeable with interest being calculated on the full occupancy of outstanding amounts. Sought clarity on how that would be calculated if no previous remittances had been made in the absence of data or trends. Indicated that a flat rate could be a solution.

Audit and Inspections:

- The group considered item number 13 acceptable except for “furnish to the Town” concerning disclosing revenue figures and records. This ties into the discussion around the use of a third party and/or a flat rate.
- The Group expressed their desire that the audit and inspection function would be specific to the MAT, and exclude records outside of the scope of MAT.

Other Penalties:

- No changes were recommended in this area.

General themes:

- Flat fee was recommended to simplify administration, collection, remittances, and auditing. A flat rate was seen to be more competitive with surrounding municipalities, and the group expressed difficulty in determining an approach for those operators that had all-inclusive costs of accommodation and other amenities.
- As the by-law included a step-up approach to increasing the MAT over three years, clarity was sought concerning the timing of the increase. Preference was given to the timing of the increase to align with a calendar year to simplify the change for bookings and accounting systems.
- The group sought clarification on whether corporate bookings were exempt in surrounding municipalities.
- Emphasis was placed on the hesitancy to share records directly with the Town and the desire to use a third party in the absence of a flat rate. Many expressed that collecting records directly may represent a liability for the Town.
- Discussion around the processes and procedures regarding an audit was brought up, but it was shared that these mechanisms have not been designed yet.

The following Main Objectives were summarized :

- Maintain competitive advantage
- Maintain flexibility
- Transparency
- Alignment with the Town's tourism strategy
- The initiative should be community-driven
- Inclusiveness
- MAT revenues should be used to further tourism initiatives, particularly assisting in the growth of the industry, as the legislation intends. MAT revenues should not be used to replace existing items already budgeted for in the Town's operating budget.
- Criteria should be developed to determine what MAT could be spent on, Huntsville and Prince Edward County were used as examples.

4. 2 Review of MAT Remittance Form

- Preferred to see a simplified form, particularly if a flat rate was implemented.
- Requested due dates be placed on direction on the form.

4.3 FAQ Review

Due to the session ending, this item was not able to be reviewed with the group.

4.4 Criteria for utilizing the funds generated through MAT

Due to the session ending, this item was not able to be reviewed with the group.

5. Other Suggestions

Due to the session ending, this item was not able to be reviewed with the group.

6. New Business

To be discussed at a further time