



Town of Huntsville Staff Report

Meeting Date: February 25, 2019

To: Council

Report Number: DEV-2019-36

Confidential: No

Author(s): Scott Ovell, Economic Development Coordinator

Subject: Municipal Accommodation Tax - Progress Update - 1st Quarter 2019

Report Highlights

This report is intended to provide a progress update on action items related to the implementation of the Municipal Accommodation Tax in Huntsville.

Recommendation

For Information Only

Background

During the fall of 2018, after consideration of Report Nos. [DEV-2018-167](#) and [DEV-2018-182](#), Council passed [By-law 2018-131](#), which outlined the parameters around the Municipal Accommodation Tax (MAT) program and included an implementation date of April 1st, 2019.

These reports also directed staff to

- Establish a non-share capital corporation as the Town's designated 'Eligible Tourism Entity' as well as create a draft of the associated governance documents;
- Establish a Working Group to provide input on the development of the non-share capital corporation by-laws, Transfer Payment Agreement and potential governance documents for consideration of the Board;
- Issue an RFP to secure a third party contractor to collect and remit the MAT tax; and
- Create a financial policy which clarifies and guides how Council may spend the Town's portion of the MAT funds

Attached as Appendix I is a table which outlines the status of each of these items. The intent of this report is to provide an update to Council on all items previously completed, as well as those which will be addressed during the 1st and 2nd quarters of 2019.

Discussion

Tax Collection

During the early phases of discussion about the establishment of a MAT program, local hoteliers indicated their preference to have a third party contractor collect the Tax on behalf of, as well as its remission to, the Town. It was felt that this approach would provide a level of privacy for each owner/operator as well as being more cost effective. Accordingly, RFP-2018-DEV-34 (Municipal Accommodation Tax – Collection and Remittance Project/Contract) was issued in November of 2018.

In January of 2019 Report [No.DEV-2019-01](#) was presented to the Development Services Committee outlining that the Ontario Restaurant Hotel and Motel Association (ORHMA) was the sole respondent to the RFP and subsequently the successful proponent. The details of their response can be viewed in Report [No.DEV-2019-01](#).

Since the end of January, in addition to working with staff to develop a service agreement respecting the collection and remittance process, ORHMA has also begun meeting with local motel and hoteliers to discuss the collection and remittance process and address any concerns from this group. Further, they will also be taking the lead in communicating and working with local stakeholders to ensure all necessary components are in place for April 1st, when collection begins.

Town staff have also been communicating with ORHMA to discuss the financial reporting requirements of the Municipality so that the funds can be submitted to the Town and dispersed accordingly.

Establish Non Share Capital Corporation

Over the fall of 2018 with the guidance of the Municipal Accommodation Tax (MAT) Working Group, staff were able to articulate the core components of the By-Laws for the Non-Share Capital Corporation. The results of those discussions and recommendations were outlined in Report [No.DEV-2018-207](#). Following Council's direction, staff provided those recommendations to the Town's solicitor to develop the By-Laws with a view to establishing the Non-Share Capital Corporation which would act as the Town's designated 'Tourism Entity'.

In January 2019, a draft By-law document was presented to the MAT Working Group for final input or suggested changes. Subsequently in February, staff have worked with the Business Improvement Area, the Chamber of Commerce and the Huntsville Hotel and Motel Association to appoint a member or members to the board so that the incorporation paperwork can be filed with the province in early March 2019 so the newly established board can begin meeting.

Through discussion with the Working Group, the initial Board meetings should be used to identify priorities like reviewing and adopting governance policies to ensure the new corporation can hit the ground running once collection begins.

Municipal MAT Fund Policy

Early on, when Town staff began communicating with local stakeholders about developing a MAT program, it became very clear that one of their primary concerns was that the portion of revenue retained by the Town still be directed toward Tourism and Economic Development. As the development of the MAT program evolved research confirmed that the majority of Municipalities

establishing MAT programs were making a commitment that the municipal portion of the revenue would be used to further develop Tourism and Economic Development opportunities in their Municipality.

To address this concern, staff were directed in Report [No.DEV-2018-182](#), to develop a policy that outlined parameters as to how the Town could spend its portion of the MAT revenue. Although the MAT group has been primarily focused on providing input on the components of the Corporate By-Laws, and Transfer Payment Agreement, staff felt it prudent to engage the MAT Working Group in their thoughts on the components of a MAT Financial Policy prior to the end of May 2019.

Options

N/A

Capital

N/A

Operational

N/A

Council Strategic Direction / Relevant Policies / Legislation / Resolutions

GC197 - 17
GC219 - 17
GC145 - 18
292-18

By-law 2018-131

Regulation 435/17 of the Ontario Municipal Act, 2001

2017 Town of Huntsville Strategic Plan 2017 and Beyond

Economic Development

GOAL #1: Collaborate with private sector and the broader community to create an economic development strategy that will diversify and strengthen the year round economy, and guide investment of time and resources.

- Engage stakeholders to generate innovative and actionable ideas to stimulate a year round economy.
- Develop brand strategy to market Huntsville as an ideal place to live and work.
- Identify opportunities and tools that would help ensure a vibrant downtown

Financial Management and Governance

GOAL #3: Ensure Municipal operations are streamlined, efficient and effective

Objectives

- Apply business model thinking to Municipal operations to identify potential efficiencies within the municipal system.
- Identify and pursue shared services opportunities with other area municipalities, the District and/or other partners where cost savings and efficiencies can be achieved

Attachments

[APPENDIX I - Progress Update](#)

Consultations

Municipal Accommodation Tax Working Group
Yvonne Aubichon – Director of Corporate Services

Respectfully Submitted: Scott Ovell, Economic Development Coordinator

Manager Approval (if required): _____

Director Approval: Derrick Hammond - Director of Development Services

CAO Approval: Denise Corry - Chief Administrative Officer

APPENDIX I

Progress Update Municipal Accommodation Tax (MAT)

Task	Status	Comments
Establish MAT Working Group	✓	October 2019
Pass MAT By-Law	✓	October 29 th , 2019
Issue RFP	✓	Ontario Restaurant Hotel and Motel Association
Establish Non-Share Capital Corporation	In Progress	Expected to incorporate early March 2019
Create Transfer Payment Agreement	In Progress	Signed by both parties May 2019
Create Financial Policy	In Progress	Policy presented to Council May - 2019