

Type of Decision									
Meeting Date	Tuesday, January 23, 2018				Report Date	Friday, January 19, 2018			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	x	Information Only			Type of Meeting	X	Open		Closed
REPORT TITLE – Transient Accommodation Tax									
Report #23/01/18 - 1103									

Subject: New powers for municipalities to increase revenues by imposing taxes on transient accommodation

RECOMMENDATION:

That Council **not** adopt the following recommendation.

WHEREAS the province, through amendments to the Municipal Act have provided municipalities with the ability to impose taxes on transient accommodations;

AND WHEREAS at an estimate of 4% increased revenues for the municipality would amount to approximately \$29,000;

THEREFORE BE IT RESOLVED that the Council of the United Townships of Head, Clara & Maria does hereby authorize staff to begin the process of implementing a transient accommodation tax to be imposed beginning in January 1, 2019.

BACKGROUND/EXECUTIVE SUMMARY:

As a result of the province being requested to allow municipalities to have more revenue tools; the Municipal Act and the City of Toronto Act have been amended to allow municipalities to create, impose and collect a transient accommodation tax.

As this legislation is new, the definition has not been tested but based on definitions found to be in use elsewhere (outside Ontario) it seems that all types of accommodation, including campsites and monthly rentals might be considered transient, so long as they are not the primary residence of the occupier.

Based on this fact and on a cursory estimate of average nights, average number of spaces, average costs per accommodation type, revenues that might be expected at the rate suggested during regulation deliberations of 4% would be approximately \$58,000.

Of that the municipality is allowed to deduct the costs of administering and collecting the tax and must share 50% of the remainder with an “eligible tourism entity” which for our area would likely be the Ottawa Valley Tourism Association.

Options/Discussion:

Various options are possible. The rates are to be set by the municipality. There are no guidelines. Larger centres currently add up to 10% as a hotel tax to pay for increased costs of services to those facilities including water, sewer, waste management and recycling.

The tax proposed by those considering this legislation was 4% but there are no rules or maximums set.

Council needs to consider the ramifications of imposing an additional tax on accommodations especially if this type of tax is not imposed by neighbours. This would place accommodation providers within the municipality at a disadvantage due to non-competitive rates; would likely affect their bottom line and in turn reduce the taxation benefit this tax would be implemented to provide.

It is staff recommendation that Council not consider implementing this tax due to the existing difficulties small businesses in Ontario already face in keeping afloat.

Financial Considerations/Budget Impact:

This is a revenue tool created by the province at the bequest of municipalities. The financial impact on the municipality could be in raising funds necessary to offset the increased policing costs or the reduction in the Ontario Municipal Partnership Fund.

Policy Impact:

This would create new policy as allowed under the Municipal Act.

Others Consulted:

Follow up as a result of questions during the December 2017 meeting of Council.

Approved and Recommended by the Clerk

Melinda Reith,
Municipal Clerk

Melinda Reith