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# The Regional Municipality of Durham Report

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To: Planning and Economic Development Committee  
From: Commissioner of Planning and Economic Development  
Report: 2024-EDT-13  
Date: September 3, 2024

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**Subject:**

Municipal Accommodation Tax and the forming of Tourism Municipal Services Corporations

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**Recommendation:**

That the Planning and Economic Development Committee recommends to Regional Council:

That the Chief Administrative Officer, on behalf of the Region and on terms satisfactory to the Regional Solicitor, be authorized to issue letters of authorization to Area Municipalities upon request, to form a Tourism Municipal Services Corporation to receive Municipal Accommodation Tax revenue and perform promotional activities related to tourism.

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**Report:**

**1. Purpose**

1.1 The purpose of this report is to provide background information on the Municipal Accommodation Tax (MAT) and seek authority for the CAO, on behalf of the Region, to issue authorizations to Area Municipalities to create Tourism Municipal Services Corporations (MSCs) for the purpose of receiving MAT revenue and performing promotional activities related to economic development or tourism.

**2. Background**

2.1 Within Durham Region, Durham Tourism is the Destination Marketing Organization (DMO). Durham Tourism works collaboratively with partners, including Area

Municipal tourism and culture teams to deliver tourism related marketing, industry support, and various other sector-specific activities.

- 2.2 On November 23, 2017, the Province of Ontario issued the Transient Accommodation Regulation 435/17, which came into effect December 1, 2017, and provides the necessary provisions for municipalities across Ontario to implement a MAT.
- 2.3 A MAT is a sales tax collected by a lower-tier or single-tier municipality on all overnight accommodation sales within their municipal boundary, at a rate set independently by that municipality. MATs are common in Ontario, and the tax rate is typically 4 per cent.
- 2.4 Area municipalities must transfer a minimum of 50% of MAT revenues, net of the costs to administer the program, to an eligible tourism entity, as defined in the regulation.
- 2.5 In Durham, the Region of Durham is an eligible tourism entity since Durham Tourism is the Regional DMO, and so could be the recipient of MAT revenues. There may be other entities within and outside Durham Region that could meet the criteria of an eligible tourism entity.
- 2.6 There are various models employed by Ontario municipalities to distribute and use MAT revenues. Area Municipalities can select which eligible tourism entity or entities will receive 50% of MAT revenues. For example, the City of Oshawa has implemented a MAT and are transferring the required amount to the Greater Oshawa Chamber of Commerce to fund the operations of Oshawa Tourism as a program of the Chamber (Oshawa Report FIN-20-55, October 2020, and associated by-law).

### **3. Requests to Form a Tourism Municipal Services Corporation**

- 3.1 Pursuant to the *Municipal Act, 2001* (Ontario), Section 11(11), Item 10a. in the Table, Durham Region has exclusive jurisdiction over economic development services as it pertains to “promotion of the municipality for any purposes by the collection and dissemination of information.” Section 203(1) permits an Area Municipality to create a Municipal Services Corporation (MSC), but Regional authorization is required before an Area Municipality can create an MSC to perform promotional activities related to economic development and tourism.

- 3.2 In May 2024, the Town of Whitby delivered a notice to the Region of their intent to begin collection of a MAT (Whitby By-law # 8082-24) and requested authorization to form a tourism MSC to act as the Area Municipality's eligible tourism entity, and for it to perform promotional activities.
- 3.3 Regional staff and Town of Whitby staff have reached agreement on a form of letter of authorization.
- 3.4 It is anticipated that other Area Municipalities may also request similar authorizations from the Region. The City of Pickering Council, through Report CAO 06-23, approved in principle a Municipal Accommodation Tax Program and directed City of Pickering staff to report back to Council with a proposed Municipal Accommodation Tax implementation plan and associated By-law. The City of Pickering has indicated that they are looking to create a tourism MSC.

#### **4. Discussion**

- 4.1 Regional staff are supportive of Area Municipalities collecting a MAT, as these funds will be useful for building overall regional capacity for tourism and enabling economic growth and job creation. It will also make Durham more competitive in attracting visitors as other jurisdictions are already collecting MAT revenues to fund enhanced promotions to attract overnight visitors.
- 4.2 If all Area Municipalities charged a MAT of 4 per cent, based on accommodation projections, the total annual revenue region-wide would be approximately \$2.8M, of which 50 per cent (\$1.4M) would need to be transferred to eligible entities.
- 4.3 For other Area Municipalities in Durham who wish to implement and administer a MAT and share the minimum required percentage with Durham Tourism to undertake programming and promotional activities specifically on their behalf, staff at Durham Region Economic Development and Tourism would welcome the opportunity to discuss this option and enhance further collaboration.

#### **5. Previous Reports and Decisions**

- 5.1 The Region of Durham Report – Ready Set Future: Five Year Economic Development and Tourism Strategy and Action Plan was endorsed in December, 2022 ([#2022-EDT-15](#)).

## **6. Relationship to Strategic Plan**

6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

a. Goal 3: Economic Prosperity

- 3.1 Position Durham Region as the location of choice for business.
- 3.2 Leverage Durham's prime geography, social infrastructure, and strong partnerships to foster economic growth.
- 3.4 Capitalize on Durham's strengths in key economic sectors to attract high quality jobs.
- 3.5 Provide a supportive environment for agriculture and agri-food industries.

## **7. Conclusion**

7.1 Whether MAT revenues are retained in full by Area Municipalities through their Tourism MSCs, or a portion is shared with other entities, or with Durham Tourism to build overall regional capacity for tourism, implementing MATs will have a positive impact on the local economy through the attraction of visitors and resulting increased spending and growth in the tourism industries.

7.2 If it is the preference of an Area Municipality to create an MSC for the purpose of performing promotional activities related to tourism, it is recommended that the CAO be authorized to issue letters of authorization upon request on terms satisfactory to the Regional Solicitor.

7.3 This report has been reviewed by the Legal Division and Finance Department.

Respectfully submitted,

Original signed by

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Brian Bridgeman, MCIP, RPP, PLE  
Commissioner of Planning and  
Economic Development

Recommended for Presentation to Committee

Original signed by

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Elaine C. Baxter-Trahair  
Chief Administrative Officer