



Town of Huntsville Staff Report

Meeting Date: September 26, 2018

To: General Committee

Report Number: DEV-2018-167

Confidential: No

Author(s): Scott Ovell, Economic Development Coordinator

Subject: Municipal Accommodation Tax Implementation

Report Highlights

This report contains background and recommendations regarding the establishment of a Municipal Accommodation Tax Program within the Town of Huntsville.

Recommendation

Recommendation #1

That: a Municipal Accommodation Tax (MAT) By-law addressing the applicable requirements identified in the Ontario *Municipal Act, 2001*, and therecommendations in DEV-2018-150 be prepared for Council's consideration;

And Further That: upon passage of said by-law, staff be authorized to issue a Request For Proposal for a third party contractor to collect and remit the Municipal Accommodation Tax on behalf of the Town of Huntsville;

And Further That: the Mayor and Clerk be authorized to sign any necessary documentation.

Recommendation #2

That: a "Municipal Accommodation Tax Working Group" be established to work with the Town's Solicitor of choice to create a Terms of Reference for a Non-Share Capital Corporation that would constitute the Town's 'eligible tourism entity' as envisioned in Section 5 of Ontario Regulation 435/17;

And Further That: the "Municipal Accommodation Tax Working Group" also provide recommendations on matters to be addressed in a Transfer Payment Agreement between the Town and the 'eligible tourism entity';

And Further That: the “Municipal Accommodation Tax Working Group” shall be comprised of the following members:

- 1 Representative – Huntsville/Lake of Bays Chamber of Commerce
- 1 Representative – Downtown Huntsville BIA
- 1 Council Representative - Mayor
- 1 Member from the Huntsville Hotel and Motel Association – Jesse Hamilton, General Manger, Deerhurst Resort
- 1 Representative – Explorers Edge
- Director of Corporate Services – Town of Huntsville (support)
- Director of Development Services – Town of Huntsville (support)
- Economic Development Officer – Town of Huntsville (support)

And Further that: the “Municipal Accommodation Working Group” report back to Committee by December 31, 2018 with their recommendations;

And Further That: the “Municipal Accommodation Working Group” mandate shall cease on June 30, 2019.

Background

Overview

At the November 30th, 2017 General Committee meeting received two delegations, one from the Muskoka Tourism Marketing Agency and the other from the Huntsville Hotel and Motel Association (see attachments), respecting the implementation of a Municipal Accommodation Tax (MAT) in Huntsville. The Huntsville Hotel and Motel Association representatives indicated that their membership would participate in and support such a program should Council decide to proceed with its establishment and implementation (see Appendix A for proposal). Committee then directed staff ([GC197-17](#)) to report back with further information on the legislation and associated regulation.

At their December 19th, 2017 meeting, staff provided General Committee an overview of the requested background information ([DEV-2017-226](#)). Subsequently, Committee passed a resolution [GC219-07](#) confirming their desire to impose a MAT within the Town of Huntsville. Recognizing that use of this taxation tool requires careful consideration in the development of an enabling by-law and administrative model to achieve Council's tourism promotion goals, staff were directed to engage with other municipalities and industry stakeholders and report back on potential options for the implementation and administration of the tax.

Discussion

Municipal/Destination Marketing Organization Engagement

To gain a better understanding of how this new taxation tool could be implemented, staff communicated with representatives of a variety of municipalities across the province, including: Brockville, Hamilton, Burlington, Ottawa, Mississauga, London, and Barrie. We also spoke with staff of Destination Marketing Organizations in Ottawa and Kingston. Appendix B provides a brief summary of the progress these and other municipalities have made respecting implementation,

identifying a tax rate, whether or not they had an existing Destination Marketing Organization, and the percentage of the tax revenue collected that is being retained by the municipality.

During these conversations, it became clear that the municipalities that have proceeded, or are proceeding immediately to implement the tax, already have existing tourism administrative structures/programs in place (i.e. Toronto and Mississauga have existing internal tourism departments and have partnered with their Regional Tourism Organization to be their designated 'Tourism Entity'). In instances where an internal department did not exist, such as, Ottawa and Barrie; they have partnered with an existing Destination Marketing Organization (i.e. Tourism Barrie). Municipalities without existing tourism administrative structures/programs in place recognize the need to establish organizational structure(s) with transparency and accountability as fundamental principles.

Other observations identified by those municipalities that have implemented a MAT By-law or are exploring doing so, include:

- The establishment of a MAT program should be looked at as an economic development opportunity;
- Partnerships, administration and collection are important aspects for success and must suit local context;
- The standard tax rate appears to be 4%;
- Most municipalities across the Province consulted and identified at this time appear to be proceeding to retain 50% of tax revenue collected. In each case, the municipality has identified the importance of investing collected tax revenue into tourism infrastructure and development initiatives, including: active transportation, investment attraction campaigns, workforce development and readiness programs and initiatives that would support the further growth and development of tourism in their community;
- In cases where less than 50% of the revenue collected was retained by the municipality a pre-existing Destination Marketing Fee was already in place

Local Stakeholder Engagement

Engagement was also undertaken with the Huntsville Hotel and Motel Association, Huntsville/Lake of Bays Chamber of Commerce, Huntsville BIA, Ontario Restaurant Hotel and Motel Association, and the Tourism Industry Association of Ontario.

The following points were made during our meetings with these stakeholders:

- Short Term Vacation Rentals must be addressed in the Municipal Accommodation Tax By-Law;
- any “eligible tourism entity” used to promote tourism in Huntsville must be Huntsville based and focused;
- 100% of the tax revenue collected by the Town should be directed towards the “eligible tourism entity” and directed primarily towards tourism initiatives;
- the decision making body of a local “eligible tourism entity” must be weighted towards the Huntsville Hotel and Motel association (i.e. at minimum 51% hotelier representation);
- administrative costs should be kept to a minimum;
- should 100% of the MAT revenue be directed towards the “eligible tourism entity”, there was support for the concept of considering an allocation of MAT proceeds for municipal projects

that have positive tourism impact and are not related to the Municipality's core business operations (i.e. road maintenance); and

- should Council choose to retain a portion of the MAT revenue, it must be directed towards Tourism and Economic Development related initiatives/infrastructure, with the parameters of eligible projects being endorsed by the "eligible tourism entity".

Appendix C is a summary of key points from the consultation session, which was prepared by staff. Appendix D is a follow up position paper received from the Huntsville Hotel and Motel Association representatives after the consultation session.

MAT Program

In order to take advantage of this new revenue generation tool and establish a program, Council must pass a MAT By-law. In accordance with the Municipal Act and associated regulations, the administration, collection and disbursement of the tax revenue must be used for promoting tourism in an open, transparent and accountable manner.

Collection

In considering tax collection, Huntsville Hotel and Motel Association identified a preference to use a third party collection entity to remit tax revenue to the Municipality. This could minimize the cost of administration for the program ensuring the maximum amount of funds can be directed towards further Tourism and Economic Development initiatives. This would also ensure that the proprietary information for each business involved in the program would be kept confidential. Should this option be selected, in accordance with the Town's current Procurement Policy, a Request for Proposal would need to be issued to secure a firm to collect and remit tax revenue to the Town.

By-law

Tax Rate

Most municipalities which have passed a by-law, have set their tax rate at 4%, which is the supported rate identified by the Huntsville Hotel and Motel Association. They further indicated that a MAT of 4% should only be applicable to the room portion of the costs associated with overnight accommodations. All other revenues generated from the accommodation services; whether sold individually or included in a room package; should be excluded from the MAT and would include meeting room rental, food and beverage, room service, internet access, parking, etc. In view of this, should Committee wish to consider a MAT By-law, it is recommended that the tax rate be set at 4% applicable to the room portion of the costs associated with overnight accommodations.

Private Short Term Vacation Rentals and 'American Plan'/'Housekeeping Resorts'

The Hotel Association felt very strongly that in order to ensure that there is a level playing field, the tax should also be applicable to Private Short Term Vacation Rentals. Interestingly, in late 2017, Airbnb and the Government of Quebec finalized the first ever tax remittance agreement in Canada, allowing Airbnb to collect and remit a 3.5% tax on lodging. In addition, more recently the City of Ottawa reached an agreement with Airbnb to charge and remit the MAT within that City. During consultations with industry experts, to begin collecting the MAT from private short term vacation rentals, it has been suggested that the Town could begin working with Airbnb as a starting point and

then with other providers i.e. Vacation Rentals By Owners (VRBO) or Muskoka Cottage Rentals, among others.

In recognition of the potential impacts of assessing the MAT on 'American Plan' and 'Housekeeping Resorts', the Huntsville Hotel and Motel Association acknowledged that assessing the tax on these properties could occur at the same time that the collection of the tax from Private Short Term Vacation Rentals occurs. However, the owners of the two 'American Plan'/'Housekeeping Resorts' within the Town of Huntsville have noted that their competition is Private Short Term Vacation Rentals, as well as other like establishments across Muskoka. In view of this, until such time that the majority of 'American Plan' and 'Housekeeping Resorts' in other Muskoka Area Municipalities are subject to this tax, Cedar Grove Lodge and Cliffe House Resort should remain exempt from the provisions of the by-law.

Eligible Tourism Entity

Regulatory Requirement

Ontario Regulation 435/17 requires that the Town provide at least 50% of the MAT revenue collected, after reasonable administrative costs have been discounted, to an 'eligible tourism entity' for the exclusive purpose of promoting tourism. The "eligible tourism entity" must be a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality.

Existing Organizations

Unlike the other municipalities that have passed a MAT By-law, at present, there is no Destination Marketing Organization (DMO) within the Town that has a sole mandate of marketing and developing tourism in Huntsville. There are however, a number of organizations which have achieved collective success in contributing to the growth of Huntsville as a tourism destination.

The Regional Tourism Organization 12 (Explorers' Edge) focuses on a regional geographic area which is comprised of all of Muskoka, as well as other municipalities. Muskoka Tourism Marketing Agency (MTMA), which is a membership based tourism marketing agency that also receives funding from the District of Muskoka, promotes all of Muskoka. Similar to Explorers' Edge, MTMA will partner with agencies within its boundaries for special projects that meet their organizational strategies (i.e. Muskoka Maple Festival). Lastly, the Huntsville/Lake of Bays Chamber of Commerce is a membership based organization whose primary mandate is to support the business interests of its members, but also receives funding from the Town to provide tourism information services and support event coordination and marketing.

Options

Other organizational options which could be considered include:

- **Local Board** with delegated decision making authority for the tax revenue allocated by the Town. This option would provide some decision making autonomy to manage the MAT program however it would be subject to the Town's Procedural and other By-laws which could potentially hinder the ability of the 'eligible tourism entity' to adjust quickly to market changes or to take advantage of new opportunities;

- **Non-Share Capital Corporation** - In considering the local stakeholder's desire that the "eligible tourism entity" should be nimble and operate at arm's length from the Town, while still being open and transparent, the Town's Solicitor suggested that the Town could establish a Non-Share Capital Corporation to oversee and manage MAT revenues not retained by the Municipality.

Potential Approach

Upon review of the foregoing options, to ensure that the MAT revenue collected is directed to a Huntsville based and focused 'eligible tourism entity' with a goal and focus on making Huntsville one of the premier tourism and business destinations in Ontario would be best achieved through the establishment of a Non-Share Capital Corporation. This approach has the benefits of creating a nimble organization which could leverage the strengths and resources of existing organizations, the relationships between them to further local and regional partnerships to help complete projects related to Tourism.

Since the concept of a MAT program is relatively un-tested in the Ontario market for communities similar in size to Huntsville with no existing DMO, a pilot project approach in the form of a non-share capital corporation should be used to establish a Huntsville based and focused 'eligible tourism entity'. The Town's Solicitor further indicated that the cost of legally establishing a Non-Share Capital Corporation would be nominal and staff have identified that the costs could be covered under the CAO's 2018 Legal budget. These costs could then be recovered by the Town through an agreement with the "eligible tourism entity" once the collection of the MAT revenue has commenced.

This Non-Share Capital Corporation could have autonomous decision making abilities related to setting budgets, prioritizing objectives and funding allocations. Further, this organization should have at a minimum, representation from the tourism sector and include:

- Huntsville Hotel and Motel Association;
- Huntsville Town Council Representative;
- Board of Directors member of the Huntsville Lake of Bays Chamber of Commerce; and
- Board of Directors member of the Downtown Huntsville Business Improvement Association.

It is important that the short and longer term priorities and objectives of the 'eligible tourism entity' be guided through the development of a Strategic Tourism Plan. This plan could articulate a clear vision with goals to achieve improvements to tourism promotion through community marketing, product and program creation, and infrastructure enhancements or development.

If Committee agrees with the pilot project approach with the 'eligible tourism entity', it is recommended that its duration should be for three (3) years. This would allow sufficient time for the organization to create a Strategic Tourism Plan with an action plan, funding allocation policies, procedures, program and processes to be developed and refined. While it is expected that there will be a high degree of collaboration and dialogue between the Town and 'eligible tourism entity' and other partners, prior to the end of the pilot project term, it is envisioned that the Town and the Board of the "Tourism Entity" would discuss the effectiveness of the arrangement, if and how they would like to continue to proceed, as well as other items such as strategic priorities, funding break down, update to strategic plan, etc.

Given the breadth of matters to be considered in the establishment of the 'eligible tourism entity', it is recommended that a Municipal Accommodation Tax Working Group be established. The mandate of this working group would be to work with the Town's Solicitor to:

- create a Terms of Reference/constitution and by-laws for the non-share capital corporation; and
- review and provide comment on the Transfer Payment Agreement (TPA) between the Town and the 'eligible tourism entity'.

Respecting the creation of a Terms of Reference for the "eligible tourism entity", it is important to note that during our discussions with the Huntsville Hotel and Motel Association, they strongly advocated their desire to have hoteliers constitute at least 51% membership of the decision making body of the Non-Share Capital Corporation. This concept should be considered by the Municipal Accommodation Tax Working Group. Further, if that group concludes that this blend of industry expertise will improve the likelihood of long term success of the program, it should be affirmed by Council.

While it would be ideal to have the Working Group conclude its work prior to the initiation of collecting the tax, it is recognized that the group's assistance may be required during start up, therefore its mandate should extend to June 30th 2019.

Administrative Support for the Newly Established Non Share Capital Corporation (Eligible Tourism Entity)

It is understood that the 'eligible tourism entity' will need a staff support position when it comes to initial matters including, but not limited to:

- the creation of administrative procedures;
- a governance orientation; and
- the development of the RFP for the Tourism Master Plan.

Thereafter, on an ongoing basis, this administrative support would be required for, but not limited to:

- meeting support, i.e. agendas, minutes, resolutions, accepting deputations or requests;
- creating, managing and following up on Transfer Payment Agreements with organizations that have received funding;
- regular reporting to the organization and partners;
- establishing and maintaining relationships amongst partners; and
- creating RFP's/RFQ's and managing contracts with providers.

To ensure the success of the "Eligible Tourism Entity", given that municipal staff have the requisite expertise in governance support and each of the above areas, the Town should enter into an administrative support contract with the new 'Eligible Tourism Entity' for the initial three year pilot project timeframe. Prior to the pilot project timeframe expiring, a review of this arrangement could form part of Council's review and evaluation of the "Eligible Tourism Entity". The Board of Directors of the "Tourism Entity" should be given the opportunity to weigh in on how administrative support is provided moving forward from that point onward.

As noted, Regulation 435/17 requires that the Town direct at least of 50% of the tax revenue collected, after deduction of administrative costs to an 'eligible tourism entity'. As noted above, the majority of municipalities consulted who are implementing a MAT program are retaining 50% of the tax revenue collected.

The rationale for this approach is that it provides municipalities an additional stable source to fund special projects related to Tourism and Economic Development. Typically, these projects are considered if there is provincial or federal funding assistance which is not guaranteed. The MAT programs are being viewed as an opportunity to provide more financial certainty for the planning and execution of tourism projects or assets, as they would not necessarily be solely dependent on additional financial support from external agencies. In Huntsville's case, Muskoka Heritage Place, the Algonquin Theatre, our various sports facilities and parks and even the Main Street Streetscape are municipal assets that support tourism and could utilize additional funds to ensure they remain viable tourism assets. Investment of MAT revenues in these facilities would continue to support tourism in the community and help create revenues for and partnerships with the private sector.

The Huntsville Hotel and Motel Association initially expressed their desire for the 'eligible tourism entity' to receive 100% of the MAT Tax revenue collected by the Town. However, they acknowledged the Town's ability to retain some of the revenue and if that was the case, their preference would be that those funds specifically be used to address Tourism and Economic Development initiatives rather than support things like roads maintenance. This concern could be addressed by ensuring that the MAT By-law clearly identify that the portion of the MAT Tax revenue retained by the municipality will only be used to support improvements to existing municipally owned tourism infrastructure, or new capital projects that enhance tourism in Huntsville.

In responding to the Huntsville Hotel and Motel Association's initial position, staff suggested a proposal for a 50% (eligible tourism entity), 50% (Town) MAT revenue split. After further discussion with this group, a compromise of a 70% (eligible tourism entity), 30% (Town) MAT revenue split was reached. With this revenue split, it was also agreed that the Town would retain responsibility for its current expenditures on tourism (\$142,000) as identified in the Financial section of this report. Although retention of a larger portion of revenue for municipal purposes would be ideal, the rationale for the compromise approach is that in addition to promoting tourism in Huntsville being a part of the Town's mandate, a greater market impression can be achieved through partnerships and collaboration. It is understood that the eligible tourism entity will also be responsible for its administrative and the tax collection costs. As a result, the compromise reached would appear to be appropriate given the relevant considerations.

Looking forward, during the review process in the third year of the program, the 'eligible tourism entity' and the Town could explore migrating some of the Town's current expenses (i.e Ironman and events like the 55+ Games) to the 'eligible tourism entity' should revenue grow.

Respecting the MAT Tax revenue to be retained by the Town, a Tourism Reserve Fund should be established. This reserve could be utilized to fund capital projects or operating (i.e. marketing of Muskoka Heritage Place etc.) costs that have, or will have a positive impact on tourism and economic development. This could be through asset refurbishment (Muskoka Heritage Place); asset development (active transportation); product development (Muskoka Heritage Place & Algonquin Theatre); strategic initiatives and economic development related marketing campaigns; lastly existing or new projects identified through the development of a Tourism Master Plan could be supported by the fund and could include but not limited to:

- a) Investment community tourism infrastructure (i.e. Active Transportation, Improvements to facilities for hosting events);
- b) Investment and Workforce Attraction Campaigns; and assume
- c) Support or execute any new projects identified through the development of Tourism Master Plan created by the new 'eligible tourism entity'.

Transfer Payment Agreement

To ensure transparency and accountability on decision making and wise use of the funds collected by the Town, a Transfer Payment Agreement between the Town and the 'eligible tourism entity' is required in advance of the transfer of tax revenue from the Town to this entity. This will ensure that parties obligations are clear i.e. businesses not required to collect, the communication structure between the Parties, how the tax revenue may be spent, the penalties for failing to comply with the by-law, audit requirements, inspection powers, termination provisions, and any other requirements identified through the applicable legislation, to ensure appropriate accountability and oversight.

Further, to ensure that there is a high degree of collaboration between the Parties, principles in the agreement(s) should include, but not be limited to:

- performance measures, including expectations for collaboration between the 'eligible tourism entity' and Council, as well as a detailed reporting structure to ensure openness, transparency and accountability;
- expectations for the 'eligible tourism entity' to collaborate with other partners to leverage funds and assets to further support product and experience development that will lead to greater prosperity in the sector;
- expectations for Town staff to meet annually, prior to budget submissions, with the 'Tourism Entity' to seek input and feedback on upcoming municipal projects involving funding from the municipal portion of the MAT (i.e. tourism infrastructure improvements, workforce development, business attraction and retention); and
- expectations for the 'eligible tourism entity' to be the first point of contact for all future tourism funding type requests coming from Community Groups etc..

Prior to the conclusion of the third year of the three year pilot project, part of the review and evaluation of the arrangement should include the effectiveness of and any necessary revisions to, the Transfer Payment Agreement.

Implementation Date

Although the collective desire of staff and the Huntsville Hotel and Motel Association was to have the by-law take effect on January 1, 2019, it is recognized that time will be required for:

- a. completion of a procurement process to select the MAT revenue collection and remittance contractor; and
- b. Council to accept the Municipal Accommodation Tax Working Group's recommendations respecting the 'eligible tourism entity' and the terms of the Transfer Payment Agreement, as well as the legal creation of create the 'eligible tourism entity'.

In view of this, it would appear that an April 1st, 2019 effective date for the by-law would be more realistic. This would also allow the hoteliers sufficient time to establish communications regarding the tax to its patrons and upgrade or make adjustments to their accounting systems to include this tax and implement administrative processes associated with its remittance.

Additionally, the Hoteliers have requested that consideration be given to exempting group bookings that have already been confirmed prior to the passage of the by-law. Consideration will be given in this regard in the report that accompanies the draft by-law.

While the tax should also be applied to Private Short Term Vacation Rentals, additional time, beyond a potential April 1st 2019 implementation date, will be required to determine how this portion of the program will be administered. Staff are hopeful that these arrangements can be finalized and implemented in 2020.

Options

The following alternative approaches are available for consideration by General Committee:

Alternative #1

That a Transient Accommodation Tax not be implemented.

This option is not recommended as accommodators are in support of its imposition and the potential benefits which could be realized from the tax include a consistent visitor experience, increased revenues to grow and enhance the sector which will in turn increase visitation and economic impact to the Municipality.

Implementing this program provides a stable revenue source to grow the tourism sector in expanding its destination marketing activities and supporting Huntsville's competitiveness in the overall marketplace for attracting tourism revenues to the Town.

Tax Rate Alternative

Implement a MAT at a rate greater or less than 4%.

This alternative is not recommended. 4% is reflective of the percentage typically utilized in destination marketing programs and reflects the rate that the majority of municipalities have established. The Huntsville Hotel and Motel Association have also identified their preference for a 4% tax rate.

Governance and Administration Alternative

An alternate organization under the definition of 'eligible tourism entity' could be provided at least 50% of the MAT revenue.

This alternative is not recommended given the local stakeholders support for a Huntsville based and focused organization to support local, regional, national and international tourism marketing functions with a goal and focus on making Huntsville one of the premier tourism and business destinations in Ontario.

Staff recognize that participating in regional tourism opportunities through organizations such as Muskoka Tourism and Explorers' Edge brings additional strategic benefits to Huntsville and area. As such, staff are recommending that the agreement with the new Non-Share Capital Corporation, related to the MAT, include a provision that would require them to collaborate with regional partners to leverage funds and assets to further support product and experience development that will lead to greater prosperity in the sector.

Funding Allocation Alternative

That the 'Tourism Entity' receives a funding allocation greater than 50%.

This alternative is not recommended for the initial pilot project term of the Transfer Payment Agreement. Staff have identified several municipal projects that could be undertaken that would support and enhance the efforts of the 'eligible tourism entity' such as: Community Branding, Wayfinding Signage, Product development enhancements at Muskoka Heritage Place and Algonquin Theatre, Main Street Streetscape and Investment Attraction Campaigns.

Although local hoteliers have identified a desire to retain 100% of the funds collected, staff are recommending that the agreement with the new 'Tourism Entity' include a provision that would require municipal staff to meet with the organization and present the projects that the retained Municipal Funds would be used for to gather feedback and make budget alterations which encourages collaboration and reduces duplications. Identified below are projects that could be undertaken by the municipality very quickly.

Capital

The MAT By-law should require that the tax revenue retained by the Municipality should only be used to address or matters that improve or enhance Tourism promotion within the community i.e. components of the Downtown Streetscape. It is understood some capital projects could have associated maintenance costs that could be taken into account prior to execution. Alternatively, if there are capital projects identified in the new Tourism Strategic Plan developed by the 'eligible tourism entity' the Town would be willing to partner on or support these projects.

Operational

Potential Savings

As part of the consensus between the Huntsville Hotel and Motel Association and Town Staff, it was agreed that all Tourism and Marketing services currently provided by the Chamber of Commerce to the Town, could be paid for through the Towns portion of the MAT revenue (\$82,000.00). As financial obligations such as IRONMAN and the 55+ games expire, should organizations wish to continue these events/programs they would apply to the Tourism Entity for funding. The following financial obligations would remain with the Town for 2018 but covered by the MAT revenue.

Town of Huntsville Operating Budgets:

2018 Budget

- Marketing/Events (Chamber) -\$50,000.00
- Tourism Services (Chamber) - \$32,000.00

- Ironman Licensing Fee -\$25,000.00
- Fee for Service (port Sydney Chamber) -\$5,000.00
- 55+ Games (2 instalments of \$30,000.00)-\$30,000.00

\$142,000.00

As the amount of revenue received by the Town through the MAT program increases these funds would presumably be directed to a reserve account which could be used for initiatives such as the ones listed below

- Community Branding - collaboration between Town, BIA and Chamber of Commerce
- Way Finding Signage throughout the Community
- Affordable Housing
- Algonquin Theatre Marketing
- Components of the Streetscape Project
- Muskoka Heritage Place Product and Experience Enhancements (as per MHP Review)
- Investment and Workforce Attraction Marketing Campaigns
 - Targeted campaigns at specific demographic and business sectors
- Tradeshows
 - University Trade shows
 - Industry Shows i.e. automotive, creative economy
 - Sport and Special events

Council Strategic Direction / Relevant Policies / Legislation / Resolutions

GC197-17

GC219-17

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 B - Summary Table](#)
- [Appendix D - Position Paper - July 2018](#)
- [Clyffe House - Position Paper](#)
- [Cedar Grove - Position Paper](#)
- [Appendix A - Initial Position Paper](#)
- [Appendix C - Summary of Notes - June 26th](#)

Consultations

- Yvonne Aubichon - Director of Corporate Services - Town of Huntsville
- Julia McKenzie - Manager of Finance/Treasurer
- Lisa Spolnik - Manager of Marketing - Town of Huntsville
- Rebeca Francis - Policy and Project Coordinator
- Simone Babineau - Manager of Recreation and Leisure Services
- Huntsville Hotel and Motel Association
- Huntsville/Lake of Bays Chamber of Commerce
- Downtown Huntsville BIA

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

Municipality	Status	MAT Rate	% Retained by Municipality	% Directed towards other agencies	Other Agencies
Ottawa	<p>Approved. Effective January 1, 2018</p> <p>Airbnb phased in, effective August 1, 2018</p>	4%	25%	75%	Ottawa Tourism

Brockville	Approved. Effective May 1, 2018	4%	29%	54%: Brockville Tourism 17% Tourism Advisory Committee	Brockville Tourism Tourism Advisory Committee
Toronto	Approved. Effective April 1, 2018	4%	50%	50%	Tourism Toronto
Mississauga	Approved. Effective April 1, 2018	4%	50%	50%	Tourism Toronto to promote tourism in Mississauga
Barrie	Approved. Effective January 1, 2019	4%	50%	50%	Tourism Barrie
London	Approved. Effective October 1, 2018	4%	50%	50%	Tourism London

Kingston	<p>Approved. Phase 1: August 1, 2018 for hotels, motels and B&B</p> <p>Phase 2: will be proposed in Fall 2018 for other accommodat ors (such as Airbnb)</p>	4%	35%	65%	Kingston Accommodation Partners (KAP) Tourism Kingston
Thunder Bay	<p>Approved. Effective September 2018</p>	4%	50%	50%	Tourism Thunder Bay (via the Thunder Bay Economic Development Commission)
Niagara on the Lake	<p>Not approved.</p> <p>Received staff report (recommendi ng a MAT program for</p>				

	Niagara on the Lake) and take no further action at this time				
Niagara Falls	Approved. Effective January 1, 2019	\$2 per room per night	5%	95%	Newly created Niagara Falls Hotel Association
Sudbury	Approved. Effective September 1, 2018	4%	50%	50%	Greater Sudbury Community Development Corporation
Sioux Lookout	Deferred (July 18, 2018). Council direction for further investigation	4%	50%	50%	Chamber of Commerce
Windsor	Approved. Effective October 1, 2018	4%	50%	50%	Tourism Windsor Essex Pelee Island

Cornwall	Approved. Effective June 1, 2018	4%	50%	50%	Creating a stand-alone Municipal Service Corporation
Muskoka Lakes	Not being implemented				
Lake of Bays	Not being implemented				
Georgian Bay	No record of Council consideration				
Gravenhurst	No record of Council consideration				
Bracebridge	No record of Council consideration				

Preface: The purpose of this document is to provide Huntsville’s Economic Development Office a clear understanding of the shared position of the majority of hotel and resort operators on the potential implementation of the Municipal Accommodation Tax (MAT) by the Town of Huntsville. The following is in response to the information session conducted by the Economic Development team on June 26, 2018. The following hotel and resort operators have been consulted for the purpose of this report and put forth their support of the contents of this document:

Steve Carr, Comfort Inn	Luke Nixon-Janssen, Deerhurst Resort
Jesse Hamilton, Deerhurst Resort	Muhammad Afzal, Motel 6
Ken Patel, Knights Inn	Scott Doughty, Hidden Valley Resort
Chris Macdonald, Holiday Inn	Matthew Phillips, Aurora Hotel Group
John & Christine Kropp, Fairy Bay Guesthouse	Chirag Patel, Rodeway Inn

1) Governance Model

We are in support of the governance model presented, with one exception. We believe further investigation and discussion is necessary surrounding the involvement of the Huntsville and Lake of Bays Chamber of Commerce as the acting Administrative body to support the work of the newly formed MAT board. Based on the model that was presented, we do not see this as a conflict of interest. However, we do believe this will reduce administrative and staffing costs in delivering on the marketing and tourism related initiatives made possible by this new tax. We recommend that this not be part of the dictated governance model and that it be determined by the MAT board at a later date.

2) Taxation Amount

We recommend a taxation amount of 4% on all accommodation revenues, group or transient in nature.

3) Allocation of Tax Funds (Percentage Split)

Our position on the allocation of tax funds remains the same. We believe that 100% of the tax collected, minus the necessary administrative fees required for the collection and transfer of the tax itself, should be given to the newly formed MAT board and that spending be decided upon through the development and delivery of a strategic plan by that board.

However, we recognize that there are existing commitments made by the Town of Huntsville to tourism already, specifically \$50,000 paid to the Chamber of Commerce as part of the Community Marketing fund as well as \$31,000 paid to the Chamber of Commerce for Tourism Services. We recognize these two commitments as expenses best covered by the funds generated from this new tax. However, these monies should not be retained by the Town of Huntsville but rather become payments made from the tax fund itself.

In addition, we also recognize that any future spending by the Town of Huntsville, that may be defined by the Town of Huntsville as tourism related, may now be deferred to the funds generated by this new tax. This would effectively eliminate any tourism specific budgetary considerations for the town outside of this fund. We can accept this position if taken by the town, but would expect that any initiatives of this type would be subject to the governance model presented and the decision making process enacted by the new MAT board.

4) Term of Agreement

To allow for the development of a 5-year strategic plan, we recommend a transfer agreement of 5 years in length.

5) Participation

We recommend that all accommodation providers be required to participate in collecting and submitting the MAT. We recognize the complexities in determining a method for collecting this tax from non-traditional accommodators (private cottage rentals, rental agencies, and online providers including Airbnb and VRBO) and believe we have the greatest opportunity to bring them to the table with all other accommodators included. We expect the newly formed MAT board will work with the support of the Town of Huntsville in determining how this tax can be levied across all accommodators.

In the interim, we also recognize that a small number of family owned resort operators remain concerned about this tax as a potential risk to their ability to remain competitive. We would be supportive of a phased in approach which defers their participation in collecting and submitting the tax until such time that a reasonable percentage of all non-traditional accommodators are also participating.

We look forward to reviewing the report currently being prepared by the Economic Development Office as well as attending the upcoming presentation of findings to Town Council.

For more information, contact:

Steve Carr, President, Huntsville Hotel and Restaurant Association
705-789-1701, gm.cn269@choicehotels.com

Scott Ovell

Planning Department,

Town of Huntsville

July 12, 2018

Dear Scott;

Thank you for your suggestion that I put our case against the proposed accommodation tax in writing for your consideration.

The large hotels of Huntsville have stated their position clearly and forcefully. However, I note that they have not attempted to explain why they need this extra 4% while the other hotels in the other 5 Municipalities in Muskoka apparently have rejected the idea!

Clyffe House has been a resort since before 1900. We closed our dining room in 1975 and converted to housekeeping units. We have 31 bedrooms in 9 self-contained units including 2, 3, 4, and 5-bedroom cottages. Our guests have access to almost 100 acres of our property on the south-east end of Mary Lake.

The small family-owner and family-operated resorts such as Clyffe House and Cedar Grove are also very clear: **this tax will severely damage our businesses.**

Cedar Grove and Clyffe House have been in business for a century and we have competed and adapted and are succeeding. We have provided employment every year for salaried employees such as servers and house keepers and handymen and handyboys.

We also provide regular employment for electricians and plumbers and carpenters. In fact, as a group, the 9 Resorts of North Muskoka resorts provide a **very significant amount of local employment.**

In addition, our business model and our business practices have resulted in **100% occupancy during high season,** defined as July and August, **for decades.** I also have 90% occupancy during weekends in spring and autumn. Even our mid-week spring and autumn business has been slowly expanding in recent decades.

Our resorts have a **very high level of repeat business.** In fact, Clyffe House has guests who have returned year after year, decade after decade. One family, the Haig family, began holidaying with us in 1920 and they are still holidaying here annually. They are in their 4th generation at our resort.

Clyffe House is already at a **competitive disadvantage**. We have been competing successfully despite the fact that the field of competition is not even close to being level. **The 13% HST has cost us business**. I have had guests ready to book only to hang up the phone or sign off on the internet at the last minute when I tell them about the 13% tax. The last lady said “I have an opportunity to rent a private cottage with the same number of bedrooms (in her case it was a 5-bedroom cottage) and I do not have to pay the \$429 HST. Thank you and goodbye.”

Despite that, most of my guests are returning. I have averaged 80% repeat business for 30 years. despite charging sales tax.. However, I cannot imagine going to them in 2019 and asking for 4% more. On our \$3,300 per week cottage, **the 17% tax will be \$561.00**. The extra-ordinarily high level of repeat business tells me that tourists value what we offer. Will they continue to be loyal at 17% ? I imagine they will be angry and book private cottages. I would do so myself.

Having to charge 17% tax in 2019 will likely be **the kiss of death** to resorts such as Clyffe House. We are already at a 13% disadvantage since we compete with the over 1000 private cottage owners in Muskoka who rent their cottages. An increasing number of private cottage owners are now openly operating an **unregulated business in residential zones**. (Please consult with District Planner, Virginia Hastings, about her perception of this issue! She knows there is a violation of municipal zoning laws going on. ***The evidence is readily available on the internet.***)

At a meeting on Council some months ago, tacit agreement was voiced by Mayor Aitcheson and specific support was given by Councilor Shumaker and others to exempt the small family-owned resorts from any new tax. Hopefully, that support is still in place.

One rather easy approach to solving the problem that would help the big resorts would be to **permit the 4% tax in the urban core** with the option to those outside the core to opt in if they wish. Deerhust will opt in; Cedar Grove and Clyffe House will opt out.

The field of competition within the Huntsville/Lake of Bays Chamber will not be level either: 8 of the 10 resorts in Resorts of North Muskoka group, will be exempt in Lake of Bays.

In short, as small businesses, Clyffe House and Cedar Grove are competitive. We are succeeding. However, we need to compete on a level and fair playing field. We realize that regulating the private cottage rental industry is a political “hot potato”. However, an exemption for small tourist businesses, especially if based on the “urban core” concept, is not a hot button issue and could meet everyone’s objectives.

Yours truly

David Scott

Owner/manager, Clyffe House Ltd.

www.clyffehouse.com

705 385 2714

Cedar Grove Lodge- Exemption from Hotel Tax- Business Case July, 2018

INTRODUCTION:

Cedar Grove lodge was started in 1927 by Hugh Fleming and has run continuously since then in the Fleming Family. It is currently run by Hugh's son Gary and Gary's children Kelly and Jeremy. Cedar Grove lodge is a 4 season American Plan (all inclusive) resort with 19 lakeside cottages on 1600 ft shoreline of Peninsula Lake and about 70 acres at 167 Grassmere Resort Road. We straddle the Huntsville/Lake of Bays border, with part of our property in the Town of Huntsville and part of our property in the Township of Lake of Bays. The active part with our buildings, etc. happens to be located in the Town of Huntsville. We pay taxes to both the Town of Huntsville and the Township of Lake of Bays.

Cedar Grove has 12 full time with benefits staff and a varying number of part time staff from 2-15, for a total of 14-27 staff depending on the season. The vast majority of these staff live in Huntsville.

There are 4 main reasons why this tax is not suitable for Cedar Grove:

1. COMPETITIVE DISADVANTAGE:

If a hotel tax is implemented, Cedar Grove would be the only all inclusive resort in the province to charge this tax. In particular, our closest competitors in Lake of Bays, Haliburton and Muskoka Lakes will not be charging this tax to their guests. Competing resorts such as Couples Resort, Lumina, Port Cunnington Lodge, Killarney Lodge, Severn Lodge, Fern Resort etc. would now have an edge up on us. The consumer would be very leery of a resort that is charging a tax that absolutely none of the other resorts like it are charging. Not only would it make it more expensive and less likely for them to choose our Huntsville resort, it would set a bad tone with them, making getting new guests more difficult and likely causing us to lose existing guests.

2. PLACE THE BUSINESS AND EMPLOYEES(JOBS) AT RISK:

Cedar Grove is the last remaining resort of its kind in Huntsville. Pow Wow Point Lodge and Gryfin Lodge have closed and there are no signs of any resorts similar to Cedar Grove ever coming back. In addition to resorts like us, Huntsville has also in recent years lost Grandview, Falcon Lodge, Beauview Cottage Resort and others.

The flavour of Huntsville as a resort town is frankly almost gone. The tradition and heritage of our family resorting past are being forgotten. Maintaining the unique character of Huntsville as a vacation destination for many types of people, not just overnighters in a motel or convention goers, should be a top priority. A vacation town with only chain branded motels quickly starts to look like any other town in North America.

Huntsville does not have many small employers with 12 full time with benefits year round employees and if these jobs as well as the 15 part time jobs were to be lost, they would not be recouped.

Pow Wow sits piece mealed and derelict. All of those jobs were lost, and now it sits mainly vacant with just one new private cottage that is rarely used.

Placing an unneeded financial burden on Cedar Grove, adding to the already numerous factors pressing small family resorts to fold, is not in Huntsville's best interest.

3. WE WOULD RECEIVE ZERO BENEFIT FROM A NEW HUNTSVILLE LEVEL MARKETING AGENCY/BOARD:

Cedar Grove's guests are 87% repeat guests. Some guest families have even been coming for 5 generations. Some stay at Cedar Grove 3-4 times per year. Of the rest that are not repeat guests, half of those are from word of mouth. Of the small amount left that comes in from actual marketing, we are already well covered with Resorts of Ontario, Resorts of North Muskoka, Explorers Edge, and Muskoka Tourism. In addition, we have found that our best marketing is the authentic social media we do ourselves.

Our guests do not come to Huntsville; Cedar Grove is the destination. They come to Cedar Grove, which happens to be in Huntsville. None of our business comes from Huntsville events, zero, nothing. None of our business comes from the Chamber of Commerce, none. Our guests are not looking for overnight/evening events or an interesting town with many amenities. They are looking for Cedar Grove and our unique cabins as well as a complete getaway on the lake. Our guests arrive, park, and rarely leave the resort.

We could not be further away from what a customer to a Huntsville motel looks for. We are not aligned in any way to the marketing that would come from a Huntsville level agency; it would be of zero use to us. It would be a complete waste of our money; we would not benefit in any way.

4. THIS TAX WOULD DO HARM TO OUR BUSINESS:

If it was that easy to add 3-4% to our rates, we would have already done it! This money will come straight out of our bottom line. We are the best at deciding how our money should be spent. We have been here 91 years successfully when so many other resorts have gone under, or needed a bail out of some kind. Our resort is infrastructure heavy; what we save on marketing by having such a high repeat clientele, we put into our buildings. We pay high waterfront property taxes already, and need what is left to invest in what brings us business. For us, what brings us business is our unique one-of-a-kind log cottages with stone fireplaces, our welcoming small family resort feel, and our many wonderful staff offering a true Muskoka relaxing getaway vacation. Investing in our staff and our cottages is where we need to put our funds, not to subsidizing marketing that does not benefit us.

CONCLUSION:

To ensure that Huntsville retains the unique flavour of at least one remaining traditional small family all-inclusive resort, we ask that you exclude Cedar Grove Lodge from the application of any version of a Hotel or Municipal Accommodation Tax.

TRANSIENT ACCOMMODATION TAX

HUNTSVILLE, MUSKOKA, ONTARIO DRAFT

October 16, 2017

OVERVIEW

1. Project Background and Description

Preface: The objective of this document is to stimulate positive discussion regarding the Provincial *Transient Accommodation Tax*, and how it could be supported and managed in a progressive manner in Huntsville should municipal leaders endorse and ratify it. It should be noted however, that it is not the position of the author(s) that the tax is necessarily supported or endorsed, but rather that the proponents be given the opportunity to be prepared should the tax indeed be implemented.

Background: Ontario's Budget 2017 includes a measure that proposes allowing certain municipalities the authority to levy their own taxes.

According to the *City of Toronto Act, 2006* (COTA), the City is given broad, permissive authority to levy its own taxes, but that does not include taxes on transient accommodation. It has been proposed the authority in COTA would be amended to remove this exclusion. This authority would also be extended to single-tier and lower-tier municipalities through proposed amendments to the *Municipal Act, 2001*.

The new Transient Accommodation Tax (TAT) would be added to the province's 13 per cent Harmonized Sales Tax (HST) that is already applied to every hotel room in the province. All municipalities that adopt this hotel tax and have an existing Destination Marketing Fee (DMF) program in place would be required to share their hotel tax revenue with their not-for-profit tourism organization in an amount that matches the total revenue of the existing DMF program. In municipalities where a DMF does not exist, at least 50 per cent of their hotel tax revenue would be shared with their respective regional tourism organization or not-for-profit tourism organization.

What is transient accommodation? A transient accommodation is an apartment, house, condominium, cottage, hotel room or suite, or similar living accommodation furnished to a transient person for less than 180 consecutive days in exchange for payment in cash, goods, or services.

Muskoka Tourism Marketing Agency: Michael Lawley, Executive Director for Muskoka Tourism and Marketing Agency (MTMA), said that the province's proposed transient accommodation tax has the potential to raise an additional \$1.4 million in Muskoka (assuming 3%) by giving area municipalities the power to levy a tax on room bookings at hotels, resorts, bed and breakfasts and more. At least 50 per cent of the revenue would be earmarked for a regional or not-for-profit tourism organization. Fifty per cent in Muskoka would be an estimated \$700,000. But Lawley is proposing the area municipalities not only transfer all the revenue to tourism marketing, but also earmark the \$1.4 million for Muskoka Tourism, despite the eligibility of other organizations, including Explorers' Edge and area Chambers of Commerce. MTMA is continuing to seek stakeholder input, and will be holding a meeting on October 24th (3pm at The Town of Huntsville's Waterloo Summit Centre for the Environment) regarding their next steps.

The Town of Huntsville/ The Township of Lake of Bays: The municipality of Huntsville and/or the Township of Lake of Bays, if willing to proceed, would be required to pass a bylaw to impose this tax and set a rate in accordance with the Municipal Act, 2001, S.O. 2001, c.25. Initial discussions between some local hoteliers and select municipal government officials suggest that there may be an appetite to pursue this potential tax in Huntsville. Lake of Bays has not been approached.

Who would administer this tax? The 2017 Provincial Budget included: 'For local municipalities where such a program does not exist, at least 50 per cent of their hotel tax revenue would be shared with the respective Regional Tourism Organization or a not-for-profit tourism organization.' This could be a local Hotel/Motel Association, local Chamber of Commerce, Muskoka Tourism Marketing Agency or RTO12/Explorers Edge. At this time, the goal is to see that 100% of the funds collected be designated to a local not-for-profit tourism organization.

2. What Could the Funds be Used for?

Initial discussion with various hotels and stakeholders consulted have suggested some of following potential:

- Workforce Development and Readiness:
 - 40% {
 - Recruitment
 - Provisional Housing
 - Transportation
 - Training and Customer Service Programs
- Community Marketing:
 - 40% {
 - Development of local tourism brand
 - Shoulder-Season Development
 - Festivals and Event Development and Support
 - New bids
 - Sport & Convention
 - Municipal Assets
 - Muskoka Heritage Place, Algonquin Theatre etc.
 - Consumer Shows
 - Local Co-operative Marketing Partnerships
 - Media Relations
 - Adventure Bloggers
 - Editorial, and Advertorial
 - Digital/Online Marketing
 - Content Marketing
 - SEM, content development, influencers
 - Social Media
 - Online Display Advertising
 - Digital/Web presence (SEO) and website development
 - Banner Ads, YouTube,
 - Interactive Kiosks strategically located – perimeter of Huntsville
- Product Development
 - 20% {
 - Support of existing local attraction expansion and enhancement
 - Muskoka Heritage Place, Lion’s Lookout, Trails, Cycling, Murals, Downtown Skate Trail/Rink
 - Support of local wayfinding signage
 - Cultural Asset map
- Partnerships:
 - Town of Huntsville
 - RTO12/Explorers Edge
 - Algonquin Provincial Park/Friends of Algonquin Park
 - Arrowhead Provincial Park
 - Muskoka Tourism
 - Huntsville BIA
 - Festival of the Arts
 - Park Bus
 - Huntsville Sport Council

3. Project Scope

The response from selected hoteliers in Huntsville are as follows:

- That the proposed Transient Accommodation Tax is preferred to a Destination Marketing Fund (which would be elective by the Accommodator and the Tourist) if one has to be implemented at all;
- That the proposed tax not be greater than 3%;
- That 100% of the proposed tax collected by the municipality be used exclusively to promote and support tourism;
- That 100% of the proposed tax collected be designated to a local, not for profit tourism organization to administer on behalf of the accommodators;
- That the municipality impose the same burden on private cottage rentals; i.e.: Airbnb, Bookings.com, Local private cottage rental companies etc.;
- That the Huntsville/Lake of Bays Chamber of Commerce be designated as the agency to administer the funds, with a separate elected Board of Directors that is comprised of a minimum of 50% accommodators, and would include municipal representation.

4. High-Level Timeline/Schedule

At this time, we await the Municipal Act to be approved. Proposed changes to the Municipal Act giving lower tier and single tier municipalities the power to implement a transient accommodation tax are scheduled for approval by the provincial legislature as soon as possible.

Select hoteliers intend to present as a deputation to Huntsville Town Council's October meeting to table the concept and determine next steps.

If the provincial legislature is approved, and the municipality agrees to levy the Transient Accommodation Tax, that a fund would not be realized until at least the spring of 2018.

CONSULTATIONS

- Scott Aitchison, Mayor | Town of Huntsville
- Bob Stone, Chair of Economic Development | Town of Huntsville
- Scott Ovell, Community Relations Coordinator | Town of Huntsville
- Steve Carr, General Manager | Huntsville Comfort Inn & President | Huntsville Hotel and Restaurant Association
- Jesse Hamilton, General Manager | Deerhurst Resort
- Luke Nixon-Janssen, Director of Sales & Revenue Management | Deerhurst Resort
- Jon Burnside, Owner | Hidden Valley Resort
- Paul Rice, Owner | Hidden Valley Resort & Huntsville Comfort Inn
- Scott Doughty, General Manager | Hidden Valley Resort
- Matthew Phillips, Executive Director of Operations | Aurora Hotel Group/Huntsville Holiday Inn Express
- Chris Macdonald, General Manager | Huntsville Holiday Inn Express
- Kelly Haywood, Executive Director | Huntsville/Lake of Bays Chamber of Commerce

For more Information Contact:

Steve Carr: President | Huntsville Hotel and Restaurant Association
705-789-1701, gm.cn269@choicehotels.com

Summary of Discussion Municipal Accommodation Tax – June 26th, 2018

The following is a summary of the comments of the Hoteliers with respect to a proposed administrative model for a Municipal Accommodation tax in the Town of Huntsville.

Present:

Comfort Inn: Steve Carr, Paul Rice

Hidden Valley: Scott Doughty, John Burnside

Deerhurst: Luke Nixon-Janssen, Jesse Hamilton

Rodeway: Chirag Patel

Rainbow Inn: Kaushal Gandhi

Knights Inn: Ken Patel

Holiday Inn: Chris Macdonald, Matthew Phillips

Organization/Administrative Model & Governance

- There was agreement that the organization/administrative model presented to the group was generally acceptable and effective. However, there was a caveat that the level of effectiveness will be dependent on the % tax revenue received by this organization;
 - The “Board of Directors” must consist of at minimum 51% of hoteliers from the Huntsville Hotel and Motel Association;
 - There was general agreement that the right partners were included in the model and the strengths and staff resources of those organizations would be maximized;
 - The hotelier’s agreed that Town Council should be at arm’s length from the new organization;
 - There was unanimous agreement that Short Term Accommodation Rentals must be addressed in the Municipal Accommodation Tax By-law;
 - There was general agreement that tax revenue should be collected by a 3rd party contractor and that there will be a cost associated with this service. It was agreed that administrative costs should be kept minimal and that it should come out of the revenues from the tax.

Percentages & Spending Options

- Respecting the tax rate, there appeared to be a split amongst the group as to whether the tax rate should be set at 3% or 4%;
- Enforcement surrounding short term accommodation rentals - would like to see further investigation into this to create a more punitive environment to bring these types of operations into compliance.
- To be effective, the new organization must receive a sufficient percentage of the tax revenue collected;

- General desire that 100 % of the tax revenue collected be directed to the new organization. However, it was realized that this may not be realistic, but keep that % as high as possible;
- All tax revenue collected should be directed by the new organization firstly towards TOURISM INITIATIVES. Other secondary Economic Development initiatives should be considered and supported on a case by case basis and through the submission of annual business proposals;
- The new organization should support municipal projects if they have a positive tourism impact. Tax revenues should not be used to support ongoing municipal core business operations;
- The Town of Huntsville should continue to make a financial contribution toward Tourism Services;
- The Municipal Accommodation Tax By-Law should require that any portion of the tax revenue retained by the Town of Huntsville will be directed to Tourism infrastructure/ initiatives.

Other Matters

- The hotelier's would like to see further research of how the Town could address short term accommodation rentals of cottages.

Next Steps

- The hotelier's wish to see the by-law passed by Town Council prior to the Municipal election;
- Staff agreed to provide a draft of a staff report associated with the draft by-law to the hotelier's group. Town Staff suggested having a member of Hotel Association, the BIA and Chamber should sit with staff during the presentation of this report;
- There was general agreement that implementation/Collection should begin across the board for all stakeholders on January 1st, 2019.