



To: Mayor Glover and Members of Council
From: Morgan Lonsdale, Economic Development Coordinator
Date: 08 Apr 2025
Subject: Municipal Accommodation Tax (MAT) Task Force

Report Highlights

This report recommends the establishment of a Task Force for the Municipal Accommodation Tax (MAT) to provide guidance in the implementation of the MAT program in the Township of Lake of Bays, by helping in the preparation of the economic development strategic plan to distribute funds, as well as explore alternative tourism partnerships. The Task Force will function as an advisory body, offering valuable insights and recommendations to both staff and Council on the by-law, policies, and spending priorities. Its role will ensure the tax effectively supports the community's objectives, while also advising on its management and distribution.

Recommendation

WHEREAS the Council of the Corporation of the Township of Lake of Bays receives the staff report "Municipal Accommodation Tax (MAT) Task Force", dated April 8, 2025.

NOW THEREFORE BE IT RESOLVED THAT the Council of the Corporation of the Township of Lake of Bays approves the establishment of a Municipal Accommodation Tax (MAT) Task Force to provide strategic guidance on the economic development strategic plan regarding the spending priorities and tourism partnerships, ensuring comprehensive and inclusive community engagement throughout the process.

Origin

The Province of Ontario enacted Bill 127, Stronger, Healthier Ontario Act, 2017, providing municipalities with the authority to levy a transient accommodations tax. On December 1, 2017, the Transient Accommodation Regulation 435/17 came into force outlining provisions for municipalities across Ontario to implement a MAT.

The Regulation applies if a municipality imposes a tax in respect of the purchase of transient accommodation in the municipality under Section 400.1 of the Municipal Act.

The MAT applies to all accommodation sold for a continuous period of less than 30 days in a hotel, motel, lodge, resort, inn, short term rental (STR) or bed and breakfast. STR providers are required to be licensed unless the property is zoned commercially.

The MAT applies only to accommodation revenue, not other incidental charges, (i.e., cleaning, security deposits or other taxes/fees).

The MAT is intended to be a flow through tax which is collected by the provider and remitted to the Township of Lake of Bays. It is generally charged to the renter as an additional tax on the accommodation.

Fifty percent (50%) of the revenue from this tax is to be shared with one or more eligible tourism entities to be used for the exclusive purpose of promoting tourism.

Background

- A staff report titled "[Review of the by-laws pertaining to Short-Term Rentals \(STRs\) By-law 2021092, By-law 2021-076 & By-law 2021-077](#)" was brought forward to the December 12th, 2023 Council meeting by the Director of Building / By law Services to review the current by-laws governing Short Term Rentals (STR), being By-law 2021-092, By-law 2021-077 and By-law 2021-076. During the discussion at the meeting, Council suggested that staff should provide a review of the option to implement a Municipal Accommodation Tax (MAT) program.
- At the May 14th, 2024 Council meeting, Council received staff report "[Municipal Accommodation Tax \(MAT\)](#)" and directed staff to implement a MAT program and to return to Council at a later date with a By-law, policy and procedures to support the implementation of the MAT program, as directed by Resolution TC-128-2024.
- At the November 12th, 2024 Council meeting, Council heard from 2 short term rental providers as well as 5 resort representatives through delegations who all expressed their concerns and opposition toward the implementation of a Municipal Accommodation Tax in the Township.
- At the November 12th, 2024 meeting, Council also received the staff report "[Municipal Accommodation Tax \(MAT\) Results from the Public Survey.](#)"

A public engagement survey was launched on September 20, 2024, and closed on October 18, 2024. The goal of the survey was to collect feedback from the community and stakeholders regarding the potential impacts, benefits, and concerns related to the introduction of the Municipal Accommodation Tax. The survey also included a copy of the [Draft By-law](#) and policy to encourage further comments and suggestions. The survey received a total of 199 responses, being 187 responses from Short Term Rentals and 12 responses from Resorts. The majority of the feedback highlighted a lack of clarity regarding how the funds would be allocated, as well as concerns surrounding the selection of the partnership organization.

Council resolved to pause the implementation of the MAT By-law and policy until further notice and direct the Economic Development Coordinator to prepare a definitive economic development strategic plan to distribute the funds, as well as explore alternative tourism partnerships, as directed by Resolution TC-276-2024.

Analysis

The proposed Task Force is recommended to provide guidance in the implementation of the MAT program in the Township of Lake of Bays. This approach will ensure key stakeholders are actively involved in shaping various aspects of the initiative, including the tax rate, revenue distribution, organizational structure, and spending priorities. The Task Force will play a key role in shaping staff recommendations to Council on the next steps for implementing the tax. The Chief Administrative Officer will lead the Task Force, supported by the Economic Development Coordinator.

Proposed Timeline for Discussion

- **April 2025:** staff report to Council with a resolution to establish a MAT Task Force.
- **May 2025:** staff report to Council appointing the members of the MAT Task Force, accompanied by a By-law.
- **June - September 2025:** Host collaborative sessions to discuss ideas for the economic development strategic plan regarding spending priorities and tourism partnerships. Also review and discuss key components of the by-law and policy, supported by relevant research. Topics will include tax rates and revenue distribution.
- **October 2025:** Final By-law and report to Council accompanied by input/recommendations from the Task Force sessions. Publicly share report 3 weeks prior to Council – allowing for comments.
- **October - December 2025:** After Council approval, letter of notice / onboarding session to all accommodators regarding the implementation of the tax.
- **January 2026:** Tax collection begins.

Suggested Spending Priorities

There are a wide range of ideas identified for tourism oriented initiatives in the Township of Lake of Bays, should MAT be implemented. Some ideas include, but are not limited to:

- Financial support for existing and new community events (Baysville Walkabout, Canada Day Drone Show etc.)
- Tourism / Business awareness and development (i.e. website / social media landing page indicating what's going on in Lake of Bays)
- Product Development (ie. trail enhancements, skating rink support)
- Accessible wheelchair mat at Dwight Beach
- Dwight Library Expansion
- Muskoka Road 117 Revitalization

The full Terms of Reference for the MAT Task Force are provided in Appendix A attached to this report.

Financial Implications

There are no immediate financial implications to creating a MAT Task Force, beyond the cost of staff time and the administrative support needed to facilitate meetings and communication.

Alternatives

Option 1: Council could not approve the recommendation and provide an alternative regarding next steps on implementing a Municipal Accommodation Tax in the Township of Lake of Bays.

Option 2: Council could not approve the recommendation and not proceed with implementing a Municipal Accommodation Tax in the Township of Lake of Bays.

Approved by:

April Best-Sararas, Director of Planning Services

Approved - 24 Mar 2025

Patricia Allen, Director of Finance/Treasurer

Approved - 24 Mar 2025

Geoff Carleton, Chief Administrative Officer

Approved - 24 Mar 2025

Attachments:

[Lake of Bays Municipal Accommodation Tax \(MAT\) Task Force - Terms of Reference](#)

References:

- Staff report by Stephen Watson, Director of Building & By-law Services, titled "[Review of the by-laws pertaining to Short-Term Rentals \(STRs\) By-law 2021- 092, By-law 2021-076 & By-law 2021-077](#)", dated December 12, 2023
- Staff report by Patricia Allen, Director of Finance/Treasurer, Stephen Watson, Director of Building & By-law Services and Bryan Brown, Chief Administrative Officer, titled "[Municipal Accommodation Tax \(MAT\)](#)", dated May 14, 2024
- Staff report by Patricia Allen, Director of Finance/Treasurer, titled "[Municipal Accommodation Tax \(MAT\) Results from the Public Survey](#)", dated November 12, 2024



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Lake of Bays Municipal Accommodation Tax (MAT) Task Force

Purpose

The Municipal Accommodation Tax (MAT) Task Force will provide support, guidance and strategic advice to Township of Lake of Bays staff and Council related to the implementation of the Municipal Accommodation Tax (MAT) in the Township.

Priorities

The following specific items will be reviewed to support the economic development strategic plan regarding the distribution of funds and alternative tourism partnerships:

- Tax rate;
- Revenue split;
- Organizational structure;
- Structure of Transfer Payment Agreement;
- Spending priorities

The Chief Administrative Officer will:

- Lead the discussion and vision for the MAT program in the Township of Lake of Bays

The Economic Development Coordinator will:

- Assist in the background research and preparation of information for the Task Force meetings
- Assist in preparing the final recommendation based on guidance and advice from the Task Force for Council's consideration

Authority

Any recommendations of the Task Force will be brought forward by the Economic Development Coordinator and/or Chief Administrative Officer to Council for a decision.

Structure

The initial composition of the Task Force will include:

- Chief Administrative Officer (who will act as Chair)
- Two (2) members of Council of the Township of Lake of Bays (one (1) member will act as Vice Chair)
- Deputy Clerk (Secretary of the Task Force)



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- Economic Development Coordinator
- Executive Director of the Chamber of Commerce
- Executive Director of Muskoka Tourism
- Three (3) Accommodators, including one Short Term Rental Operator

The composition of the committee may be altered as the project progresses.

A committee of Township staff, including the Director of Planning Services, the Licensing Coordinator and the Economic Development Coordinator, will review and select the members of the Task Force based on the following criteria.

Criteria for Selection of Accommodators to Join the Municipal Accommodation Tax (MAT) Task Force in the Township of Lake of Bays

1. Experience in the Hospitality or Tourism Industry (30 points)

- Demonstrated experience in the accommodation sector (hotels, inns, B&Bs, short-term rentals, etc.).
- Understanding of the local tourism market and trends.
- Proven record of involvement in industry-related organizations or initiatives.

2. Commitment to Local Economic Development (25 points)

- Knowledge of the economic impact of tourism in the community.
- Willingness to collaborate on the promotion and growth of local tourism.
- Experience in supporting local businesses and stakeholders within the tourism sector.

3. Knowledge of Municipal Accommodation Tax (MAT) (10 points)

- Familiarity with the principles and objectives of the MAT program.
- Previous engagement with similar tax programs, either as a contributor or recipient.
- Understanding of how MAT revenue can be used to benefit the community.

4. Leadership and Collaboration Skills (15 points)

- Ability to work effectively as part of a team, fostering cooperation among diverse stakeholders.



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- Strong communication skills, both written and verbal, to engage with other Task Force members and the broader community.
- Demonstrated leadership experience, whether in business or community initiatives.

5. Demonstrated Community Engagement (20 points)

- Active participation in local events, programs, or initiatives.
- Strong ties to the community, reflecting a commitment to its well-being.
- Ability to represent the interests of the broader accommodation sector in the Task Force.

Total Possible Points: 100

Each accommodator will be scored based on these criteria, with a final ranking determining the top three candidates selected for the Task Force. The selection committee will take into account the balance of skills, experience, and community representation to ensure a diverse and effective group.

Administration:

- The Task Force's duration will be finalized by Council's decision.
- Meetings will be scheduled approximately monthly to discuss the priorities, with the Chair or Vice Chair managing the agenda. Additional meetings may be scheduled at the discretion of the Chair. Meetings can be held either in-person or virtually.
- The Chair will ensure that all members are given adequate notice of upcoming meetings and agendas. Members are expected to inform the Chair if they are unable to attend.
- The Task Force will aim to achieve consensus during discussions whenever possible. Final recommendations to Council will be clearly documented and confirmed in the meeting minutes. The Task Force will not have voting powers.
- A quorum will be established when a majority of Task Force members are present.
- The Deputy Clerk will serve as the Task Force Secretary and provide administrative support. Meeting minutes will be distributed to all members no later than ten (10) days following each meeting.
- Task Force meeting minutes will be recorded and filed with the Director of Corporate Services/Clerk, following the Township's records management procedures.



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- Meetings will be rescheduled if fewer than half of the Task Force members or no Council members are able to attend.

Reporting:

The Task Force will not directly report to Council. The Task Force discussions and meeting minutes will be included in the staff report and a recommendation to Council regarding the next steps on implementing MAT in the Township of Lake of Bays.