



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF DEVELOPMENT SERVICES

Mission Statement: As stewards of the Town of Amherstburg, we strive to improve the quality of life of all residents through the delivery of effective, efficient, and affordable services.

Author's Name: Melissa Osborne	Report Date: April 30, 2025
Author's Phone: 519 736-0012 ext. 2137	Date to Council: May 12, 2025
Author's E-mail: mosborne@amherstburg.ca	Resolution #:

To: Mayor and Members of Town Council

Subject: Municipal Accommodations Tax

1. RECOMMENDATION:

It is recommended that:

1. The report on Municipal Accommodations Tax **BE RECEIVED** for information.

2. BACKGROUND:

Use of a Municipal Accommodations Tax (MAT) has been leveraged by several municipalities in Ontario, including the City of Windsor. MAT is an additional tax, which by way of an authorizing By-law, would require hotels, motels and short-term rental accommodations to charge this additional tax on their accommodation stays. Those businesses are then required to remit those funds to the municipality.

The revenue from MAT can be allocated in part to offset the costs of managing the collection of MAT as well as operational funding for local tourism currently funded by ratepayers. The revenue is also recommended to be shared with TWEPI, as outlined in their presentation to Council on May 12, 2025, for services which they provide regionally, which also benefit Amherstburg.

3. DISCUSSION:

Municipal Accommodation Tax is certainly an opportunity for the Town to collect additional revenue through those visiting the community. The introduction of MAT is something Administration has been monitoring as an opportunity for the past three (3) years. MAT can only be charged on accommodations, including hotels, motels and Short-

Term Rentals (STR). The introduction of the Short-Term Rental (STR) By-Law in 2023, as well as the Town's first boutique hotel in late 2024, are currently the only sources of potential revenue should MAT be introduced.

Based on 2024 data which TWEPI has put forward, Amherstburg's STR's and boutique hotel generated approximately 113 monthly listings which is an increase of 26 when compared to 2023. Further, TWEPI used the annual total STR and hotel revenue at \$3,200,000 then calculated at 4%, and 6% MAT, suggesting implementation of MAT may annually generate approximately \$128,000 or \$192,000 respectively based on 2024 data.

What is equally important to note is that collection of MAT from STRs can be challenging and usually requires active engagement and monitoring to ensure they are charging, collecting and remitting this tax to the municipality. Large municipalities such as Windsor, have several hotels which are more manageable in ensuring MAT is properly charged, collected and remitted to the municipality. STRs are challenging as they are more difficult to track and manage. Windsor has managed to mitigate some of this challenge by having agreements with corporations such as Airbnb whereby Airbnb forces the MAT to be added on to any accommodation listing it has within Windsor's postal codes. The fee is charged by Airbnb and collected by Airbnb. This removes the STR property owner from the process reducing risk of MAT not being charged and/or not being properly remitted to the municipality.

Going it Alone

In February 2025 Administration attended a workshop on MAT for tourism economic development. We were made aware by the Airbnb presenter that it is no longer willing to enter into agreements, such as the one it currently has with Windsor. The effort to manage, monitor and remit the fee is not financially viable for Airbnb to extend such agreements to smaller municipalities. The inability to have such an agreement in place is a significant impact to Amherstburg being able to implement MAT as the cost to manage, monitor and collect, particularly from STR's, would require additional resources.

By example, TWEPI provided the February 2025 booking data it has for Amherstburg STRs which Administration reviewed. This data is what was used to generate the estimated MAT revenue by TWEPI. In looking at solely the February booking data provided by TWEPI there were 114 bookings, for 79 different STR property ID's for Amherstburg. The Town has 40 STR's properly registered in accordance with the Town's STR by-law, so this data shows nearly double that amount operating and not properly registered.

It should be noted that the data does not provide addresses for the property IDs making it difficult to determine if the property IDs are for the same address and are just registered differently. The only other variable in the data which can be used to determine unique STRs is the data title which, based on review, results in approximately 75 unique STRs, still well over the 40 STRs registered with the Town.

This point is important to understand as the ability for the Town to collect from all STRs, given we would not be able to have agreements with the booking agencies, will rely on the property owners registering their STR with the Town and properly charging, collecting and remitting MAT. Considering there are nearly double the number of property ID's in

just one month of data than what are registered as STRs in Amherstburg, the first requirement would be to find the STRs operating outside of the Town's By-Law.

The challenge is that the data provided does not include the actual address of the STR, and the data shows three booking agencies were used in February 2025; Airbnb; Vrbo and Tripadvisor. To ensure all STRs are registered would require research to determine if the STR address can be identified. To be clear this is not a simple search. While one might think just doing a search on a booking agency site for Amherstburg properties would provide for all STRs in operations, it does not:

- STRs may not be on certain booking agency sites so several will need to be reviewed;
- Searches will need to be done several times and several ways as:
 - o Some may not be available for the dates picked;
 - o Some may require minimum night stays;
 - o Some may be off line for the dates picked;
 - o Some may only be operational during certain times of the year; and
 - o Some may change the name or description for each booking agency site

In addition, most booking agencies do not provide the actual address of the STR until a reservation is processed, which usually requires a deposit at a minimum, and the host approving the reservation, depending on the STRs requirements. This will result in potential costs to identify the STRs, particularly if the STR does not allow for 100% refund of deposits. Once this work is completed identification of the property owner and how to reach them would need to be done in order to bring to their attention the need to be a registered STR. As some STRs are owned by businesses, numbered companies and or people not residing in Amherstburg this could take a significant amount of time and may result in the owner pulling the property off line, renaming it or using an alternate site to avoid proper registration.

Even if the Town was able to identify these STRs and bring them into compliance with the by-law, the next challenge would be to monitor data and attempt to determine if MAT should have been submitted and if it was submitted, that it is the correct amount. Given the data set also does not provide the cost per stay there is no way to know if the MAT remitted is accurately calculated and/or no way to know if the MAT was charged but the owner did not remit to the municipality. To monitor the accuracy, it would require the municipality to have access to books and records of the STR, which the Town's current STR by-law does provide for.

Given this information, Administration cautions Council that the potential revenue projections are not likely to be realized if Amherstburg attempts to do implement the MAT without agreements in place with booking agencies. In addition, any revenue collected should first go to fund the additional costs the Town will incur to manage STRs for compliance and MAT remittance with any remaining revenue then shared with TWEPI. We would recommend that if Council elects to pursue the implementation of MAT that the due diligence investigation includes efforts between the Town and TWEPI to identify that portion of the potential revenue which is attributable to currently registered STR's.

Partnering with Windsor and TWEPI

It is Administrations understanding that the proposal by TWEPI would remove part of the challenge described above in that TWEPI and the local municipality would work with the

City of Windsor to negotiate for Windsor's services regarding the collection of the MAT. This is predicated on the assumption that Windsor's agreement with any STR booking agencies, such as Airbnb, would be able to be extended to include the smaller municipalities. Windsor would then collect MAT revenue on behalf of Amherstburg and remit the funds to TWEPI and the local municipality (based on the agreed cost share with TWEPI), less any fees Windsor may charge for this service.

The data set shows Vrbo and Tripadvisor as additional booking agencies used for STRs in Amherstburg. Should Windsor not have agreements in place with those booking agencies for issuance and collection of MAT, nearly 50% of the bookings for Amherstburg, based on the data set provided, would not be flagged and collected by Windsor. This would result in the risk of those MAT dollars not being realized by the municipality and the Town needing to track down those STRs for identification and collection, which was addressed under the 'Going it Alone' section in this report.

What also needs to be clear is the responsibility of any identification of STRs not properly registered and/or enforcement of STRs not remitting MAT will still need to be at the local level. The Town does not have the authority to redirect by-law enforcement to Windsor.

While these risks and complications are noted Administration does understand the potential for MAT as a revenue source and is supportive should Council direct that discussions and negotiations with TWEPI and the City of Windsor should proceed. Should Council elect to pursue the MAT, however not seek support from Windsor, Administration cautions that the cost to implement, given 99% of the revenue would be from STRs, may exceed any revenue obtained. Should direction be provided that no new resources be put in place for MAT, then there will be a set of STRs which are not monitored or managed for collection of MAT and a disparity amongst those who properly register as STRs and hotels vs those who don't, which may cause push back from those following the rules. In addition, the amount of revenue the Town could reasonably project would be significantly less than what has been suggested.

The implementation of MAT will require a new by law for which public consultation including STR and hotel owners to provide input. Municipal Accommodation Tax revenue has specific definitions for use as it is required to deliver a return on investment (ROI) that supports tourism and economic growth—not a loss on investment (LOI) for our accommodation providers. It will be important to ensure visible, meaningful outcomes and use of these funds are communicated to accommodation providers to ensure those who readily comply with the MAT do not feel penalized while others continue to find ways to avoid the system.

Should Council elect to consider the implementation of Municipal Accommodations Tax in Amherstburg, as outlined in the Tourism Windsor Essex Pelee Island (TWEPI) presentation May 12th, 2025 the following recommendation is suggested:

“Administration **BE DIRECTED** to enter into discussions with TWEPI and the City of Windsor regarding implementation collection of the MAT and report back to Council outlining the details of the process, required amendments to existing by-laws and or introduction of new by-laws required, costs and potential risks and opportunities for the Town of Amherstburg.”

4. RISK ANALYSIS:

There is no risk to receiving this report.

5. FINANCIAL MATTERS:

N/A at this time

6. CONSULTATIONS:

TWEPI

Bill Tetler – Manager of Licensing and Enforcement

Jen Ibrahim – Manager of Economic Development and Tourism

7. CORPORATE STRATEGIC ALIGNMENT:

Vision: Preserving our past while forging our future.

AMHERSTBURG COMMUNITY STRATEGIC PLAN 2022 - 2026	
<p>PILLAR 1 Deliver Trusted & Accountable Local Government</p> <ul style="list-style-type: none"><input type="checkbox"/> Improve trust between council and staff, and residents, by strengthening governance and internal accountability structures.<input type="checkbox"/> Deliver transparent and efficient financial management.<input type="checkbox"/> Increase effective communication and engagement with residents.<input type="checkbox"/> Develop our staff team, resources, and workplace culture.<input type="checkbox"/> Continue to deliver strong core municipal services.<input type="checkbox"/> Ensure Amherstburg is an inclusive accessible and welcoming community committed to reconciliation.	<p>PILLAR 3 Encourage Local Economic Prosperity</p> <ul style="list-style-type: none"><input type="checkbox"/> Encourage development of commercial and industrial lands.<input type="checkbox"/> Continue to promote local tourism industry, especially overnight accommodation.<input type="checkbox"/> Continue to facilitate downtown development for residents and visitors.<input type="checkbox"/> Continue to leverage partnership opportunities with other provincial, federal, and local governments, agencies, and organizations.
<p>PILLAR 2 Invest in Community Amenities and Infrastructure</p> <ul style="list-style-type: none"><input type="checkbox"/> Maintain safe, reliable and accessible municipal infrastructure and facilities.<input type="checkbox"/> Increase access to recreation opportunities for all ages.<input type="checkbox"/> Finalize and execute plans for town-owned lands (e.g. Duffy's site, Belle Vue)<input type="checkbox"/> Create public access to water and waterfront	<p>PILLAR 4 Shape Growth Aligned with Local Identity</p> <ul style="list-style-type: none"><input type="checkbox"/> Define and communicate a vision for the Town's future and identity.<input type="checkbox"/> Promote and plan for green and "climate change ready" development.<input type="checkbox"/> Review and implement policies that promote greater access to diverse housing.<input type="checkbox"/> Protect the Town's historic sites and heritage.<input type="checkbox"/> Preserve the Town's greenspaces, agricultural lands, and natural environment.

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| <input type="checkbox"/> Prioritize opportunities to reduce environmental impacts of Town operations and increase Town resilience to climate change. | |
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8. CONCLUSION:

MAT can be a valuable revenue stream to offset taxpayer funded tourism activities. The complexity in realizing this revenue for the Town is that the majority of the potential revenue is based in STR accommodations. Should this be explored it is recommended opportunities to partner with Windsor and leverage their agreements with booking agencies be explored to reduce the risks associated with managing MAT for STRs without such tools in place.



Melissa Osborne

Deputy CAO / Director of Development Services

Report Approval Details

Document Title:	Municipal Accommodations Tax.docx
Attachments:	
Final Approval Date:	Apr 30, 2025

This report and all of its attachments were approved and signed as outlined below:

A handwritten signature in purple ink, appearing to read "Tracy Prince".

Tracy Prince

A handwritten signature in black ink, appearing to read "Valerie Critchley".

Valerie Critchley

A handwritten signature in black ink, appearing to read "Kevin Fox".

Kevin Fox