Township of North Kawartha
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Report to Council

To: Mayor and Council Members

From: Edward Hilton, Economic Development Officer

Date: August 26, 2026

Subject: Municipal Accommodation Tax (MAT) Review 2026

Recommendation:

That Council direct staff to consider the Visitor Accommodation Tax (VAT) action item contained within the 2023-2026 Strategic Economic Development Plan as Closed.

Background:

The Township's 2023-2026 Strategic Economic Development Plan includes an action item under the Tourism section related to exploring a Visitor Accommodation Tax (VAT) on STRs.

Since the Plan was adopted, the term Municipal Accommodation Tax (MAT) has become the more commonly used term throughout Ontario. While the Strategic Economic Development Plan references a Visitor Accommodation Tax (VAT), both terms generally refer to the same municipal revenue tool. Municipal Accommodation Taxes are authorized under Section 400.1 of the *Municipal Act*, 2001 and Ontario Regulation 435/17. Municipalities may impose a tax on transient accommodations such as hotels, motels, resorts, inns, bed and breakfasts, and short-term rentals.

The Province of Ontario enabled municipalities to establish Municipal Accommodation Taxes in 2017 to create non-property tax revenue sources that support tourism promotion, destination development, visitor services, and tourism-related infrastructure. Under provincial regulations, municipalities implementing a MAT must share at least 50% of revenues with an eligible tourism entity, with the remaining revenue available to the municipality for tourism-related programs, services, infrastructure, and related initiatives.

Staff have monitored MAT implementation across Ontario and reviewed the potential applicability of such a program within North Kawartha.

Analysis:

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Municipal Accommodation Taxes have been successfully implemented in a number of Ontario municipalities, including both urban and rural communities. These programs have generated dedicated funding for tourism marketing, destination development, visitor services, and tourism-related infrastructure improvements.

There are several advantages associated with a Municipal Accommodation Tax. Additional tourism revenue can help fund destination marketing initiatives, support visitor services, improve tourism infrastructure, and enhance a municipality's ability to compete with neighbouring communities that have dedicated tourism funding sources. A MAT provides an opportunity to generate additional tourism-related revenue from visitors rather than relying solely on local property taxpayers.

However, successful MAT programs are generally supported by one or more of the following:

- A sizeable inventory of tourism accommodations.
- An established destination marketing organization or tourism entity.
- Administrative systems to monitor and collect tax remittances.
- A Short-Term Rental (STR) licensing or registration framework.

Staff note that many municipalities utilizing a MAT have integrated the tax with existing STR licensing programs. Examples such as Prince Edward County, the Township of Highlands East, and the Municipality of Northern Bruce Peninsula utilize accommodation licensing systems that assist with identifying operators, collecting revenues, and ensuring compliance.

At this time, North Kawartha does not have a Short-Term Rental licensing framework and Council has not directed staff to implement one. While Council has received recommendations and updates regarding short-term rentals, there is currently no licensing or regulatory framework that would provide the administrative foundation necessary to effectively implement and enforce a Municipal Accommodation Tax.

Without such a framework, staff believe it would be challenging to accurately identify accommodation providers, collect tax revenues, manage compliance, and administer a Township-wide MAT program. As a result, staff do not believe a Township-specific MAT is practical under current circumstances.

Staff also note that a County-wide MAT initiative may provide greater value than an individual municipal approach. A regional framework could offer administrative

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efficiencies, generate a larger and more sustainable tourism funding source, and support coordinated tourism promotion across Peterborough County. Such an approach would be most beneficial if mechanisms were established to ensure revenue generated through tourism activity in North Kawartha is appropriately reinvested in North Kawartha tourism, infrastructure, and visitor experiences.

Based on the current policy environment, the absence of a Short-Term Rental licensing program, and the limited practical ability to administer and enforce a Township-wide MAT, staff do not recommend further work on this initiative at this time.

Accordingly, staff recommend that the Visitor Accommodation Tax action item identified within the 2023-2026 Strategic Economic Development Plan be considered Closed rather than Complete, as the action has been reviewed and evaluated but is not recommended for implementation under current circumstances. The Township may revisit this issue in the future should Peterborough County pursue a County-wide MAT program, should Council's direction regarding Short-Term Rental licensing change, or should future tourism and accommodation trends demonstrate a stronger business case for implementation.

Financial Implications:

There are no direct financial implications associated with this recommendation.

Should Council direct staff to investigate or pursue a Municipal Accommodation Tax program in the future, additional staff resources, administration requirements, compliance measures, and implementation costs would need to be evaluated and reported to Council.

Strategic and/or Other Plans:

Township of North Kawartha 2023 – 2026 Strategic Economic Development Plan

Tourism 3.0 – Visitor Accommodation Tax (VAT)

In Consultation With:

Shannon Hunter, CAO