

Municipal Accommodation Tax (MAT)

Stakeholder Consultation Feedback

April 23, 2018

AGENDA

- I. Background
- II. Stakeholder Consultation
- III. Consultation Feedback
 - 1. MAT Implementation & Rate
 - 2. MAT Administration
 - 3. MAT Revenue
 - 4. Markham Tourism
- IV. Short-term Accommodation
- V. Next Steps
- VI. Recommendations

I. BACKGROUND

On February 20th, 2018, the Municipal Accommodation Tax (MAT) Staff Report was presented to General Committee and Staff were directed to:

- Engage with stakeholders and the hotel industry on the 4% Municipal Accommodation Tax (MAT) in the City of Markham; and,
- Develop the business case for the creation of a Municipal Services Corporation (MSC), which will operate as the City of Markham's New Tourism Organization; and
- Report back to Council with further details related to the implementation of the 4% Municipal Accommodation Tax (MAT) in the City of Markham

II. STAKEHOLDER CONSULTATION

- During the month of March, Economic Development and Finance Staff met with stakeholders and the hotel industry regarding the potential of a 4% Municipal Accommodation Tax (MAT).
- Invitations were sent to the owners and/or management of the sixteen (16) hotels in Markham, as well seven (7) non-profit business associations that are involved directly or indirectly with tourism in the City of Markham.
- The discussion with stakeholders provided an overview of the MAT, legislative background, administration process, use of the funds and next steps.

II. STAKEHOLDER CONSULTATION cont'd

Staff met in person with the following eight hotels;

1. Hilton Garden Inn Toronto/Markham - 300 Commerce Valley Dr. E.
2. Park Inn by Radisson - 555 Cochrane Dr.
3. Hilton Suites Toronto / Markham - 8500 Warden Ave.
4. Monte Carlo Inn Suites-Downtown Markham - 7255 Warden Ave.
5. Monte Carlo Inn-Markham Suites - 8900 Woodbine Ave.
6. Town Place Suites by Marriott - 7095 Woodbine Ave.
7. Courtyard by Marriott - 7095 Woodbine Ave.
8. Toronto Marriott Markham – 170 Enterprise Blvd.

II. STAKEHOLDER CONSULTATION cont'd

Staff also met in person with the following five non-profit organizations;

1. Central Counties Tourism
2. York Region Arts Council
3. Markham Board of Trade
4. Information Markham
5. Markham, Richmond Hill & Vaughan Chinese Business Association

III. CONSULTATION FEEDBACK

- The overall consensus from the stakeholders was that they supported a 4% MAT, providing that the City align the implementation date of this initiative with Richmond Hill and Vaughan implementation date.
- The feedback received has been grouped into four themes:
 1. MAT Implementation & Rate
 2. MAT Administration
 3. MAT Revenue
 4. Markham Tourism

III. CONSULTATION FEEDBACK cont'd

1. **MAT Implementation & Rate**

- Stakeholders suggested that the implementation date be aligned with Richmond Hill and Vaughan to ensure no competitive advantage
- Hoteliers suggested that the City should impose a 4% MAT on all short-term accommodation providers (including condo units in proximity to hotels)
- Stakeholders suggested utilizing a consistent MAT rate (i.e. 4%) to make marketing and communication to patrons easier

III. CONSULTATION FEEDBACK cont'd

2. MAT Administration

- Hoteliers did not raise any concerns regarding the City's proposed MAT self-reporting model, which is similar to the current HST remittance method used by CRA.
- Hoteliers indicated that they would not have any technical and/or operational delays updating their respective Point of Sale (POS) Systems
- Stakeholders suggested that the City should provide some marketing support (i.e. signage, brochures, and FAQs) to hotels

III. CONSULTATION FEEDBACK cont'd

3. MAT Revenue

- Stakeholders understand that the MAT revenue will be shared as follows;
 - 50% of revenue be directed towards the City's Life Cycle Replacement and Capital Reserve Fund, and the remaining
 - 50% of revenue be directed the new Markham Destination Marketing Organization
- Stakeholders indicated that while the current annual MAT revenue estimates of \$2.6M will not transform the tourism landscape in Markham overnight, they are sufficient to develop a strategies and partnerships, which will foster additional interest in Markham as an attractive destination

III. CONSULTATION FEEDBACK cont'd

4. Markham Tourism

This segment of stakeholder consultations dominated the discussion on the current and preferred state of tourism

- Stakeholders provided City staff with information related to the state and/or makeup of the hotel industry in the City;
 - Hoteliers indicated that on average,
 - 70% room stays are attributed to corporate clientele; and,
 - 30% of room stays are attributable to leisure and sports-related activities

III. CONSULTATION FEEDBACK cont'd

4. Markham Tourism cont'd

- Most hoteliers indicated that they currently experience an acceptable level of occupancy (i.e., 70 – 85%) during April - November
- Hoteliers acknowledged additional demand/bookings in Markham hotels would result in price increases, and would generate additional MAT revenue
- The remaining months, December - March are deemed the “low demand period”

III. CONSULTATION FEEDBACK cont'd

4. Markham Tourism cont'd

- City Staff solicited stakeholders on what tourism-related initiatives or strategies would be required to bolster additional room stays and further generate additional interest in Markham as a destination.
- Stakeholders provided the following suggestions;
 - A Conference Centre for large conventions and trade shows.
 - A specific “draw or attraction (i.e., Theme Park, Casino, Outlet Mall, and a major hockey league team to complement Markham’s new professional Canadian Women's Hockey League Team (Markham Thunder).

III. CONSULTATION FEEDBACK cont'd

4. Markham Tourism cont'd

- Stakeholders suggested that Markham tourism would benefit from targeted marketing campaigns in China (Hong Kong, Beijing) and India
- Strategy should piggyback on existing large-scale events that occur in neighboring municipalities (City of Toronto, Region of Durham, and the municipalities along the Highway 7 corridor).
 - develop similar themed events to keep patrons in Markham for an additional night or two.
- Markham should continue efforts to attract and hosting large scale sporting tournaments, and/or matches with its state of the art facilities

III. CONSULTATION FEEDBACK cont'd

4. Markham Tourism cont'd

- Incorporate “what we have” into the targeted marketing;
 - Wide range of restaurants and culinary options, retail shops on Main Streets
 - City-hosted festivals, Markham Fairgrounds, Rouge National Park,
 - Proximity to Canada's Wonderland, Toronto Zoo, CN Tower and Niagara Falls
- Stakeholders believe other sectors of tourism (i.e. restaurants and retail shops) have a vested interest in partnering to enhance Markham as a destination
 - These sectors will benefit from the uplift in Markham tourism

IV. SHORT TERM ACCOMMODATIONS

The City is currently undertaking a comprehensive Zoning By-law review. As part of this review, the issue of regulating short-term accommodations is being considered.

- Development Services Committee is scheduled to receive a report from Staff on April 30th, 2018.
- Once this report is received, the City will be in better position to assess the viability of implementing a MAT on short-term accommodations.

V. NEXT STEPS

- Staff will develop a business case for the establishment of a Municipal Services Corporation to operate as Markham's Destination Marketing Organization.
- In support of the business case, Staff will hold a consultation engagement meeting in June 2018 at the Civic Centre. This meeting will provide an opportunity for members of the public to learn more about, and provide feedback on the staff recommended Destination Marketing Organization whose mandate will be to promote the City of Markham as a destination.
 - The meeting will be advertised in;
 - Markham Economist & Sun and Thornhill Liberal,
 - Social media ads
 - City Portal and EIBs

VI. RECOMMENDATIONS

1. THAT the report entitled Municipal Accommodation Tax (MAT) Consultation be received; and,
2. THAT Council receive the information and feedback obtained during the consultation process undertaken with stakeholders and the hotel industry regarding the four percent (4%) Municipal Accommodation Tax (MAT) in the City of Markham; and,
3. THAT Council approve a four percent (4%) Municipal Accommodation Tax on all Markham hotels with a target implementation date of January 1st, 2019; and,
4. THAT Council approve a four percent (4%) Municipal Accommodation Tax on all short-term rental providers, subject to Council's future direction on short-term rental licensing requirements; and;

VI. RECOMMENDATIONS

5. THAT staff report back with the business case for purpose of creating a Municipal Services Corporation (MSC), which will operate as the City of Markham's New Destination Marketing Organization and report back to Council in September 2018; and,
6. THAT staff be authorized and directed to do all things necessary to give effect to these resolutions.