



## Report to Council

Department: Development Services  
Division: Economic Development  
Date: April 20, 2026  
Prepared by: Nelson Silveira, Manager, Economic Development & Strategic Initiatives  
Report Number: Economic Development-2026-02  
Subject: Municipal Accommodation Tax  
Number of Pages: 19

### **Recommendation(s)**

**That** Economic Development-2026-02 entitled Municipal Accommodation Tax prepared by Nelson Silveira, Manager, Economic Development & Strategic Initiatives dated April 20, 2026 be received,

**That** Council direct Administration to implement a Municipal Accommodation Tax and proceed with the preparation of a By-law to be presented to Council for an effective date of January 1, 2027, and

**That** Council direct Administration to retain the Ontario Restaurant Hotel Motel Association as the collection agent.

## **Purpose**

To provide Council with a status update of the Municipal Accommodation Tax (MAT) project work, including stakeholder engagement results, collection and remittance options, projected revenue, implementation timelines, and an update on MAT adoption across the region.

## **Background and Discussion**

Following Council's direction on August 11, 2025, Administration undertook a comprehensive review of Municipal Accommodation Tax (MAT) implementation options alongside a coordinated stakeholder engagement process to better understand community perspectives and operational considerations. This work focused on evaluating collection and remittance models used across Ontario while simultaneously gathering feedback from residents, business owners, and accommodation providers who would be most affected by the introduction of a MAT.

To inform this analysis, Administration examined a range of MAT implementation approaches currently used by comparable municipalities, including internal collection systems and third-party models. This review assessed administrative workload, staffing requirements, compliance monitoring needs, technology and reporting tools, and the overall operator experience associated with each model. Discussions were also held with the Ontario Restaurant, Hotel & Motel Association (ORHMA), the province's leading third-party MAT administrator, to

understand their portal-based system, training supports, compliance features, security measures, and their associated fee structure.

Administration launched a public survey in September 2025 for a duration of one month to gather input from residents, business owners, hotels, motels, and short-term rental (STR) operators. The survey was designed to measure awareness of the MAT, understand perceptions of its benefits and potential challenges, and capture feedback related to implementation and the tourism funding in the Town of Essex. To supplement the survey, an in-person Information Session was held with accommodation providers on November 4, 2025. This session provided detailed information about provincial MAT legislation, how the tax is applied, and how revenues are allocated. Providers were encouraged to share their questions and concerns, particularly related to MAT implementation, funding structures, collection methods, and more.

The combined findings from the engagement process and the municipal scan provided Administration with an understanding of community sentiment and operational feasibility.

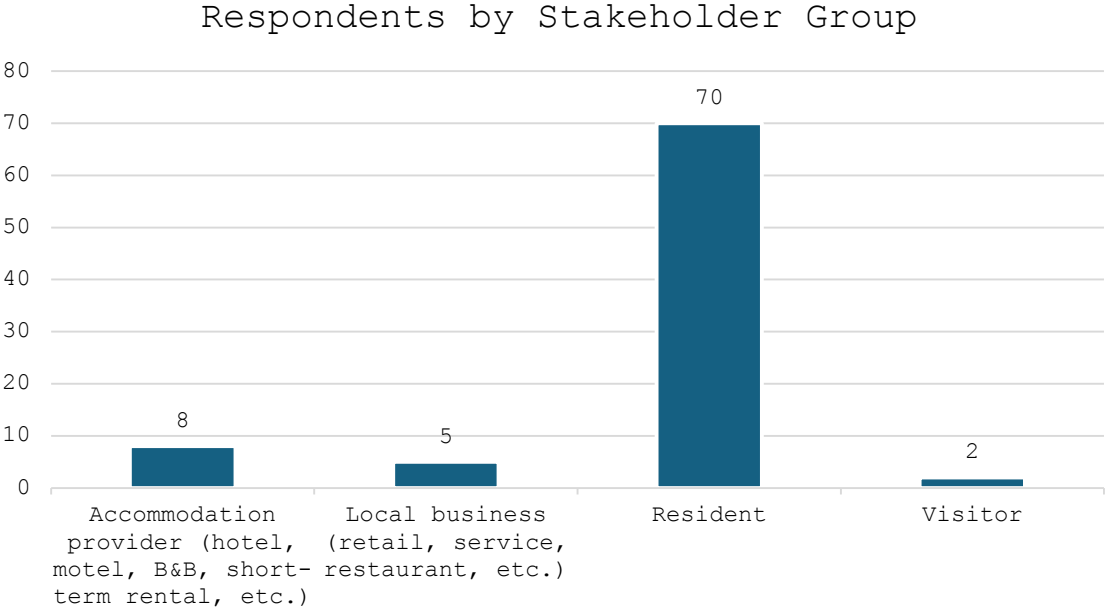
### **Summary of Stakeholder Engagement:**

#### **Community Survey - September 2025**

Administration developed a Community Survey, posted for a period of one (1) month during September 2025, to gather broader feedback from the public and stakeholder groups. The survey aimed to collect input on a MAT and its potential use and was distributed online through the Town's website and social media

channels. A total of 85 respondents participated in the survey, representing less than 1% of the Town’s total population. The responses were completed by the following groups:

- Accommodation providers (hotels, B&Bs, short-term rentals, etc.): 8
- Local businesses (retail, service, restaurants, etc.): 5
- Residents: 70
- Visitors: 2



**Stakeholder Engagement Key Takeaways**

- Awareness of the MAT concept was high among respondents (60%).
- Support for introducing a 4–6% MAT was mixed, with approximately one-third (35%) in favour, half (50%) opposed, and the remainder (15%) undecided.

- A majority, 66%, believe that greater investment in tourism can have a positive economic impact on local businesses and the community.
- 60% consider it very important or somewhat important for the Town to have a dedicated funding source for tourism beyond local tax dollars.
- 38% view the MAT as a fair approach to generate tourism revenue (50% opposed), with a similar proportion expressing that accommodation providers should contribute to tourism through a visitor-paid fee (47% opposed).
- Top priorities for potential MAT revenue include beautification of public spaces, hosting or expanding local festivals and events, marketing and promotion of the Town to visitors, and supporting local businesses that depend on tourism.
- Top priorities for factors that would increase confidence in the use of MAT funds include the importance of transparency through clear funding criteria, annual public reporting, and input opportunities for stakeholders.

**For a complete summary of the Community Survey Responses, including graphics and data, please refer to Appendix A of this Report.**

## **Accommodation Provider Information Session - November 4, 2025**

Of the 128 accommodation providers invited, 12 attended the session and 1 submitted a letter in absence of attending.

Administration provided a presentation that outlined Municipal Accommodation Tax (MAT), specifically the role of operators, what funds could be used for, and the potential benefits to the Town. The CEO of Tourism Windsor-Essex Pelee Island (TWEPI), Gordon Orr, attended the stakeholder session and provided a presentation on the MAT focusing on visitor trends, regional occupancy rates, and success stories from the TWEPI and City of Windsor MAT partnership. Upon the completion of the presentation, Town Administration engaged in a Q&A period with attendees. Several themes were raised and are summarized below.

1. **Need for Clarity and Transparency:** Attendees emphasized the importance of clear communication and transparency regarding how the MAT would operate, including distinctions from existing short-term rental licensing requirements, expectations for collection and remittance, the Town's approach to auditing, enforcement, and financial reporting, how much MAT revenue would be generated, and where the MAT funds would be spent. There was also interest in understanding how similar municipalities have structured their MAT programs.
2. **Financial Impact and Industry Impact:** Attendees raised questions about whether the projected MAT revenue would be substantial enough to justify the administrative effort required. Concerns were also expressed about the potential effect on visitor demand during a period of constrained

discretionary spending and that visitors might interpret the MAT as a deterrent or penalty for visiting the region.

3. **Administrative and Operational Considerations:** Accommodation providers noted concerns about the additional administrative workload associated with collecting, tracking, and remitting MAT funds. Questions were raised regarding the benefit of the MAT for accommodation providers.

### **Financial Projections**

To support Council's evaluation of the two MAT collection and remittance models, the following section outlines the financial projections associated with each option, including estimated administrative costs and projected annual revenue for the Town.

Through external research and collaboration with TWEPI, accommodation provider data for the Town of Essex was compiled. The information gathered includes:

- **Short Term Rental Units (STR, B&B, Cottage):** 183
- **Hotel/Multi-Unit Properties:** 67
- **Total Units:** 250
- **Average Occupancy Rate:** 40.52%
- **Average Daily Rate:** \$212.01
- **Total Annual Accommodation Revenue:** \$7,838,963.74

The table below determines the overall annual estimated breakdown for 4%, 5%, and 6% MAT. Amounts calculated below are gross and do not include administration fee related to MAT collection:

|                                 | <b>4% MAT</b> | <b>5% MAT</b> | <b>6% MAT</b> |
|---------------------------------|---------------|---------------|---------------|
| <b>Town of Essex</b>            | \$156,779.27  | \$195,974.09  | \$235,168.91  |
| <b>TWEPI</b>                    | \$156,779.27  | \$195,974.09  | \$235,168.91  |
| <b>Total Annual MAT Revenue</b> | \$313,558.55  | \$391,948.19  | \$470,337.82  |

Source: MetaBase, Smith Travel Research, TWEPI, Town of Essex

The table below determines the estimated additional charge on a nightly accommodation bill.

| Nightly Average Rate | <b>4% MAT</b> | <b>5% MAT</b> | <b>6% MAT</b> |
|----------------------|---------------|---------------|---------------|
| <b>\$212.01</b>      | \$8.48        | \$10.60       | \$12.72       |

Source: AirDNA

It is important to note that these figures are only estimates and are subject to change based on annual accommodation revenue, occupancy, number of accommodation units, and MAT rate. It should also be noted that the analysis was a point in time exercise and does not consider inflationary costs or future development of accommodations in the Town of Essex. Although initial estimates

show a clear 50/50 split of MAT revenue, it's important to highlight that the split of the annual revenue between the Town and the eligible tourism entity (TWEPI) will be subject to costs related to administering the collection. Those costs can be taken directly from the total MAT revenue.

### **Collection and Remittance – Analysis of Options:**

The following section provides a breakdown of two MAT collection options, being (1) an internal MAT collection model and (2) a third-party MAT collection model from Ontario Restaurant, Hotel & Motel Association. A third MAT collection model proposed by the City of Windsor was also investigated, however, based on discussions with City administration, specific details regarding proposed fees and overall program structure were not committed to and were not provided to Town administration. As a result, the City of Windsor collection option was ruled out.

#### **1. Internal Collection – Town of Essex**

If the Town proceeded with an internal collection model, Town staff would manage all aspects of the MAT process. Accommodation providers would collect the MAT from guests at the Council-approved rate and remit the collected fees to the Town on a quarterly basis using a standardized Town-issued form.

Administration of the MAT would be managed by the Finance Department, with a portion duties dedicated to MAT processing, tracking, compliance, and reporting. The department would be responsible for receiving and reconciling remittances, maintaining the provider registry, issuing reminders

for late or missing submissions, responding to provider inquiries, remittances to the eligible tourism entity, and preparing required quarterly and annual MAT reports.

Based on 250 total units (183 STR and 67 Hotel/Multi-Unit Properties) in the Town of Essex and an estimated \$315,000 annual MAT revenue (4% MAT) the cost to administer the MAT internally is estimated to be as follows:

#### Program Implementation

It is estimated the implementing the program, including form creation, promotion and outreach, policy creation and other requirements will take one full-time equivalent approximately 2 months of focused administration time (estimated at \$12,000). Once the program begins, the following is an estimate of the time required to administer the program.

#### Program Administration

Quarterly finance activities are estimated to take approximately 875 hours, or 0.55 full-time equivalent, not including leadership oversight. This translates to a budget impact between \$51,000 and \$63,000.

After factoring in the above noted expenses, MAT collections to be retained by the Town of Essex are as follows:

- Year 1 cost: \$75,000 (including \$12,000 set up costs).
- Year 1 Town portion of MAT retained: \$120,000.
- Year 2 cost onward: \$63,000.

- Year 2 Town portion of MAT retained: \$126,000.

Advantages:

- Simplified internal engagement with accommodation providers
- Consistency in MAT reporting and oversight
- Continuity with the Town's financial controls and processes
- Full municipal control over the program

Disadvantages:

- Requires dedicated staff time and new internal processes
- Requires ongoing data management and follow-up
- Higher administrative burden, particularly during remittance periods
- Significantly higher cost for collection
- Requires internal staff training and procedural development

## **2. Third-Party Collection – Ontario Restaurant, Hotel & Motel Association (ORHMA)**

ORHMA currently manages the MAT collection for nearly half of all MAT-collecting municipalities in Ontario. Accommodation providers would be required to remit MAT funds on a quarterly basis through ORHMA's portal. Fees to administer a MAT through this third-party option with ORHMA are as follows:

- Hotels/motels: 1.8% fee of total annual MAT revenue

- Short-term rentals (STRs): 5% fee of total annual MAT revenue, and
- A one time \$3,000.00 start-up fee

Based on 250 total units (183 STR and 67 Hotel/Multi-Unit Properties) in the Town of Essex and an estimated \$315,000 annual MAT revenue (4% MAT) the cost to administer the MAT through ORHMA is estimated to be as follows:

- Year 1 cost: \$13,000 (including \$3,000.00 set up fee).
- Year 1 Town portion of MAT retained: \$151,000.
- Year 2 onward: \$10,000.
- Year 2 Town portion of MAT retained: \$152,500

ORHMA provides two options for distributing the MAT funds:

1. ORHMA remits the full net amount to the Town, and the Town transfers the 50% tourism share to TWEPI, or
2. ORHMA directly remits the 50% tourism share to TWEPI and sends the municipal share to the Town, which reduces administrative handling for the municipality.

Advantages:

- The Town would not be required to create new internal processes to manage data submissions or handle operator training, as these functions are absorbed by ORHMA

- ORHMA has extensive experience in MAT collection with the ability to launch seamless and expedited remittance for local accommodators
- Provides a secure, customized online reporting portal with double authentication
- Sends automated compliance reminders to accommodation providers
- Allows municipal oversight while significantly reducing internal staff workload
- Full electronic payment processing for accommodation providers
- Provides training for local operators and Town staff prior to portal launch
- Professional third-party auditing of submissions, reports, and invoices

Disadvantages:

- Requires payment of administration fees on annual revenue
- Ongoing dependency on a third-party provider for reporting and oversight
- Less control over day-to-day collection and reporting

Based on Administration's review of the two Collection & Remittance options, contracting ORHMA provides the greatest financial benefit and reduces the administrative burden on the Town's staff complement. This approach also ensures secure, professional oversight of compliance, reporting, and fund remittance, allowing the Town to efficiently implement the MAT program while maintaining transparency and accountability for both the municipal and tourism shares of revenue.

## External Scan of the MAT Implementation in Surrounding Municipalities

Town Administration conducted a regional scan of neighbouring municipalities to understand the status of the MAT implementation across the local region. The following table below summarizes the surrounding municipalities' positions and Council directions on the MAT, if applicable.

| <b>Municipality</b>              | <b>MAT Rate</b> | <b>Status</b>   |
|----------------------------------|-----------------|---|
| City of Windsor                  | 6%              | Implemented October 1, 2018, at 4%. Increased to 6% effective April 1, 2025   |
| Municipality of Lakeshore        | -               | Consideration deferred (September 9, 2025) pending an updated short-term rental licensing report  |
| Municipality of Leamington       | -               | Administration directed (August 26, 2025) to continue investigating a MAT and engage TWEPI regarding a partnership  |
| Town of Amherstburg              | -               | Administration directed (August 11, 2025) to work with TWEPI and the City of Windsor on the MAT implementation and collection details and report back on processes, by-laws, opportunities, and risks |
| Town of Kingsville               | -               | Council resolved (July 14, 2025) not to pursue the MAT implementation at this time  |
| Town of LaSalle                  | -               | Council approved MAT implementation and partnership with TWEPI (August 26, 2025), subject to available resources  |
| Town of Tecumseh                 | 4%              | Council approved MAT implementation for hotels only (August 12, 2025)   |
| Township of Pelee (Pelee Island) | -               | Scheduled to discuss short term rental licences and an update on the MAT initiative by TWEPI  |
| Municipality of Chatham-Kent     | -               | Not implemented   |

|                                |    |  |
|--------------------------------|----|--|
| Municipality of Lambton Shores | 4% | Council approved the implementation of the MAT, effective April 1, 2020    |
| City of Sarnia                 | 4% | Council approved the implementation of the MAT, effective July 1, 2020     |
| City of London                 | 5% | Council approved the implementation of the MAT, effective October 1, 2022. |

**Potential MAT-Funded Projects**

A key consideration for implementation is establishing a MAT program that meaningfully incorporates accommodation providers into the decision-making process for how the municipal share of MAT revenues is invested, thereby relieving the burden on taxpayers. During stakeholder engagement, operators emphasized that transparency, accountability, and a clear understanding of how MAT dollars are reinvested back into the community are critical for long-term support of the program. Providers expressed strong interest in having an ongoing voice in shaping the types of tourism marketing, visitor-experience improvements, and destination-enhancing projects that MAT could help fund rather than relying on taxation, such as seasonal campaigns, events, wayfinding, beautification, digital marketing, or visitor-servicing enhancements.

Based on future projects currently identified in the Town of Essex approved 2026 Budget and forecasted 2027+ Budgets, Administration has outlined several example projects that could be funded by MAT revenues, thereby alleviating current funding sources such as taxation and reserves:

- Art Installations - Murals

- Sadler’s Park Pavilion
- Tourism Marketing Action Plan
- Essex Centre Sport Fields
- Tourism Events Fund
- Future County Wide Active Transportation Initiatives
- Essex Fun Fest
- Harrow Dog Park
- Colchester Beach Showers and Foot Wash
- Colchester Streetscaping Study

To support the expectation of accommodation provider involvement, the Town will establish a transparent governance and reporting framework through a forthcoming MAT By-law. This By-law will outline program rules, define the Town’s obligations under provincial legislation, set reporting and remittance requirements, and specify how accommodation providers will participate in identifying or advising on MAT-funded initiatives. Administration intends to include a formal mechanism such as an advisory group, structured annual consultation, or sector-specific feedback process to ensure operators have meaningful input while preserving Council’s authority over final budget decisions. This approach aligns with stakeholder feedback and reflects best practices across Ontario, helping ensure the MAT program remains collaborative, transparent, and aligned with community tourism priorities.

### **Next Steps**

1. Council to direct Administration to prepare the MAT By-law by August 2026 for a January 1, 2027 implementation, including direction on the Collection & Remittance Model. The By-law will outline the Council-directed tax rate, reporting and remittance requirements, provider responsibilities, compliance provisions,

and the governance framework for involving accommodation providers in MAT-funded initiative planning.

2. Formalize partnerships with TWEPI to govern the MAT funds and ORHMA to serve as the third-party administrator to enable portal setup, staff training, operator onboarding, and required notification periods.

3. Notify all accommodation providers of MAT implementation at least 60 days prior to commencement.

If directed by Council to implement a MAT using ORHMA as the preferred Collection and Remittance model, the following outlines next steps:

- **Spring 2026:** Draft MAT By-law for internal and legal review,
- **July/August 2026:** MAT By-law to Council for 3 readings
- **Summer 2026:** Execute agreements with TWEPI and ORHMA. ORHMA develops reporting portal; Town staff training; launch of public communications and onboarding materials for accommodation providers.
- **Fall 2026 (60-day notice period begins):** Formal notification to all accommodation providers; distribution of reporting instructions, compliance guidance, and support resources.
- **January 1, 2027:** MAT program goes live (first day of required collection).
- **Spring 2027:** First quarterly reporting and remittance to ORHMA.

**Financial Impact**

The total annual potential financial impact should the MAT be adopted at a 4% rate is summarized below:

| Estimated:                                | OPTION 1: ORHMA | OPTION 2: Internal |
|---|-----------------|--------------------|
| <b>Revenues</b>                           | \$315,000       | \$315,000          |
| <b>Administration Expense:</b>            | \$13,000        | \$75,000           |
| Net Revenue                               | \$302,000       | \$240,000          |
| 50% Allocation to TWEPI                   | \$151,000       | \$120,000          |
| <b>Revenue to be received by the Town</b> | \$151,000       | \$120,000          |

**Consultations**

Kate Giurissevich, Chief Administrative Officer

Lori Chadwick, Director, Development Services

Kate Rowe, Director, Corporate Services

RaeAnn Schroeder, Analyst, Economic Development and Business Relations

## **Link to Strategic Priorities**

- Embrace asset management best practices to build, maintain, and continuously improve our municipally owned infrastructure.
- Leverage our Town's competitive advantages to promote jobs and economic investment.
- Take care of our natural environment and strengthen the sense of belonging to everyone who makes Essex "home".
- Deliver friendly customer service in an efficient, effective, and transparent manner while providing an exceptional working environment for our employees.
- Build corporate-level and community-level climate resilience through community engagement and partnership and corporate objectives.

**Report Approval Details**

|                      |   |
|----------------------|---|
| Document Title:      | Municipal Accommodation Tax - Economic Development-2026-02.docx                                 |
| Attachments:         | - Appendix A - Municipal Accomodation Tax Survey - Final.pdf<br>- MAT Presentation 2026 (1).pdf |
| Final Approval Date: | Apr 13, 2026  |

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



**Lori Chadwick, Director, Development Services - Apr 13, 2026 - 4:30 PM**



**Kate Giurissevich, Chief Administrative Officer - Apr 13, 2026 - 7:43 PM**