



Staff Report

Strategic Initiatives – Special Projects & Strategic Initiatives

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: November 17, 2025
Report Number: SI.25.036
Title: Municipal Accommodation Tax 2026 Budget Allocations and Recommendations
Prepared by: Tim Hendry, Director of Strategic Initiatives;
Monica Quinlan, Director of Corporate & Financial Services

A. Recommendations

THAT Council receive Staff Report SI.25.036, entitled “Municipal Accommodation Tax 2026 Budget Allocations and Recommendations”;

AND THAT Council endorses the prioritized use of Town Municipal Accommodation Tax Funds and the allocation hierarchy as detailed in the report;

AND THAT Council approves the following Town-led projects for funding in the 2026 Budget through the Municipal Accommodation Tax reserve:

- Destination Strategy Implementation (\$150,000)
- Transit Service (\$175,000)
- Comprehensive Parking Strategy (\$50,000)
- Gateway Sign Project (\$210,000)
- Parks and Open Space Master Plan & Leisure Activity Plan Update (not to exceed \$125,000)
- Economic Development Action Plan (\$60,000)

AND THAT Council endorses the outlined process to consider external funding requests from eligible groups as noted and directs staff to administer this process at the end of Q1 2026 following the full year of MAT collection.

B. Overview

This report provides Council with information regarding Municipal Accommodation Tax collected in 2025 and outlines how the Town’s share of funds could be used by Council. The report details the proposed framework for fund allocation, including evaluation scores for shortlisted budget items considered for MAT funding in the 2026 budget meetings.

Additionally, the report outlines a proposed open application process for external groups and Town Council-established Committees, Working Groups, and Task Forces.

C. Background

The Town's Municipal Accommodation Tax (MAT) came into effect on January 6, 2025, at a rate of 4%. The tax applies to all short-term overnight accommodation stays of less than 30 days, including bookings through websites such as Airbnb and VRBO. The tax is collected by accommodation providers and remitted quarterly to the Town.

A comprehensive process was completed to establish the tax, including the approval of a policy to guide the use of the Town's share of MAT funds. The policy was approved by Council on November 18, 2024 through report [FAF.24.134](#). This policy outlines the use of the Town's share of MAT funds, directing them towards tourism-supportive initiatives and ensuring their use is accountable, transparent, and responsible.

In addition to the policy and to further support the strategic use of the Town's share of MAT, an evaluation process was developed to assess the feasibility of using MAT funds to support Town-led projects. The evaluation criteria was approved by Council on September 15, 2025 through report [SI.25.030](#). The report detailed how the evaluation process would be conducted by the Senior Management Team based on Town-led projects that were earmarked by Council for potential MAT funding through the 2026 budget meetings. The criteria was developed to ensure that MAT funds are used appropriately to support tourism and for projects that align with the Town's strategic priorities and that support the goals and objectives of the Destination Strategy and the Economic Development Strategy.

For background information, it's important to note that MAT is governed by Provincial Regulation. In accordance with the regulation, after deducting administrative costs, 50% of the net revenue must be shared with an eligible tourism entity. The remaining funds are retained by the Town for strategic use as directed by Council. On July 6, 2024, the Blue Mountain Village Association (BMVA) was designated as the official Destination Marketing Organization to receive this 50% share of MAT revenue.

This report and its recommendations focus solely on the Town's share of MAT revenue and is related to how these funds should be strategically used to support the Town's tourism goals and objectives.

D. Analysis

This report has been organized into the following five sections:

1. MAT Collection Update and Year-End Estimate
2. MAT Remittance Compliance and Enforcement
3. Prioritized Use of Town MAT Funds
4. Ranked Evaluation Results
5. Overview of Process for External MAT Requests

1. MAT Collection Update and Year-End Estimate

The table below summarizes Municipal Accommodation Tax (MAT) collections to date for 2025. The final Q3 amount is not yet fully known, as the reporting deadline of **October 31, 2025** has just passed and payments are due by **November 15, 2025**. Quarter 4 figures are projections based on input from external accommodation providers and a review of Q2 results.

	MAT Collected
Q1 Actual	\$ 758,006
Q2 Actual	\$ 605,056
Q3 Reported / Projected	\$ 900,000
Q4 Projected	\$ 650,000
Total	<u>\$ 2,913,062</u>

Year-End Estimate and Distribution

Based on current projections, the total MAT collected in 2025 is estimated at **\$2,913,062**, resulting in the following distribution:

Recipient	Calculation	Estimated Amount
Town of The Blue Mountains	50% of Total MAT	\$1,456,531
Blue Mountain Village Association (BMVA)	Statutory share (to be made "whole")	\$1,270,000
Shared between the BMVA & the Destination Marketing Organization (DMO)	Town share less BMVA obligation	\$186,531

Calculation Summary:

- $\$2,913,062 \div 2 = \$1,456,531 \rightarrow$ Town's 50% share
- $\$1,456,531 - \$1,270,000 = \$186,531 \rightarrow$ Shared between the BMVA & DMO

BMVA Share Clarification

Under the MAT Agreement, if 50% of the total amount collected from BMVA properties exceeds the statutory obligation (i.e. the \$1,270,000 in 2025 – noting that this amount will be updated annually based on the growth figures in the regulation), BMVA will receive a higher amount (but this amount will never exceed 50% of the MAT collections).

Determining the BMVA share has not yet been completed for 2025, however as an example if in 2025, the MAT collected from BMVA properties is **\$2,225,514**, which would generate **\$1,112,757 (50%)** for BMVA then only the statutory payment of \$1,270,000 would be made. In contrast, if the MAT collected from BMVA properties was **\$2,600,000**

than they would receive \$1,300,000, and the remainder would then be distributed to the DMO.

While revenues are expected to increase following a phased-in approach at the start of 2025, the Municipal Accommodation Tax is not guaranteed to generate the same amount of revenue each year. It is recommended that approximately \$150,000 be set aside in reserve for potential shortfalls in future years. This will be addressed through the creation of reserve fund policies to be presented later this year or early in 2026.

2. MAT Remittance Compliance and Enforcement

Before the tax was implemented, with the assistance of CBRE the Town conducted an economic impact assessment in which the Town conducted a thorough review of all accommodation properties that would be subject to MAT. This effort resulted in the creation of a comprehensive database that includes all Town-licensed short-term accommodation properties (STA), commercial resort units (CRU), village commercial resort units (VCRU), motels, hotels, campgrounds, and bed and breakfasts. The database was developed in collaboration with key stakeholders, including the Blue Mountain Short Term Accommodation Association, Blue Mountain Resort, Blue Mountain Village Association, and local property rental management companies.

Collection and compliance tracking is managed internally by the Town's Finance Department, with support from the By-law Enforcement Division. Specialized short-term accommodation enforcement software is being used to monitor rental listings on websites such as Airbnb, VBRO and Booking.com. A report outlining the use of the software, including MAT compliance monitoring and enforcement of illegal short-term accommodation listings, will be presented to Council in Q1 2026.

To date, MAT compliance has been moderate, achieved largely through persistent follow-up by staff, particularly Amy Moore, Manager of Revenue. Each reporting period, approximately 40 to 60 of the active properties (of the over 1,800 MAT applicable units) require additional outreach, often involving multiple phone calls and letters. For Q1 and Q2, the Town tax rolled roughly \$45,000 in fines in total (Q1 + Q2), applied to approximately five non-compliant properties each period.

3. Prioritized Use of Town MAT Funds

While the Provincial Regulation does not prescribe specific uses for the Town's share of MAT funds, it is commonly accepted practice across Ontario to reinvest these funds into projects, initiatives, and infrastructure that support tourism. This approach aligns with feedback from the tourism industry within The Blue Mountains and broader Ontario, as well as endorsements from the Tourism Industry Association of Ontario (TIAO) and Tourism Industry Association of Canada (TIAC). Based on this, Town staff developed the Town Use of MAT Funds Policy and the MAT Evaluation Criteria, both of which were approved by Council. The policy and evaluation criteria aim to ensure funds are allocated

to projects that are not only meaningful to stakeholders but also resonate with local tourism expectations and strategic priorities.

The demand for MAT funding is considerable, encompassing Town-led initiatives, Council priority projects, and external community project proposals from a variety of stakeholders, including local business associations, healthcare institutions and working groups of Council. To effectively allocate MAT funds, it's recommended that Council endorse the following allocation hierarchy as detailed below:

1. Town-Led Projects	It is recommended that Town-led projects shortlisted by Council through the annual budget process should be given priority, as each has been vetted internally and has been recommended for implementation through the budget process due to their direct connection to an identified priority within a master plan, strategic objective and/or Council priority.
2. External Requests	<p>It is recommended that external requests for MAT funding be considered through an open and transparent application process, initiated at the end of Q1 each year, following a complete cycle of MAT collection.</p> <p>This approach will ensure that all interested parties, including Council-established committees and working groups, have equitable access to submit a proposal to Council. Through this process, evaluation will be based on detailed proposals that include relevant data and strategic alignment justifications, instead of limited details provided through a deputation.</p> <p>Conducting the process at the end of Q1 each year is crucial, as funding decisions will be based on actual revenues rather than estimates.</p>

Town-led projects are recommended as the first priority for Municipal Accommodation Tax (MAT) funding as they are based on Town core services and advance corporate goals. Further, each shortlisted Town-led initiative has been vetted through the annual budget process and the internal evaluation criteria approved by Council, ensuring that projects are strategically aligned with the Town's Destination Strategy, Corporate Strategic Plan, and Economic Development Strategy.

Staff recommend that external funding requests be supported through an open and transparent application process. The open nature of the application is important as not all groups were able to submit their requests ahead of the 2026 budget discussions. For example, discussions are ongoing with the local business associations (as part of "Team

Blue”) on how MAT funding could benefit tourism-related projects and infrastructure in the Town.

Conducting that process at the end of Q1 each year, following a full year of MAT collection, ensures that funding decisions are based on confirmed revenues rather than estimates. This phased approach provides fairness to all applicants and ensures that the Town’s fiscal commitments remain sustainable.

4. Ranked Evaluation Results

The following projects/items were shortlisted by Council during the 2026 budget process to be potentially funded by MAT. As described in report [SI.25.030](#), each shortlisted project/item was evaluated by the Senior Management Team against the approved evaluation criteria.

The ranked results and details of the evaluation are below:

Project/Item	Weighted Score (Out of 5)	Rationale/SMT Comments	Recommended for MAT Funding
Destination Strategy Implementation (\$150,000)	4.05	The project relates to the direct implementation of the Destination Strategy, which is focused on achieving the tourism goals and objectives as approved by Council. The project includes a detailed work plan with focused and measurable enhancements to the visitor experience. The project will be delivered by the Strategic Initiatives Department in partnership with industry sector members.	Yes
Transit Service (\$175,000)	4	The project aligns with Corporate Strategic Plan goals related to building a complete community, enhancing mobility, and improving accessibility. The project also aligns with the Destination Strategy, which identified public transit as a current barrier for the growth of the local tourism sector. The project directly supports tourism through workforce mobility, as evidenced by ridership data and may reduce local traffic and parking pressures, which indirectly benefits tourism capacity.	Yes
Comprehensive Parking Strategy (\$50,000)	3.8	The project aligns with the local business support goals of the Economic Development Strategy and Destination Strategy through enhanced tourism	Yes

		management infrastructure planning. The project also aims to address a key resident concern related to parking availability, as expressed in the 2024 Resident Satisfaction Survey and the 2023 Role of Tourism Survey. The project will indirectly support tourism by developing a strategy with clear recommendations to improve parking access to local businesses. This will also include a review of regulatory instruments such as the Town's Parking By-law to support access.	
Gateway Sign Project (\$210,000)	3.45	The project has strong alignment with the placemaking and destination development goals of the Destination Strategy and Economic Development Strategy. The project also aims to enhance Town branding and to distinctively identify the formal boundary of The Blue Mountains, which is frequently mentioned as a priority of Council. The project is tender-ready with approved designs ready for fabrication. The project will be managed by the Strategic Initiatives Department with support from the Operations Department.	Yes
Parks and Open Space Master Plan* (\$105,000)	3.45	The project aligns with the goals of the Corporate Strategic Plan, including active living, community well-being and protection/enhancement of the natural environment. The project includes elements that will directly and indirectly support tourism. In addition, the project aligns with resident comments related to the management and maintenance of Town-owned parks, trails and open spaces. The scope of the project will need to be revised to align with the Leisure Activities Plan update to ensure a reasonable administrative process to develop both strategies.	Yes, but with a revised scope as noted below
Economic Development Action Plan (\$60,000)	3.4	The project is directly linked to the existing Economic Development Strategy and the new Corporate Strategic Plan objectives for economic diversification and business retention. The project is less connected to tourism but will provide indirect support through local business support initiatives. There is moderate	Yes

		potential for long-term growth in the commercial tax base and business attraction. The project is highly scoped and will be managed by the Strategic Initiatives Department	
Leisure Activity Plan Update* (\$105,000)	3.25	The project supports the objectives of the Corporate Strategic Plan, focusing on active living and community well-being. It integrates components that will both directly and indirectly support tourism. The scope of the project will need to be revised to align with the Parks and Open Space Master Plan.	Yes, but with a revised scope as noted below
Communication Review (\$25,000)	N/A	The project is aligned with the communication goals of the Corporate Strategic Plan, but there is no direct or indirect benefit to tourism, the local economy, or visitor experience. As a result, the project did not meet the minimum score threshold and is not being recommended for funding.	No

Through the evaluation process, the Senior Management Team reviewed the scope of the Parks and Open Space Master Plan and the Leisure Activity Plan Update projects. As both are aligned with various goals of the Corporate Strategic Plan, the projects are recommended for MAT funding, but at a combined and reduced scope and cost as detailed below.

A combined and more tightly scoped project could include a Community Services, Parks and Recreation Plan that utilizes a public survey administered by a third party to understand if the current priorities in the Leisure Activities Plan remain the same or if the community's priorities have changed. The Parks, Trails and Open Space planning will include an internal review of trails, trail connections and trail opportunities for the Town trail system.

5. Overview of Process for External MAT Requests

Staff acknowledge that Council had shortlisted various requests from external groups as noted below. However, through the process, the Senior Management Team determined that additional information was needed to appropriately and fairly assess the requests against the approved evaluation criteria. As a result, staff recommend that the requests be considered through the open application process for external groups that will be conducted at the end of Q1 2026.

- Below Market Value Housing Initiatives/Projects (\$250,000)
- Collingwood General & Marine Hospital Contribution (\$200,000)
- Physician Recruitment (\$100,000)
- Meaford Hospital (\$25,000)
- Craileigh Community Visioning Workshops (\$25,000)

- Craigleith Area Crosswalk Detailed Engineered Drawings (\$28,000)

In addition to the shortlisted requests, staff recommend that Council endorse an open application process for external groups to apply to request MAT funding. Staff recommend that this process include requests from external organizations (not-for-profit organizations and registered charities), as well as from Council-established Committees, Working Groups, and Task Forces.

The intent of the open application process is to ensure that all groups have a fair and equitable opportunity to request funds from Council. The process will include a fillable template that requests details to assess the alignment and feasibility of projects against the approval evaluation criteria. Staff recommend that this process be completed at the end of Q1 2026 to follow the complete cycle of MAT collection for 2025, which will allow funding decisions to be based on actual revenues rather than estimates.

Staff recommend that the external application process mirrors the process for Town-led projects, in which the evaluations are completed by the Senior Management Team with a funding recommendations report presented to Council for formal consideration.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

No direct environmental impacts are anticipated as a result of this report. The criteria used for determining if projects were eligible for funding include rationale related to the natural environment. Projects that include improvements and/or investments aimed at preserving the

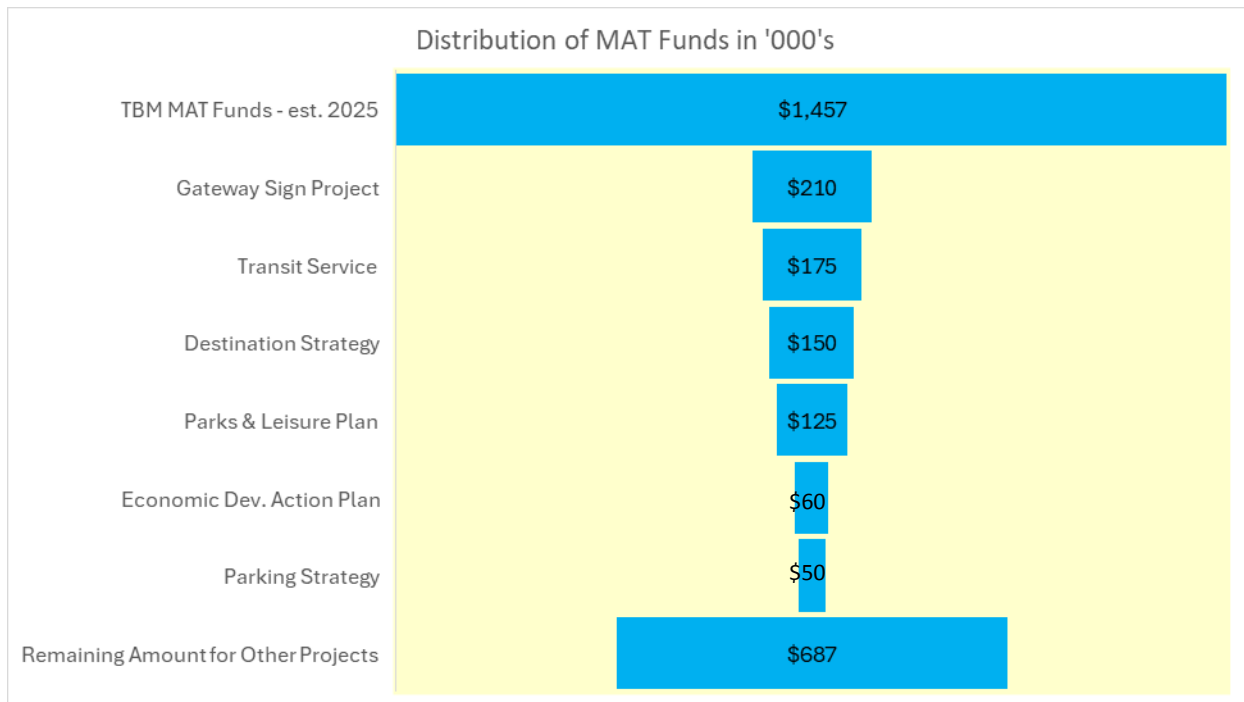
natural environment and sustainable tourism best practices and initiatives received a higher score than projects that do not.

G. Financial Impacts

The Municipal Accommodation Tax funds are limited to what is collected each year. As noted, 50% of net revenue is shared with the Blue Mountain Village Association as the Town's Destination Marketing Organization, with the remaining funds are managed by the Town for strategic use. Based on collection to date, it is anticipated that a total of \$2.9 million will be collected, providing the Town with just over \$1.4 million in MAT funding.

The Municipal Accommodation Tax funds are separate from the base Town levy and approved items will not have an impact on the taxation rate. Items that were not recommended to be funded via MAT could still be approved by Council for funding through other sources.

Town staff have had preliminary discussions with the local business associations (Blue Mountain Village Association, Blue Mountains Chamber of Commerce, Thornbury BIA & Clarksburg Village Association) as part of "Team Blue" on how MAT funding could benefit tourism-related projects and infrastructure in the Town. No funding requests have been made by "Team Blue" prior to the submission of this report.



H. In Consultation With

Adam Smith, Chief Administrative Officer

Monica Quinlan, Director of Corporate & Financial Services

Senior Management Team

I. Public Engagement

The topic of this Staff Report will be the subject of a Public Meeting and/or a Public Information Centre in accordance with the following schedule:

- October 27, 2025, Committee of the Whole – Initial staff report SI.25.036 with recommendation to proceed to public consultation;
- November 10, 2025, Council – recommendation from Committee of the Whole considered by Council
- November 10, 2025, Public Meeting
- November 17, 2025, Committee of the Whole – Follow up report to the Public Meeting, attaching comments received in response to the Public Meeting;
- December 1, 2025, Council – recommendation from Committee of the Whole considered by Council, and related By-law, if any

J. Attached

None.

Respectfully submitted,
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Report Approval Details

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

Tim Hendry - Nov 12, 2025 - 10:43 AM

Adam Smith - Nov 12, 2025 - 11:42 AM