



Staff Report

Corporate & Financial Services

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: February 23, 2026
Report Number: CFS.26.012
Title: Municipal Accommodation Tax By-law Update
Prepared by: Monica Quinlan, Director of Corporate & Financial Services;
Amy Moore, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report CFS.26.012, entitled "Municipal Accommodation Tax (MAT) By-law Update";

AND THAT Council direct staff to proceed to the March 31st, 2026 Public Meeting with the proposed amendments to the Municipal Accommodation Tax (MAT) By-law for public input.

B. Overview

The purpose of this report is to provide Council with an overview of the first year of the Municipal Accommodation Tax (MAT) program, outline implementation challenges and administrative pain points, and seek approval to move to a public meeting to review the proposed amendments to the MAT By-law to improve clarity, compliance, and administrative efficiency as the program becomes established.

C. Background

The Town of The Blue Mountains implemented a four percent (4%) Municipal Accommodation Tax (MAT) that came into effect on January 6, 2025. MAT is a fee collected on short-term and overnight accommodations. It is paid by visitors when they book a room with a local accommodation provider. This is a mandatory tax that must be paid when the accommodation is paid for. The tax applies to **all** overnight stays of less than 30 days in the Town of The Blue Mountains for transient accommodation. Revenue generated by the MAT will be used to support the local tourism industry.

The Municipal Accommodation Program has now been in effect within the Town of The Blue Mountains for just over a year. Over this initial implementation period, Town staff have intentionally taken an education-first and flexible approach to administration and enforcement, recognizing that the MAT represented a new program and process for accommodation providers. This approach allowed time for providers to become familiar with their reporting and remittance obligations and for staff to identify areas where the process could be improved.

Town Staff, together with informal feedback received from accommodation providers, have reviewed the current process for the collection of MAT revenues and are proposing amendments to By-Law 2024-74 to provide greater clarity, consistency, and administrative efficiency as the program matures.

D. Analysis

Current Process Overview:

Accommodation providers are required to report and remit MAT revenues on a quarterly basis. Under the current By-law, providers must submit a remittance report by the end of the month following the quarter-end, with payment due 15 days after the report is submitted.

Where providers fail to comply:

- Unpaid MAT amounts are transferred to the property tax account approximately 45 days after the end of the quarter;
- If a provider reports but does not pay, the reported amount is transferred; and
- If a provider neither reports nor pays, a manually calculated MAT amount based on the advertised property rate at full occupancy is transferred.

Outstanding balances are subject to a 1.25% monthly penalty. As part of the initial implementation phase, Town staff have exercised discretion by removing calculated amounts when providers subsequently submitted accurate reports and payment.

While overall compliance has improved over time, administration of the program has required a significant amount of manual follow-up by staff. Key challenges identified include:

- misalignment between reporting and payment deadlines, creating confusion for providers;
- a high volume of reminder emails and follow-up communications;
- uncertainty around the consequences of ongoing non-compliance; and
- inefficiencies created by reversing manually calculated amounts after extended periods of non-compliance.

These issues are becoming more pronounced as the program continues and volumes increase.

Performance Statistics:

As of February 10th, 2026 (prior to the February 15 payment deadline for Q4):

- approximately 62% of accommodation providers had submitted their Q4 remittance report; and
- approximately 58% of accommodation providers have completed payment.

Staff have already issued a significant number of reminder and follow-up communications. Final compliance statistics, including the number of follow-up emails issued and the number of

accounts transferred to the tax roll, will be monitored and reported internally. These preliminary figures highlight the need for clearer timelines and a more standardized enforcement framework. To provide for additional context the third quarter statistics are listed below, as you can see compliancy at the deadline continues to be at 58%.

Q3 Statistics:

Description	Quantity
Total MAT Reporters (noting that a single entity may be reporting for many providers i.e. a Property Management group may be responsible for reporting all of their clients)	221
Reported and Paid within ~45 days i.e. "on-time"	128
Compliancy at Deadline	58%

Description	Reported – Not paid	Not Reported & Not Paid	Total	Delinquency %
First Warning Notices	27	66	93	42%
Final Notices – Adding to Tax Accounts	14	9	23	10%
Actual Adjustments made to a Tax Account	15	5	20	9%
Reports/Payments made following the Adjustments	0	3	3	1%

The first and second quarter statistics decrease in terms of compliancy; however, the program was in the very early stages of implementation and consistent processes were still being determined. Staff spent additional time to follow-up and support accommodation providers throughout this time frame, to assist in understanding the process and requirements.

Proposed Changes to the MAT Process and By-law

Town staff are proposing amendments to the MAT administration process and corresponding changes to the By-law to create a clearer, more efficient, and more consistent framework for both accommodation providers and Town staff.

The proposed changes are intended to reduce administrative effort, improve compliance, and clearly set out expectations as the MAT program transitions from its initial implementation phase to a standardized operating model.

Summary of Proposed Changes:

- Aligning the reporting and payment deadlines so that both are due within **15 days following the end of each calendar quarter**;
- Introducing a **\$50 administrative fee** when MAT amounts are added to the property tax account due to non-compliance, reflecting the additional staff time required
- Introducing a formal updated non-compliance process:
 - One (1) week following the deadline a warning letter will be issued stating non-compliance and that amounts will be transferred to the property tax account plus the \$50 Administrative fee;
 - If MAT is reported and unpaid, the unpaid amount will be added to the property tax account inclusive of the \$50 Administrative Fee;
 - If MAT is neither reported or paid, the manually calculated amount based on advertised/comparable property rates at full occupancy is added to the property tax account inclusive of the \$50 Administrative Fee;
 - If provider reports and pays within 30 days after the transfer process, Town staff have the authority to remove the transferred amount from the property tax account (less the \$50 administrative fee).
- After the adjustment window (See Attachment 1), staff do **not** have the authority to remove the MAT added to the property tax account. Property owners/agents must delegate to Council to request any adjustments.

Operational Impacts

The proposed amendments are expected to:

- reduce manual follow-up and exception handling;
- improve internal controls and auditability;
- provide greater certainty and transparency for accommodation providers; and
- allow staff to focus on monitoring compliance rather than chasing late submissions.

An updated internal and external process flowchart has been prepared to reflect the revised process and is included as Attachment 1.

Staff believe that the proposed By-law amendments reflect a transition toward a clearer, more consistent, and more efficient framework that balances fairness for accommodation providers with the need for effective administration and protection of the Town's revenue base.

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.

F. Financial Impacts

The proposed changes are not expected to have a financial impact. The introduction of an administrative fee is intended to partially offset the additional staff time required to manage non-compliant accounts. Improved compliance is expected to support more timely collection of MAT revenues.

G. In Consultation With

Tim Hendry, Director of Strategic Initiatives
Heather McFarlane, Budget Analyst

H. 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:

- February 23, 2026 Committee of the Whole – Initial staff report (CFS.26.012 – Municipal Accommodation Tax By-law Update) with recommendation to proceed to public consultation;
- March 9, 2026 Council – recommendation from Committee of the Whole considered by Council;
- March 10, 2026 Public Meeting Notice emailed to short term accommodation providers;
- March 10, 2026 Public Meeting Notice posted;
- March 31, 2026 Public Meeting;
- April 13, 2026 Committee of the Whole – Follow-up report to the Public Meeting, attaching comments received in response to the Public Meeting;
- April 20, 2026 Council – recommendation from Committee of the Whole considered by Council, and related By-law.

Any comments regarding this report should be submitted to Monica Quinlan, Director of Corporate & Financial Services directorcfs@thebluemountains.ca.

I. Attached

1. Process Map

Respectfully submitted,

Monica Quinlan, CPA CMA
Director of Corporate & Financial Services

Amy Moore,
Manager of Revenue

For more information, please contact:
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Report Approval Details

Document Title:	CFS.26.012 MAT Bylaw Update.docx
Attachments:	- Att 1 - MAT Process flow.pdf
Final Approval Date:	Feb 12, 2026

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

No Signature - Task assigned to Amy Moore was completed by workflow administrator Amy Moore

Amy Moore - Feb 12, 2026 - 3:28 PM

Monica Quinlan - Feb 12, 2026 - 4:03 PM

