

Hamilton Tourism Development Corporation and Municipal Accommodation Tax Overview

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Presentation to: The Board of Directors, Hamilton Tourism Development Corporation

Presentation by: Manager of Tourism and Events, City of Hamilton

Meeting: November 30, 2023

PRESENTATION PURPOSE

To provide an overview of the

- 1) Governance structure of the Hamilton Tourism Development Corporation (Corporation)
 - role of its Board of Directors
 - role of City Council as the Sole Shareholder of the Corporation.
- 2) Municipal Accommodation Tax (MAT) implementation in Hamilton.
- 3) Resolutions for approval at today's Board of Directors meeting.

HAMILTON TOURISM DEVELOPMENT CORPORATE GOVERNANCE

February 23, 2022: Council approved the Business Case to incorporate a municipal service corporation to function as the eligible tourism entity and receive 50% of the MAT funds.

The Business Case outlined:

- the purpose of the corporation
- its mandate, objectives, principles
- governance structure
- accountability; and
- reporting matters.

HAMILTON TOURISM DEVELOPMENT CORPORATE GOVERNANCE

August 2, 2022: The non-profit, non-share capital corporation, named "Hamilton Tourism Development Corporation, was incorporated.

- City is the Sole Voting Member.
- Sole Voting Member is represented by City Council.
- Council is responsible to safeguard the Corporation's funds.

November 16, 2022: Council approved the Council Member appointments to the Corporation for the 2022-2026 Term of Council.

- Board of Directors comprised of 3 Council members – Councillor Cassar, Councillor Hwang, and Councillor Spadafora.
- Responsible to supervise the management of the business and affairs of the Corporation. Corporation.

MUNICIPAL ACCOMMODATION TAX (MAT)

2017:

The Province of Ontario grants municipalities the authority for municipalities to implement MAT on transient accommodation stays of 29 nights or less.

MAT to provide revenue to support destination marketing and tourism development initiatives, including investing in hosting significant tourism festivals and events that positively impact the local economy.

The Province requires municipalities to share a minimum of 50% of MAT with an eligible tourism entity; in Hamilton's case, this is the Corporation.

MAT IMPLEMENTATION IN HAMILTON

August 12, 2022: Council approved

- 1) By-law No. 22-209 establishing a mandatory MAT at a rate of 4%, effective January 1, 2023, on transient accommodation stays.
- 2) The Ontario Restaurant Hotel Motel Association as the MAT collection agent.
- 3) The City's MAT Reserve Policy No FPAP-RE-004.
- 4) Two line of credit agreements between the Corporation and the City.

As of September 30, 2023, MAT revenue collected = \$1,578,000

Total 2023 Year-End MAT Revenue = \$2.2 Million (estimate)

Corporation's 2023 MAT Reserve funds = \$1,094,200 (estimate)

BOARD OF DIRECTORS MEETINGS

November 30, 2023: Business of the Corporation's first Board of Directors meeting

- (i) the appointment of the Corporation's officers
- (ii) approval of the Corporate By-Law
- (iii) approval of the 2023 Budget
- (iv) approval of the Corporation's MAT Reserve Fund Policy, and
- (v) provision of signing authority

Early 2024: Board of Directors meeting

- (i) 2024 budget
- (ii) Business Plan
- (iii) recommendations on implementing the Business Plan