

Council advances Municipal Accommodation Tax process

By **MUHAMMAD HAMZA**

Local Journalism Initiative Reporter

Caledon Council has tentatively approved a municipal staff request to proceed with a Municipal Accommodation Tax (MAT) process by preparing a draft bylaw and developing a business case for an Eligible Tourism Entity (ETE) before reporting back to Council for final consideration.

The Ontario Regulation 435/17 of the Municipal Act, 2001, authorizes lower-tier municipalities to establish an administrative framework for the MAT bylaw.

If Council ultimately approves the bylaw, a four percent MAT rate would be imposed on the purchase price of short-term accommodations, like AirBNB and Vrbo, for visitors on stays of fewer than 30 days.

Under the provincial regulations of 435/17, the revenue generated from the taxes will be divided between the municipality and an ETE with an operational mandate of tourism growth, destination marketing, and experience development.

The staff report, titled "Municipal Accommodation Tax in the Town of Caledon," was prepared by Emily Quinton, Officer, Tourism and Culture, Business Attraction and Investment, who explained the MAT framework and responded to questions from Council members.

Council approved the motion at the committee level and is expected to give it final approval at their July 28 meeting.

The MAT was introduced in 2017, and more than 80 Ontario municipalities have established and implemented a MAT by-law framework, including Mississauga, Brampton, Vaughan, Barrie, Guelph, Oakville, and Kitchener.

MAT rates vary by municipality, with most rates between four percent and six percent.

During the General Committee meeting, Mayor Annette Groves asked staff to confirm whether there will be a public consultation or engagement with those from the hospitality industry after the bylaw implementation.

"I would hope that there would be public consultation and conversation with the folks in the hospitality industry to ensure that they are consulted, because it will affect them," she said. "Before you bring the bylaw, would there be a public information centre? Would that be something that you would be doing?"

Quinton responded, "there will be public consultations; there will be work with other departments at the Town. This is just step one."

The discussion took a different turn when Councillor Tony Rosa opposed the motion by arguing that Caledon lacks sufficient accommodation options and the proposed tax could further increase costs for visitors.

"I don't think we're ready... I would feel more confident implementing this type of tax when we have more accommodation options in the municipality," he said.

Quinton said that the town is exploring ways to attract more permanent accommodation investments while expanding Caledon's tourism sector.

Not everyone is happy with the Council's decision; small-scale accommodation providers raised concerns about MAT, saying it will affect them financially.

'I am concerned that a flat 4% municipal accommodation tax disproportionately impacts small, independently owned accommodations while having a much smaller effect on large hotel chains with greater economies of scale,' said Bruno Roldan, owner and operator of The Liberty Inn & Nordic Spa Hotel.

While acknowledging Council's efforts to create new revenue streams to support tourism and local infrastructure, he said the government at every level should be making it easier for small businesses to succeed, not creating additional barriers that favour large corporations.

Roldan added that small, family-run businesses, like his, are an important part of Caledon's identity and local economy, and policies should recognize the challenges they face.

'As a four-suite, family-run inn, we simply do not have the economies of scale to absorb an additional 4% cost,' he said.

Roldan emphasized that the additional cost would ultimately be passed on to guests, making his hotel less competitive compared with large accommodation providers that can spread costs across hundreds of rooms and broader revenue streams.

'For a small business like ours, even modest increases in the total cost of a stay can influence booking decisions, particularly when guests are comparing multiple options.'

He added that visitors often compare destinations based on the total cost of their trip and that additional taxes can influence where they choose to stay. Although the four per cent tax seems modest, Roldan said, 'it adds to the overall cost of travel and could make Caledon less competitive if neighbouring municipalities offer similar experiences at a lower total price.'

Similar concerns have also been raised by Lena Kushnir, the owner of Caledon Manor & Country Inn, saying that the proposal will not be beneficial for her businesses.

'For our organization specifically, it is devastating because we are a small bed and breakfast,' she said. 'We've had two or three rooms. We're not a big hotel. The profit margin is very small.'

While recalling the past discussion on that issue with a local Councillor, Kushnir said she was assured by them that the small businesses would not get hurt by the decision, but the situation is opposite now.

'One of our Councillors gave me a heads-up that I might hear more about this and said the Town was not 'going after the small guys.' I was told the tax was intended primarily for the larger hotels in Bolton and some of the larger resorts,' she said.

'I am not at all happy with it. Not happy with the wording and parts of it.'