

## Report to Strategic Priorities and Policy Committee

**To:** CHAIR AND MEMBERS  
STRATEGIC PRIORITIES AND POLICY COMMITTEE  
**From:** GEORGE KOTSIFAS, P. ENG.  
DEPUTY CITY MANAGER, PLANNING AND ECONOMIC DEVELOPMENT  
**Subject:** MUNICIPAL ACCOMODATION TAX – REQUIRED ANNUAL REPORT  
**Date:** JULY 28, 2021

## Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, Tourism's London annual report on the expenditure of Municipal Accommodation Tax revenues BE RECEIVED for information.

## Previous Reports Pertinent To This Matter

- Strategic Priorities & Policy Committee, August 11, 2020, Agenda Item #2.1, Municipal Accommodation Tax – Required Annual Report
- Strategic Priorities & Policy Committee, June 25, 2018, Agenda Item #2.2, Municipal Accommodation Tax – Required Agreements and By-laws
- Strategic Priorities & Policy Committee, May 7, 2018, Agenda Item #3.3, Municipal Accommodation Tax – Implementation
- Community & Protective Services Committee, May 1, 2018, Agenda Item #2.1, Short Term Accommodations
- Strategic Priorities & Policy Committee, January 29, 2018, Agenda Item #3, Transient Accommodation Tax

## Executive Summary

The Municipal Accommodation Tax (“MAT”) that is overseen by Tourism London is governed by an adjudication committee consisting of 5 Tourism stakeholders, 2 of which are representatives of local hotels. The purpose of the Municipal Accommodation Tax is to help grow tourism in London by funding supplemental promotion and product development activities that will attract overnight stays, stimulate visitor spending and community economic development; finance hosting and bidding costs for major one-time or recurring Provincial, National or International events including meetings and conventions

## Linkage to the Corporate Strategic Plan

Strategic areas of focus include:

- Strengthening our Community
- Growing our Economy

## Analysis

### 1.0 Background Information

On June 26, 2018, Municipal Council passed the Municipal Accommodation Tax By-law #A.-7753-259, effective October 1, 2018. Hotels and motels are required to pay a four percent (4%) Municipal Accommodation Tax (MAT) to the City of London as per bylaw #A.-7753-259.

On November 2, 2018, the Corporation of the City of London and Tourism London entered into a Municipal Accommodation Tax Financial Accountability Agreement (the Agreement), where 50% of the net proceeds of the Municipal Accommodation Tax shall be deposited into a fund controlled by Tourism London as the City's designated tourism entity in accordance with O. Reg. 435/17. Tourism London's portion of the fund supports the tourism industry in London, including:

- Expansion opportunities for Tourism London's three business units: Sports, Conventions and Leisure Travel (Culture & Entertainment);
- The pursuit of the following objectives and outcomes:
  - increase visitations to the City of London;
  - enhance London's national and international profile;
  - support product development and industry growth;
  - fund bid requirements for major events without additional funding from the City of

- London; and
- o to become more competitive with other provincial and national cities in Canada.

On February 19, 2019, Tourism London’s Board of Directors approved the Terms of Reference for the Municipal Accommodation Tax (MAT) Adjudication Committee (see Appendix A), which includes:

- MAT Overview and Objectives
- Committee Composition
- Mandate
- Meetings
- Reporting
- Confidentiality

On May 28, 2019, Tourism London’s Board of Directors approved the MAT Funding Criteria and Funding Eligibility (see Appendix B).

The Municipal Accommodation Tax Financial Accountability Agreement requires “the preparation of an annual report to City administration and Tourism London members on expenditures and initiatives that have received monies from the Fund.” This report is intended to fulfill this requirement.

## Financial Impact

As of December 31, 2020, Tourism London’s 2020 MAT Reserve Fund Recap shows the following:

DATE	DESCRIPTION	REVENUES	EXPENDIUTRES	BALANCE
Jan. 1, 2020	Opening balance from 2018 MAT fund collected			\$1,761,368.19
2020	MAT funds collected*	\$658,642.70		
2020	Interest earned	\$42,400.09		
2020	Expenditures		\$915,070.07	
Dec. 31, 2020	Closing Balance	701,042.79	915,070.07	\$1,547,340.91

\*20% holdback on the total MAT funds collected in 2019 will be reserved

### 2019/2020 Board Approved MAT Initiatives:

APPROVAL DATE	BOARD APPROVED INITIATIVES	APPROVED BUDGET	2020 EXPENDITURES
Jun-19	CCMA 2021 (1 <sup>st</sup> Installment)	\$250,000.00	\$250,000.00
Jun-19	Convention Bid Incentives (ongoing)	\$100,000.00	\$0.00
Jun-19	Ottawa/Toronto Client Events (ongoing)	\$40,000.00	\$0.00
Jun-19	Convention FAM Trips (ongoing)	\$70,000.00	\$0.00
Jun-19	Product Development & Industry Training (ongoing)	\$25,930.00	\$12,805.00
Jun-19	Website/Social Media/Videos	\$47,088.54	\$47,088.54
Jun-19	Content Marketing	\$4,176.53	\$4,176.53
Sep-19	Folk Music Ontario (\$25,000 originally approved); cancelled	\$0.00	\$0.00
Jan-20	Continental Cup of Curling 2nd Installment	\$150,000.00	\$150,000.00
Feb-20	Canadian Experiences Project: National Indigenous People’s Day Events (\$50,000 originally approved); cancelled	\$0.00	\$0.00
Feb-20	Harley Davidson 2020 Rally (\$50,000 originally approved); cancelled	\$0.00	\$0.00
Apr-20	Hamilton Road Tree Trunk	\$6,000.00	\$6,000.00
Apr-20	CMAO	\$20,000.00	\$20,000.00
Jul-20	Airshow London	\$25,000.00	\$25,000.00
Sep-20	CCMA 2021 (2nd Installment)	\$400,000.00	\$400,000.00
	Total	\$1,138,195.07	\$915,070.00

As per the Agreement, the Tourism London Board will provide an annual audited statement of the MAT Reserve Fund to the City as part of the audited financial statements submitted annually by Tourism London to the City. At the time of writing of this report, the audit was being completed and the audited statement will be submitted to Civic Administration once finalized.

## **Conclusion**

This report presents the required annual report details as required by the Municipal Accommodation Tax Financial Accountability Agreement between The Corporation of the City of London and Tourism London.

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## Appendix “A”



### TOURISM LONDON MAT ADJUDICATION COMMITTEE – TERMS OF REFERENCE

#### 1. **MAT OVERVIEW AND OBJECTIVES**

The purpose of the Municipal Accommodation Tax (“MAT”) is to help grow tourism in London by funding supplemental promotion and product development activities that will attract overnight stays, stimulate visitor spending and community economic development; finance hosting and bidding costs for major one-time or recurring Provincial, National or International events including meetings and conventions.

The objectives of the MAT include the following:

- To attract overnight visitations and spending to London
- To increase the Provincial, National and International profile of London
- To increase community economic growth, business partnerships and legacy development for London
- To support events and activities that align with Tourism London’s and the City of London’s strategic areas of focus
- To support events and activities that improve visitor appeal and create engaging experiences

#### 2. **COMMITTEE COMPOSITION**

The Committee will be composed of at least five (5) members of the Board, two (2) of whom shall be drawn from representatives of the City’s hoteliers. A chair of the Committee shall be selected from its members. The Chair will preside at all meetings of the Committee but where the Chair is unable to attend, the chair of the meeting will be selected from Committee members then in attendance.

#### 3. **MANDATE**

The Committee shall operate within the following terms of reference:

- To review funding requests received by it through the existing internal Tourism London departmental processes
- To recommend to the Executive Committee for submission to the Board for approval funding requests that meet one or more of the objectives set forth above and are within the funding limits established by the Board from time to time and with such conditions or terms as the Committee considers appropriate to the application
- To ensure that funding requests are evaluated on the basis of clear and efficient use of MAT funds based on criteria established by the Committee from time to time and consistent with the objectives set forth above and, where applicable, with measurable financial and economic impact projections and results
- To reject funding requests that:
  - are not made by Federally or Provincially incorporated entities in good standing
  - are fundraising events or events with a primarily charitable purpose
  - are for operational costs or ongoing program costs
  - do not demonstrate adequate financial or operational strength

#### 4. **MEETINGS**

The Committee shall meet at the call of the Chair

#### 5. **REPORTING**

The Committee shall provide regular reports to the Board of the activities of the Committee and annually shall provide to the Board a summary report

#### 6. **CONFIDENTIALITY**

To ensure impartial decision making, members of the Committee will be required to sign a confidentiality and conflict of interest declaration

*Approved by Tourism London's Board of Directors February 19, 2019*

## Appendix B



### **TOURISM LONDON MAT FUNDING CRITERIA**

The provision of financial assistance will be considered by one or more measures if the approved event/initiative:

1. Generates economic or social benefit for London;
2. Engenders a positive profile for London either regionally, provincially, nationally or internationally;
3. Attracts out of town attendees, industry delegates and other visitors;
4. Provides reasonable attendance estimates;
5. Demonstrates clear and measurable economic value;
6. Support product development and industry growth.

Funding allocations will be considered on a year to year basis in the context of an existing event/initiative or brand new event/initiative and will not be provided for core operating expenses or capital purchase costs but may be offered for activities such as:

1. Strategic marketing;
2. Adding new elements to an event;
3. Rental equipment to improve visitor experience or enhance capacity;
4. BID Incentives.

#### **Funding Eligibility**

Submissions for funding support must demonstrate that the applicant:

1. Is a legally constituted entity;
2. Provides a business plan and a history of financial viability where applicable or as may be required from time to time;
3. Makes available audit or notice to reader documentation where applicable or as may be required from time to time.

With the provision of further review.