Municipal Accommodation Tax (MAT) Administration & Allocation Policy
DRAFT – 2026 Framework

1. Policy Statement

This policy establishes the administrative, financial, governance, and strategic investment framework for Municipal Accommodation Tax (MAT) revenues collected in Norfolk County.

MAT revenues shall:

1. Support and grow Norfolk County's visitor economy;
2. Mitigate property tax levy pressures associated with tourism services;
3. Fund Short-Term Rental (STR) regulatory oversight and transition costs;
4. Support destination marketing through an eligible tourism entity; and
5. Establish long-term tourism-supportive infrastructure reserves.

All expenditures shall comply with the Municipal Act, 2001 and applicable Ontario regulations.

2. Purpose

The purpose of this policy is to:

- Define revenue allocation between the Municipality and the Tourism Entity;
- Establish a Tourism Infrastructure Reserve;
- Confirm how MAT revenues offset levy-supported tourism expenditures;
- Provide a framework for STR-related inspection and transition cost recovery;
- Establish accountability, transparency, and reporting standards;
- Ensure MAT investments produce measurable economic and social return.

3. Legislative Authority

MAT is authorized under Section 364 of the Municipal Act, 2001.

Under provincial regulation:

- Net MAT revenue must be split:
    - 50% to the Municipality
    - 50% to an Eligible Tourism Entity (Destination Marketing Organization)
- The Tourism Entity must operate at arm's length and enter into a Financial Accountability Agreement with Norfolk County.

4. Revenue Calculation

Gross MAT Revenue
Less: Third-party collection fees Less: Direct administrative costs of collection
= **Net MAT Revenue**

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Net MAT Revenue shall be allocated:

- **50% – Municipal Share**
- **50% – Tourism Entity Share**

Final allocation amounts are subject to annual Council approval.

PART A – MUNICIPAL SHARE (50%)

5. Strategic Principles – Municipal Share

The Municipal Share shall:

1. Offset potential, future tourism-related costs currently funded through the property tax levy;
2. Fund STR transition costs;
3. Support placemaking and tourism-supportive infrastructure;
4. Build long-term reserves to reduce future levy pressure.

7. STR Regulatory Cost Recovery

MAT revenue may be used to fund:

- Initial STR registry setup
- Building Code review during transition
- Inspections
- Administrative registry management
- Complaint-based enforcement
- Administration of MAT

Inspection Model:

- Mandatory inspection at first issuance (while still allowing use during the phase in)
- Annual Renewal via self-declaration
- Reinspection every 3 years or after an ownership/use change
- Complaint-triggered inspections
- Septic capacity + Building/Fire Code compliance required

8. Tourism Infrastructure Reserve

A dedicated Tourism Infrastructure Reserve shall be established.
Purpose:

- Fund strategic capital investments that enhance overnight visitation.
- Reduce reliance on tax levy for tourism-supportive infrastructure.

Eligible uses may include:

- Waterfront improvements
- Wayfinding and signage systems
- Event-support infrastructure

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- Cultural and heritage tourism assets
- Destination-enhancing capital projects

Transfers from the Reserve require Council approval.

9. Levy Mitigation

Once MAT revenues stabilize, Council may:
- Reduce or offset existing levy-funded tourism budgets;
- Redirect municipal tourism allocations into other service priorities;
- Apply Municipal Share revenues to reduce future tax rate pressure.

MAT shall not create new structural municipal expenditures without Council approval.

PART B – TOURISM ENTITY SHARE (50%)

10. Tourism Entity Designation

Council shall designate an eligible tourism entity (DMO).
The Tourism Entity must:
- Operate at arm's length;
- Enter into a Financial Accountability Agreement;
- Submit annual business plans and budgets;
- Provide audited financial statements;
- Report quarterly on performance metrics.

11. Permitted Uses – Tourism Entity Share

Funds shall primarily support:
- Destination marketing campaigns
- Brand development
- Digital marketing
- Visitor attraction initiatives
- Event attraction and bidding
- Market research and analytics

A limited portion may support:
- Destination Animation Fund programs
- Industry development initiatives
- Partnership marketing with BOT, Chamber, BIAs

Administration costs must remain lean and aligned with provincial intent.

12. Performance Measurement

The Tourism Entity shall report annually on:

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- Room nights influenced
- Marketing reach and engagement
- Event attraction outcomes
- Return on marketing investment (ROI benchmarks)
- Visitor spending indicators

PART C – INSURANCE & COMPLIANCE CLARITY

13. Insurance Standards (STR Related)

To address accommodation provider concerns:

- Minimum required liability insurance: $2 million per occurrence
- Higher limits may apply to large occupancy properties
- Insurance must specifically permit short-term rental activity

This aligns with common Ontario municipal standards.

14. Health Inspection Clarification

Health review / inspections apply where:

- Food is prepared and served to the public (e.g., traditional B&B breakfast service)
- Accommodations run on small drinking water systems

Consultation with Public Health shall occur as needed.

PART D – ACCOUNTABILITY & REPORTING

15. Annual Reporting

The Municipality shall present an annual MAT report to Council outlining:

- Gross and Net MAT revenue
- Municipal Share allocations
- Tourism Entity allocations
- STR enforcement expenditures
- Reserve balances
- Economic impact indicators

16. Policy Review

This policy shall be reviewed annually by:

- Director of Economic Development
- Director of Finance

Amendments require Council approval.

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17. Strategic Recommendation Framework

The MAT program shall be implemented in coordination with:

- STR Licensing Bylaw
- Financial Accountability Agreement with DMO
- Tourism Infrastructure Reserve creation
- Annual performance reporting framework

The program's guiding principle:

Visitor-funded tourism investment that protects taxpayers, strengthens regulatory oversight, and builds long-term destination competitiveness.

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