



## **Ontario Budget grants municipalities the ability to bring in hotel taxes**

The recently introduced Ontario Budget proposes to give the City of Toronto and other municipalities the ability to bring in hotel taxes, or destination marketing fees (DMFs).

The City of Toronto Act, 2006 (COTA) gives broad, permissive authority for the City to levy its own taxes. The authority currently does not allow the City to levy a tax on transient accommodation (i.e. hotel tax). It is proposed that the authority in COTA would be amended to remove this exclusion.

The authority to levy a hotel tax would also be extended to single-tier and lower-tier municipalities through proposed amendments to the Municipal Act, 2001.

All municipalities that adopt the hotel tax and that have an existing DMF program in place would be required to share their hotel tax revenue with the appropriate not-for-profit tourism organization in an amount that matches the total revenue generated by the existing DMF program. For local municipalities where such a program does not exist, at least 50 per cent of their hotel tax revenue would be shared with the respective Regional Tourism Organization or a not-for-profit tourism organization.

These are budget provisions that require legislative changes. First, the Ontario legislature needs to amend the required Acts -- this would give municipalities the power to enact hotel taxes, and that would have to be passed by their City Councils. It may be some time before the taxes are actually imposed, but they could possibly be in place by the end of the year.

Source(s): [Tourism Industry Association of Ontario \(TIAO\)](#)