

EXTRACT OF DRAFT MINUTES 32
FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
5 DECEMBER 2017

EXTRAIT DE L'ÉBAUCHE DU
PROCÈS-VERBAL 32
COMITÉ DES FINANCE ET DU
DÉVELOPPEMENT ÉCONOMIQUE
LE 5 DÉCEMBRE 2017

5. HOTEL AND SHORT TERM ACCOMMODATION TAX

ACS2017-CSD-REV-0011

CITY WIDE

That the Finance and Economic Development Committee recommend that Council:

1. **Adopt a four percent Municipal Accommodation Tax via bylaw effective January 1, 2018 and delegate the authority to the Mayor and City Manager to negotiate and to enter into the necessary agreements, in consultation with the City Clerk and Solicitor, to implement the mandatory Municipal Accommodation Tax in the City of Ottawa; and**
2. **Provide the revenue proceeds in the amount defined in Municipal Act Regulation 435/17 to the local tourism entity as further described in this report for services or activities supporting the promotion and development of tourism to Ottawa.**

Wendy Stephanson, Deputy City Treasurer, Corporate Revenue, Corporate Services Department, spoke to a PowerPoint slide presentation, which is held on file with the City Clerk. Marian Simulik, General Manager of Corporate Services and City Treasurer, Rick O'Connor, City Clerk and Solicitor and Jennifer Pereira, Legal Counsel were present to respond to questions from Committee.

Councillor E. El-Chantiry read the following proposed motion:

WHEREAS the report entitled Hotel and short term accommodation tax (ACS2017-CSD-REV-0011) recommends a four percent Municipal Accommodation Tax as further described in the report, being effective January 1, 2018; and

WHEREAS, smaller bed and breakfast operators within the City who have not previously charged a destination marketing fee will now be required to charge and collect an accommodation tax in 2018 and have requested that the City provide direction on the portion charged for breakfast that may be exempt from the invoice to reduce their administrative burden as they do not have full-time accounting staff; and

THEREFORE BE IT RESOLVED THAT the following Recommendation 3 be added to report ACS2017 CSD-REV-0011:

3. That the Municipal Accommodation Tax by-law included in Document 2 provide that bed and breakfast operators may exempt guests from paying the Municipal Accommodation Tax on the breakfast portion of the invoice, which may be valued at up to twenty-five percent of the total guest invoice.

Councillor Chernushenko read the following motion:

WHEREAS the report entitled Hotel and short term accommodation tax (ACS2017-CSD-REV-0011) recommends a four percent Municipal Accommodation Tax as further described in the report, being effective January 1, 2018; and

WHEREAS, smaller operators within the City who have not previously charged a destination marketing fee will now be required to charge and collect an accommodation tax in 2018 and have requested that the City allow a transition period in order to reduce the administrative burden on these operators who don't have full-time accounting staff, and to allow them to update their invoicing procedures for implementation; and

THEREFORE BE IT RESOLVED THAT Recommendation 1 of report ACS2017-CSD-REV-0011 be replaced with the following:

1. Adopt a four percent Municipal Accommodation via by-law effective January, 1 2018 with a sixty-day phase in for accommodators of 10 rooms or less which will be charged on the accommodation portion of their guest invoice, and delegate the authority to the Mayor and City Manager to negotiate and to enter into the necessary agreements, in consultation with the City Clerk and Solicitor, to implement the mandatory Municipal Accommodation Tax in the City of Ottawa;

The following delegations spoke in support of the hotel accommodation tax and how it would benefit the City's economy and tourism:

- Michael Crockatt, President and Chief Executive Officer, Ottawa Tourism
- Steve Ball, President, Ottawa Gatineau Hotel Association (OGHA)
- Nina Kressler, President and Chief Executive Officer, Shaw Centre
- Ross Meredith, General Manager, Westin Hotel
- Ian Faris, President and Chief Executive Officer, Ottawa Chamber of Commerce

The following public delegations spoke in opposition of the tax noting the lack of public consultation, the lack of phase-in that would allow businesses to change systems, provide training and prepare communication plans. It was suggested to defer the item in order to receive more information and consult with businesses that will be affected:

- *Debbie Bernhardt, Windsong Manor Bed & Breakfast
- Carol Waters, Australis Bed & Breakfast
- Richard Gervais, King Edward Bed & Breakfast
- *Robert Brocklebank
- *Angela Keller-Herzog, Angela's Bed & Breakfast
- Judith Slater, Second Wind Bed & Breakfast
- Kevan Benner, Benner's Bed & Breakfast
- George Newfeld, Ashbury House Bed & Breakfast
- Pamela Scaiff, owner, Bed & Breakfast

Committee received correspondence from the following individuals:

- *Mr. Doug Frost, President of Federation of Ontario Bed & Breakfast Accommodation dated December 1, 2017;
- * Ms. Faith Blacquiere dated December 4, 2017.

*[* Individuals / groups marked with an asterisk above either provided comments in writing or by e-mail; all submissions are held on file with the City Clerk.]*

After questions and discussion, the following motions and directions to staff were considered as follows:

Motion No. 33/3

Moved by: Councillor K. Egli

That the Finance and Economic Development Committee (FEDC) refer the staff recommendations and motions introduced at the FEDC meeting of 5 December to Council for consideration.

CARRIED

Committee gave the following direction to staff and requested that this information be provide prior to the Council meeting of December 13, 2017:

That staff be directed to:

- Review the Alberta's model;
- Clarify exemption and definitions of Bed & Breakfasts and Airbnb's;
- Advise if 60 days is the upper limit or can the limit be higher;
- Clarify the number of rooms for Bed & Breakfast establishments;
- The amount of Bed & Breakfast establishments in Ottawa.

Motion No FEDC 33/4, moved by Councillor E. El-Chantiry

WHEREAS the report entitled Hotel and short term accommodation tax (ACS2017-CSD-REV-0011) recommends a four percent Municipal Accommodation Tax as further described in the report, being effective January 1, 2018; and

WHEREAS, smaller bed and breakfast operators within the City who have not previously charged a destination marketing fee will now be required to charge and collect an accommodation tax in 2018 and have requested that the City provide direction on the portion charged for breakfast that may be exempt from the invoice to reduce their administrative burden as they do not have full-time accounting staff; and

THEREFORE BE IT RESOLVED THAT the following Recommendation 3 be added to report ACS2017 CSD-REV-0011:

3. That the Municipal Accommodation Tax by-law included in Document 2 provide that bed and breakfast operators may exempt guests from paying the Municipal Accommodation Tax on the breakfast portion of the invoice, which may be valued at up to twenty-five percent of the total guest invoice.

REFERRED to Council of December 13, 2017

Motion No FEDC 33/5, moved by Councillor D. Chernushenko

WHEREAS the report entitled Hotel and short term accommodation tax (ACS2017-CSD-REV-0011) recommends a four percent Municipal Accommodation Tax as further described in the report, being effective January 1, 2018; and

WHEREAS, smaller operators within the City who have not previously charged a destination marketing fee will now be required to charge and collect an accommodation tax in 2018 and have requested that the City allow a transition period in order to reduce the administrative burden on these operators who don't have full-time accounting staff, and to allow them to update their invoicing procedures for implementation; and

THEREFORE BE IT RESOLVED THAT Recommendation 1 of report ACS2017-

CSD-REV-0011 be replaced with the following:

- 1. Adopt a four percent Municipal Accommodation via by-law effective January, 1 2018 with a sixty-day phase in for accommodators of 10 rooms or less which will be charged on the accommodation portion of their guest invoice, and delegate the authority to the Mayor and City Manager to negotiate and to enter into the necessary agreements, in consultation with the City Clerk and Solicitor, to implement the mandatory Municipal Accommodation Tax in the City of Ottawa;*

REFERRED to Council of December 13, 2017

The following direction to staff was also REFERRED to Council of December 13, 2017:

Direct staff to implement, for Bed & Breakfasts under ten rooms, a quarterly remittance process that aligns with HST remittance to Canada Revenue Agency, in order to reduce the administrative burden on these operators, who do not have full-time accounting staff.