

Greater London Authority Oversight Committee
12 June 2025

Supplementary questions for John Elvidge, City Clerk, City of Toronto

Tourism tax (Municipal Accommodation Tax)

- 1. Have you seen a discernible impact on the number of visitors to Toronto since introducing the Municipal Accommodation Tax? How much of this charge is passed on to tourists and visitors?**

Recent changes to the number of visitors to Toronto cannot be attributed to the introduction of Municipal Accommodation Tax (MAT). It's important to note that any changes in visitor attendance in Toronto has been influenced by recent global events and economic conditions.

The City's MAT was implemented on hotels and short-term rentals in 2018, prior to the COVID-19 pandemic. The City has since reported increased overnight stays in 2023 and 2024. For the purposes of this analysis, 2021 and 2022 were recovery years and are omitted.

- In 2023, the city welcomed 8.95 million overnight visitors, about 93% of 2019 pre-pandemic volumes:
 - [Toronto welcomed nearly 9M visitors in 2023, still below 2019](#)
- In 2024, visitor spending hit a record \$8.8 billion, with 9 million overnight stays – the highest since the pandemic, despite still being about 600,000 fewer than 2019:
 - [9 Million Visitors Spent a Record \\$8.8 Billion in Toronto in 2024](#)

What we can say is that the City's most recent reporting on the forecasted revenue from the MAT is projected to exceed the 2024 Operating Budget by \$16.7 million by year-end, driven by increased demand and occupancy rates for hotels and short-term rentals:

- [Operating Variance Report for the Nine Months Ended September 30, 2024](#)

It's also important to note:

- In November 2024, City Council approved the increase of the Municipal Accommodation Tax for a temporary 14-month (June 1, 2025 – July 31, 2026) period by 2.5% to generate an additional \$56.6 million for direct support of the delivery of the FIFA World Cup in 2026.
 - The MAT is collected in the City's corporate revenue accounts and provides funding for both programs and services used by visitors (e.g. culture, parks, recreation, parks, and transportation), as well as contributions to Destination Toronto which directly supports the local tourism industry.
 - 100% of the tax is passed onto tourists and guests in hotel and short-term lodging as revenue collected helps to fund operating costs for City services that hotel and short-term rental guests use during their stay.
- 2. How did you engage and work with the hospitality industry when setting and implementing the Municipal Accommodation Tax?**

Public and Stakeholder Consultations Public consultations were carried out across the City in December 2016 on the City's Long Term Financial Direction. These consultations included discussion of various revenue options such as a hotel tax.

Both the general public and industry stakeholders were invited to these meetings. The majority of the public respondents (65%) supported a hotel tax as a revenue tool, while 22% of the respondents were undecided, and 13% found it unacceptable.

During the consultations on the short-term rental regulations led by Municipal Licensing and Standards and City Planning in the summer of 2017, the public and industry stakeholders (e.g. operators and companies like Airbnb) were also consulted on a potential short-term rental tax, including an 'appropriate' tax rate that may range from zero to 10%. Some of the responses were:

- Short-term rentals should contribute to City revenue;
 - The tax rate on short-term rentals should be the same as the rate on hotels to level the playing field; and
 - There was no justification for a 10% short-term rental tax for properties that might be designated as principal residences.
- [Implementation of Municipal Accommodation Tax \(Hotel and Short-Term Rental Tax\)](#)

The City continues to engage Destination Toronto as well as the Greater Toronto Hotel Association (GTHA) in matters pertaining to tourism, including the collection and distribution of MAT funds.

3. Did you have to lobby for any additional devolved powers in order to implement the Municipal Accommodation Tax?

The City of Toronto successfully lobbied the Government of Ontario for the authority to impose a Municipal Accommodation Tax (MAT) through the introduction of Bill 127 in the 2017/18 budget. This bill amended the City of Toronto Act, 2006, granting the city the necessary legislative power to levy the tax on transient accommodations. Toronto City Council approved the implementation of the MAT on January 31, 2018, and the tax came into effect for all hotel accommodations on April 1, 2018 (4%) and for short-term rental platforms on June 1, 2018 (4%).

- [Implementation of Municipal Accommodation Tax \(Hotel and Short-Term Rental Tax\)](#)

Property-based taxes:

4. What are the main mechanisms by which the City of Toronto collects property-based taxes?

The Ontario Municipal Act, 2001 governs property tax collection in Ontario municipalities. It outlines requirements for billing, payment, late payment penalties, and tax sales for properties with overdue

taxes. The Act also addresses the role of the Municipal Property Assessment Corporation (MPAC) in property assessment, which is crucial for calculating property taxes.

Part X of the Municipal Act, 2001, specifically details the procedures for property tax assessment, billing, collection, and tax sales. This section outlines the framework for how municipalities manage and collect property taxes to fund local services:

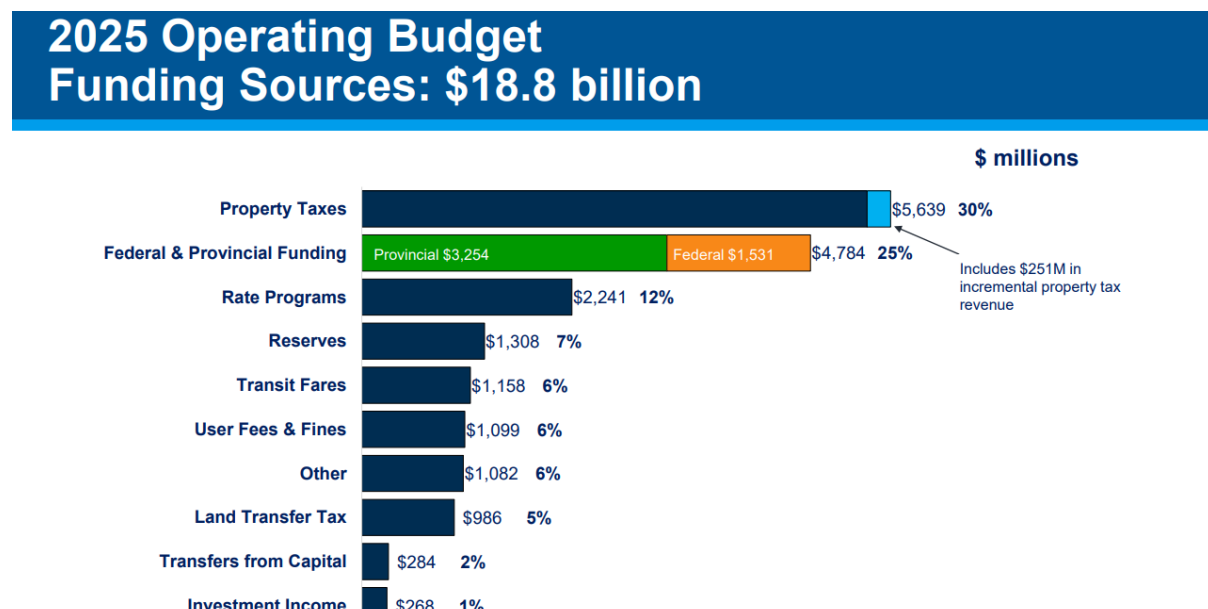
- [Municipal Act, 2001, S.O. 2001, c. 25 | ontario.ca](#)
- [Property Tax – City of Toronto](#)

Use of funds collected:

5. **How much of the taxes raised directly by the City of Toronto are retained in Toronto? Are there limitations on how locally raised taxes are spent (e.g. are certain taxes ringfenced for specific purposes)?**

The City of Toronto sets its property tax rates upon consideration of all other source of revenues and retains nearly all taxes it directly raises to fund its operating budget. This is to ensure that Toronto remains a competitive municipality to live, work, play and do business. Other revenues include federal and provincial funding, water and solid waste utility fees, transit fares, fees and fines. Some programs delivered by the City of Toronto are cost-shared with the Province of Ontario while others are fully funded by property taxes and other revenues mentioned above. The City also maintains reserve funds and reserve funds to manage its finances and provide a buffer for unexpected events or emergencies.

- [2025 City of Toronto Budget Summary](#)



In Ontario, the Municipal Act, 2001, mandates that municipalities operate under balanced budgets. This means that a municipality's estimated revenues must equal its estimated expenditures for a given fiscal year for its operating budget. The act prevents municipalities from funding operating

expenses through borrowing, but it can borrow money to fund its 10-Year Capital Budget and Plan and the infrastructure projects contained therein.

Sections 289 and 290 of the Municipal Act, 2001, primarily address the budget requirements for upper-tier and lower-tier municipalities in Ontario, respectively, specifically focusing on the "balanced budget" requirement:

- [Municipal Act, 2001, S.O. 2001, c. 25 | ontario.ca](#)