



**City of Kingston
Report to Council
Report Number 26-004**

To: Mayor and Members of Council
From: Lanie Hurdle, Chief Administrative Officer
Resource Staff: None
Date of Meeting: December 2, 2025
Subject: Municipal Accommodation Tax Fund Yearly Update and
Renewal of Agreement

Council Strategic Plan Alignment:

Theme: Regulatory & compliance

Goal: See above

Executive Summary:

The Municipal Accommodation Tax (MAT), which applies to hotels, motels, bed & breakfast and short-term rental accommodations, is administered by Kingston Accommodation Partners as the designated agency responsible for the collection of the MAT on behalf of the City. The City, Tourism Kingston and Kingston Accommodation Partners have an established tripartite agreement to develop and promote Kingston as a tourist destination through the implementation and management of the MAT.

The purpose of this report is to provide Council with an update as of October 31st on the MAT funds collected and the allocation of funds based on the partnership agreement, as well as seek Council's approval to update and renew the MAT tripartite agreement for a three-year term commencing January 1, 2026.

The updated agreement introduces a change to the administration of the MAT Development Fund. As of January 1, 2026, the funds will be held by Tourism Kingston rather than the City, providing greater flexibility in their application.

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This report is also seeking Council's approval to advance the purchase of a new score clock at Slush Puppie Place in accordance with the City's Purchasing Policy, as \$1.0M in funds for this purchase have been approved by the MAT Development Fund Committee. These funds would be reimbursed through a repayment agreement with annual installments drawn from future capital budget allocations as approved by Council.

Recommendation:

That Council authorize the Mayor and Clerk to enter into necessary agreements with Kingston Accommodation Partners and Tourism Kingston, in a form satisfactory to the City Solicitor, to implement the renewal of the Municipal Accommodation Tax agreement for 2026 – 2028, with the option for two successive one-year renewal terms, subject to the agreement of all parties; and

That Council authorize the Chief Financial Officer to transfer any unspent and uncommitted balance in the Municipal Accommodation Tax Development Fund as of December 31, 2025, to Tourism Kingston; and

That Council approve a capital budget amendment of \$1.0M to advance the purchase of a new score clock for Slush Puppie Place with funding from the Municipal Accommodation Tax Development Fund; and

That Council authorize the Chief Financial Officer to enter into a repayment agreement between the City of Kingston and Tourism Kingston for the purpose of reimbursing the funds allocated from the Municipal Accommodation Tax Development Fund to advance the purchase of a new score clock for Slush Puppie Place, with annual installments of \$200K for up to five years to be incorporated into future capital budget allocations beginning in 2027, consistent with the Mayor's budget direction.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services	Not required
Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate & Emergency Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	
Jenna Morley, City Solicitor	
Ian Semple, Commissioner, Transportation & Infrastructure Services	Not required

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Options/Discussion:**Background**

In 2017, the provincial government provided municipalities with a new revenue tool to further promote tourism as an economic driver, through Bill 127, *Stronger, Healthier Ontario Act* and Ontario Regulation 435/17, providing municipalities the authority to levy a transient accommodation tax (hotel tax). Regulation 435/17 requires proceeds from the accommodation tax to be reinvested in either marketing or product development within the tourism sector.

In 2018, City Council endorsed a 4% Municipal Accommodation Tax (MAT) which applies to visitor fees for hotels, motels and bed & breakfast accommodation, replacing the former voluntary 3% destination marketing fee (DMF) that had been previously administered by Kingston Accommodation Partners since 2004. The City, Tourism Kingston (TK) and Kingston Accommodation Partners (KAP) entered into a tripartite agreement to develop and promote Kingston as a tourist destination through the implementation and management of the MAT.

In January 2021 ([Report Number 21-040](#)), the MAT agreement was renewed for the 2021-2023 term, with an automatically renewal for two successive one-year terms, and Council amended the MAT Tax By-law, to include short-term rentals (STR).

In November 2023 ([Report Number 23-258](#)), Council approved the renewal of the Municipal Accommodation Tax agreement 2024-2026, along with an increase in the rate from 4% to 5% effective January 1, 2024.

As part of Council's approved tripartite agreement, the funds collected are redistributed between marketing/sales (65%) and a Development Fund (35%). From the 65% allocation, the City is obligated under Ontario Regulation 435/17 to allocate \$1.6M of the MAT revenues escalated annually to KAP, representing the annual amount of DMF previously collected by KAP (2017 baseline). It is important to note that if the 65% redirected to marketing and promotion is less than the \$1.6M previously collected by DMF, the contribution to the Development Fund would be reduced in order to ensure that KAP receives its funding, as established by the 2017 baseline. The agreement between the City, KAP and TK also outlines that funds can be provided in addition to the 65% to account for incremental costs related to the MAT collection processes recognizing that there are a much larger number of properties that are now mandated to contribute to the MAT. The marketing/sales funds are primarily redirected from KAP to TK based on a Service Level Agreement between both parties. These annual funds are to be spent on marketing initiatives contained in an integrated marketing plan developed by TK in consultation with a Marketing Committee which includes City, TK, and KAP representation.

The Development Fund is utilized to finance product development, major events attraction and strategic initiatives to advance the implementation of the Integrated Destination Strategy (IDS). The IDS was first approved by Council in 2019, updated in 2022, and its third edition was endorsed by Council on October 21, 2025. The IDS 3.0 was updated to reflect a growing tourism industry, integrating with Kingston's economic development priorities and Council's Strategic Plan.

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2025 MAT Fund Summary

Table 1 below summarizes the MAT funds collected each year and the allocation of funds based on the partnership agreement.

Table 1: MAT Funds Collected and Allocation of Funds

Allocation	2025 (Jan – Oct) (\$)	2024 (\$)
Total MAT collected by KAP	3,287,636	4,349,667
Total MAT collected by City (short term rentals)	175,796	210,625
Total MAT collected	3,463,432	4,560,292
65% transferred to TK and KAP to support tourism marketing/promotion and administration	2,251,230	2,978,736
35% transferred to the Development Fund Reserve	1,212,202	1,581,556

Table 2 below outlines the activities of the Development Fund from January-October 2025, including the total MAT revenues transferred to the Development Fund and the approved use of these funds by the Development Fund Committee.

Table 2: Development Fund Activity January-October 2025

Development Fund Activity	Amount (\$)
Development Fund Balance – January 1, 2025	\$ 3,835,804
35% transferred to the Development Fund Reserve (above)	1,212,202
Prior year adjustments	107,140
Subtotal	\$5,155,145
Drawdowns:	
Artificial ice pilot project	(43,827)
Animation studio	(250,000)

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Development Fund Activity	Amount (\$)
Film and Media Office operations	(350,000)
Canadian Campaign	(400,000)
Canada Bass Fishing Tournament	(50,000)
CansPep Conference	(45,000)
Programs Manager – First Capital	(166,000)
IDS Communication – Phase 2 – Paid to KAP	(62,715)
IDS Strategy	(52,866)
Special projects	(48,468)
Development Fund Balance – October 31, 2025	\$3,686,269

Additional commitments of Development Fund monies, to be funded from future MAT contributions as available, are summarized in the Table 3 below.

Table 3: Development Fund Commitments (2026 and future years)

Development Fund commitments	Amount (\$)
Slush Puppie score clock	1,000,000
Future Conference Centre Operations	600,000
Film studio (projected for 2025/2026)	4,340,000
Pool (over a number of years estimated to begin in 2027)	9,000,000
Confederation Basin Promenade (over three years 2027-2030)	1,500,000
Programs Manager – First Capital	225,000
Additional Horticulturist	241,312
Woodbine Park washroom upgrade	20,000
Air Canada landline service seat guarantee	200,000

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Development Fund commitments	Amount (\$)
OHL Draft	500,000
Special projects	31,540
Travel Media Association of Canada contribution - 2027	100,000
Ontario Motor Coach Association tradeshow	20,000
Esport tournament	40,000
Sport support – time clocks for swim meets	35,000
2026 Film and Music Office operations	450,000

2026 Agreement Renewal

The current 2024 MAT tripartite agreement is not set to expire until December 31, 2026, but staff are recommending the following amendment and a renewal of the agreement for a term commencing January 1, 2026 to December 31, 2028.

The Development Fund has been historically held by the City, but the renewed MAT agreement for 2026-2028 proposes to have TK hold these funds as to allow for more agility in allocating these funds to specific initiatives. Decisions related to the Development Fund allocations are still authorized through the Development Committee which includes representation from TK, KAP and the City. The City may elect at any time, with at least 30 days’ notice to TK, to transfer administration of the Development Fund back to the City.

This report also includes a recommendation to authorize the Chief Financial Officer to transfer any unspent and uncommitted balance in the Development Fund as of December 31, 2025, to Tourism Kingston.

There are no other changes being proposed to the MAT by-law or the agreement between all parties.

MAT Commitment - Slush Puppie Place Score Clock

In August 2025, City Council provided direction for staff to issue a letter of support for the City’s bid to host the 2027 Memorial Cup junior ice hockey national championship. The City was unfortunately unsuccessful in this bid and feedback from the Canadian Hockey League (CHL), indicated that the score clock (originally installed in 2016) at Slush Puppie Place would require an update in order to be more competitive in a future bid to host.

Based on current projections, the Slush Puppie Place score clock would not be considered for replacement before 2030. In order to expedite this timeline, the Development Fund Committee

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approved an allocation to the City of \$1.0M to replace the score clock at Slush Puppie Place in 2026, with the intent that the City would enter into a repayment plan to reimburse the MAT Development Fund.

Staff are seeking Council's approval to proceed with the purchase of the score clock in accordance with the City's Purchasing Policy, and to enter into a repayment agreement with Tourism Kingston to reimburse the MAT Development Fund based on \$200K per year beginning in 2027, without interest.

Existing Policy/By-Law

By-Law Number 2018-95 "A By-Law of the City of Kingston to establish a Municipal Accommodation Tax", as amended

Financial Considerations

The Municipal Accommodation Tax generates approximately \$4.0M per year. These funds support Tourism Kingston marketing and sales activities and support for various major projects and events.

Contacts:

Lanie Hurdle, Chief Administrative Officer, 613-546-4291 extension 1231

Other Staff Consulted:

Christa Walsh, Manager, Financial Planning, Financial Services

Megan Knott, Chief Executive Officer, Tourism Kingston

Krista LeClair, Executive Director, Kingston Accommodation Partners

Exhibits Attached:

None