STRENGTHENING ONTARIO'S RURAL TOURISM ECONOMY

Purpose

To brief the Province of Ontario on two actions that will materially strengthen rural tourism outcomes across Eastern Ontario: modernize the Municipal Accommodation Tax (MAT) regulation for rural realities; and stabilize and increase base funding for RTO-11 (Ontario's Highlands Tourism Organization, OHTO).

We appreciate the Province's ongoing collaboration on local projects and look forward to deepening that partnership with pragmatic, high-impact improvements.

Proposal

1. The Municipal Accommodation Tax (MAT) is a welcome revenue generator for municipalities to support tourism investment, but the regulation needs to be strengthened to close loopholes and maximize MAT implementations to expand local tourism and municipal funding.
2. The County of Renfrew and Ottawa Valley Tourist Association support the need for increased funding for RTO-11 Ontario's Highlands Tourism Organization, which is the largest rural RTO by land mass and the least funded with the organization receiving less financial support in 2025 than when it was first established in 2010.

Background

Strengthening Municipal Accommodation Tax (MAT) Regulation

Rural tourism is a vital part of Ontario's visitor economy – supporting small businesses, cultural assets, natural attractions, and year-round experiences in communities across the province. Yet rural destinations face funding and infrastructure barriers that limit their ability to grow, compete, and adapt to changing visitor trends.

The Municipal Accommodation Tax (MAT) is one of the few revenue tools available to rural municipalities to reinvest in tourism development. Since its introduction in 2017, more than 70 municipalities have adopted MAT – including two in Renfrew County – but the current regulation lacks clarity, consistency, and flexibility, especially for rural communities with limited staff capacity and diverse accommodation types.

We support the Tourism Industry Association of Ontario's (TIAO) recommendations to modernize and clarify the MAT regulation so that rural tourism destinations can fully realize its potential as a tool for economic development and destination management.

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7 Recommendations for Reform:

Issue	Recommendation	Why It Matters for Rural Tourism
1. Unclear MAT Purpose	Add a clear "Program Purpose" in the regulation.	Builds trust with councils and communities; improves adoption.
2. Narrow Definition of "Promotion"	Explicitly include product and program development.	Supports experience development, not just advertising.
3. No Process for Rate Changes	Require municipal consultation with tourism stakeholders.	Prevents unilateral decisions that can damage local relationships.
4. STRs Not Required to Remit MAT	Implement province-wide STR framework for collection.	Ensures fairness and captures rural STR revenue.
5. Delays in Fund Distribution	Mandate distribution within 90 days; simplify reporting.	Supports lean rural DMOs with timely, accessible funding.
6. College/University Exemptions	Remove exemptions for seasonal accommodations.	Captures MAT from rural campus residences used by visitors.
7. Risk of MAT Replacing Existing Funds	Require MAT to supplement – not replace – current funding.	Guarantees real reinvestment in rural tourism growth.

MAT reform is not just a technical fix – it's a strategic enabler for rural tourism development. A modernized, transparent, and consistent regulatory framework will ensure MAT delivers on its promise: to strengthen Ontario's tourism sector, stimulate regional economic growth, and build more resilient communities across the province.

Support for RTO-11 Ontario's Highlands Tourism Organization

Ontario's Highlands Tourism Organization (OHTO), the Regional Tourism Organization for RTO-11, serves one of the most rural and geographically expansive areas in the province – spanning 24,000 square kilometres across Haliburton, Lanark, Renfrew, and parts of Frontenac, Hastings, and Lennox & Addington counties.

Tourism in this region contributes more than $660 million in annual visitor spending and supports more than 1,000 small and medium-sized tourism businesses. As a fully rural RTO, OHTO plays a critical role in building capacity where tourism resources are limited or nonexistent. Its work in strategic marketing, destination development, workforce support, and community engagement directly strengthen the local economy.

OHTO has demonstrated strong leadership in supporting recovery and innovation. Through the Tourism Relief Fund, it administered more than $3.6 million to 61 businesses to preserve jobs and adapt operations. Federal investments in initiatives like Ride the Highlands and the Eastern Ontario Rail Trail Loop are helping to diversify tourism offerings and drive new rural visitation.

Despite its impact, OHTO continues to face structural funding challenges, including limited base funding and narrow eligibility under existing programs – constraints that threaten the organization's ability to scale successful programs and meet regional needs.

Increased and stable funding for OHTO is essential to:

- Deliver targeted support to rural tourism operators and communities
- Expand product development and shoulder-season visitation
- Enhance workforce readiness and business sustainability
- Promote responsible, inclusive, and community-aligned tourism

When established in 2010, OHTO's annual budget was $909,000. It was increased to $1M annually between 2013 and 2016 before it was decreased again to $950,000. In 2019, the annual budget was reduced to $766,426 where it has remained flat lined. These budget reductions have resulted in cuts to staffing levels, operations and program delivery.

Ontario's Highlands is a vital part of the province's tourism economy. Supporting OHTO is not only an investment in regional recovery – it is a strategic commitment to the long-term health and competitiveness of rural tourism across Eastern Ontario.

We're ready to work with MTCGS, Finance, municipal partners, and industry (including TIAO and OHTO) to finalize the regulatory updates and multi-year funding approach.

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