

November 4, 2024

Councillor Shelley Carroll
Chair, FIFA World Cup 2026 Subcommittee

RE: Proposed Increase To Municipal Accommodation Tax

Dear Councillor Carroll,

On behalf of hotels and hospitality businesses in the Greater Toronto Area, we write to express our strong concern about the proposed increase to the Municipal Accommodation Tax (MAT). Increasing the MAT hurts Toronto's competitiveness in the international tourism market. Higher taxes make the city less attractive for conferences, major events, and group travel – key drivers of our visitor economy – especially as we are still recovering from pandemic-related declines. In 2023, the City raised the MAT from 4% to 6%, making Toronto one of the most expensive cities among our North American competitive set to host business events.

The proposed MAT hike threatens jobs in the hospitality sector and beyond. It's not just hotels: thousands of small businesses that rely on tourism – such as restaurants, retailers, and cultural institutions – will also suffer. This could lead to significant job losses at a time when we should be focusing on economic growth.

While we understand the City's revenue challenges around the FIFA World Cup, increasing the MAT is a short-term solution that could cause long-term economic pain. Higher accommodation costs deter visitors, reducing tourism revenue and undermining the benefits the City hopes to gain from hosting major events.

We would like to address the mayor's remarks about hotels doing well because FIFA is coming to Toronto. While we welcome the visitors to our city that the games will bring, please understand they are being held during our peak season for business events. Citywide conferences and conventions that would normally be booked solid during this period aren't going to happen – and those are the real drivers of Toronto's visitor economy.

We urge the City to engage with our industry to develop alternative solutions that address fiscal needs without compromising our competitive edge. By working together, we can find sustainable strategies that support Toronto's status as a world-class destination and ensure long-term prosperity.

Thank you for your consideration, and we look forward to further discussions.

Sincerely,

Sara Anghel
President & CEO
Greater Toronto Hotel Association

Tim Reardon
Chair
Greater Toronto Hotel Association