

January 30, 2017

Hon. Kathleen Wynne
Premier of Ontario
Legislative Building Room 281, Queen's Park
Toronto, ON M7A 1A1

Dear Premier Wynne,

On behalf of the Ontario Chamber of Commerce (OCC), I am writing you today regarding the City of Toronto's request to establish a hotel tax via an amendment to the *City of Toronto Act*.

As outlined in our 2017 pre-budget submission, Ontario's long-term growth and prosperity depend on strong communities that can attract talent and investment to the province. Without access to additional and sustainable sources of revenue that grow with the economy, municipalities will continue to face a gap between their obligations and their ability to pay.

It is for this reason that we join the Toronto Region Board of Trade (TRBOT) in support of the intent of Toronto's Long-term Revenue Strategy. As recently outlined by TRBOT, it is essential that the city secures sources of funding to invest in projects that help get residents moving again and reduce the economic costs associated with gridlock. These revenue sources should be "dedicated, fair, transparent, evenly shared, and won't place Toronto at a competitive disadvantage."¹

¹[https://www.bot.com/Portals/0/NewsDocuments/1212016Revenue%20Tools%20Deputati
on%20Release.pdf](https://www.bot.com/Portals/0/NewsDocuments/1212016Revenue%20Tools%20Deputati%20on%20Release.pdf)

While broadly supportive of the intent of these revenue tools, the OCC is specifically concerned about the unintended consequences that a hotel tax will have on the competitiveness of Toronto and communities throughout Ontario as global tourism destinations. As outlined in our recent report, *Closing the Tourism Gap*, the tourism industry plays a vital role in supporting the growth of the province's economy. Tourism businesses and other members of the industry support nearly 372,000 jobs and generate over \$26 billion in GDP in communities throughout Ontario. As global tourism visitation continues to grow, it is essential that we take steps to attract more international visitors to our province.

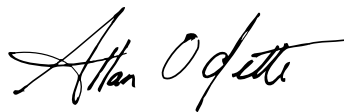
Toronto's proposed hotel tax, as outlined in a request to the province by Toronto City Council, could put this objective at risk. Tourism Toronto, the organization integral to supporting and growing tourism in the region, currently derives 65 percent of its budget from a Destination Marketing Program (DMP) in partnership with the region's hotels. This voluntary program reinvests money from visitors back into tourism promotion efforts in order to attract greater recreational and business tourism to the region. By increasing the cost of doing business for hotels in the city, the implementation of a hotel tax will likely end the DMP and eliminate this source of revenue for Tourism Toronto. In the absence of dedicated revenue from the new hotel tax, Toronto's tourism promotion efforts could be seriously limited.

In addition, the OCC is concerned about the competitiveness implications of the hotel tax for tourism businesses. In an increasingly competitive global tourism market, the introduction of a four percent tax for Toronto-based hotels reduces the attractiveness of Toronto as a tourism destination for international visitors, while also increasing the cost of doing business in the city. **It also sets a precedent for other municipalities**

throughout Ontario to introduce similar taxes, putting at risk other DMPs and reducing the cost competitiveness of the province's destinations.

The government's recently released strategic framework, *Growing Tourism Together*, aspires to drive tourism growth in Ontario that meets or exceeds global growth over the next five years. As a province, we should be working collectively to achieve this vision. Without certainty around the maintenance of Tourism Toronto's budget to engage in necessary tourism marketing and promotion for the region, I urge you to not support the City of Toronto's request to implement a hotel tax.

Sincerely,



Allan O'Dette
President & CEO
Ontario Chamber of Commerce

cc: Hon. Bill Mauro, Minister of Municipal Affairs and Housing
Hon. Eleanor McMahon, Minister of Tourism, Culture and Sport
Hon. Charles Sousa, Minister of Finance
His Worship John Tory, Mayor, City of Toronto
Pat Vanini, Executive Director, Association of Municipalities of Ontario
Beth Potter, President & CEO, Tourism Industry Association of Ontario