

FINAL VERSION

June 17, 2024

Addressed to: Town of Newmarket, Committee of the Whole
From: Marek Dabrowski, Owner, President of Best Western Voyageur Place Hotel
Re: **Response to "Municipal Accommodation Tax:
Implementation of a Program – Staff Report, Dated June 13, 2024**

Good morning Mayor Taylor and Members of the Committee. My name is Marek Dabrowski. The hotel I represent has been owned and operated in Newmarket by my family since 1973.

I am here today to argue that the proposed **Municipal Accommodation Tax (MAT) should NOT be implemented**, for the following reasons:

- It will adversely affect all hotels and AirBnBs operating in Newmarket by creating an unfair and significant **disadvantage for Newmarket based business vs operators in all neighboring municipalities, not subjected to the burden of MAT.**
- Newmarket will be a secluded island locked in by all surrounding municipalities that do not subject their hotels and AirBnBs to MAT.
- In 2025 four new hotels will open in Aurora and Bradford. They will increase the room supply by some 450 rooms, representing over 200% increase during the time when we are experiencing a decline in demand. The **new tax required only in Newmarket** will make our properties, **which operate in a very price sensitive market, far less attractive to potential guests**, as their final bill will be increased by 4.52 % (MAT + HST).
- The Report shows a number of municipalities with MAT. This information is irrelevant to MAT in Newmarket since it lists municipalities, some of which are hundreds of kilometers away and none close by, because they have no MAT.
- The Report **projects MAT of \$600,000 per annum, which is GROSSLY overstated.** To generate \$600,000 the three hotels and AirBnBs, currently in operation in Newmarket, would need to have sales of \$15,000,000. In 2023 all three hotels had less than \$9,000,000 in room revenue, which would result in no more than \$360,000 of MAT. It is very unlikely that Newmarket AirBnBs, would generate \$6,000,000 to add \$240,000 in MAT. In my estimate AirBnBs would generate less than \$40,000 p.a. in MAT.
- The Report was supposed to involve **Public Consultation.** However, two of three Newmarket hotels, were not consulted. I represent the only hotel, with which the author of the Reported met. However, none of my questions nor concerns were clearly answered nor addressed in the Report. Also, Comments "from the Business Community", with no cost to their businesses resulting from implementation of MAT, or "no skin in the game", are not objective.
- The Report shows no estimate of how much it will cost the Town to implement and manage MAT, except for a note about the need to hire one person. My estimate is that the cost will be around \$100,000 (all in). The net MAT amount would therefore not exceed \$300,000 and this before other expenses, which will likely have to be incurred by

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the Town. A far cry indeed from \$600,000, the only MAT number mentioned in the report.

- The Report shows no clear picture of the proposed operation of “Tourism Based Organization”. There is no business plan, no budget, no scope, no outline of how the funds will be spent and what MEASURABLE impact of any net amount MAT (after expenses) will have on increasing TOURISM business. The increase is not defined nor quantified.
- The Report lists **no Tourist Attractions in Newmarket**, now or in the future, **which are essential for any Tourism Program to promote**.
- The Report shows no clear, quantifiable and verifiable “positive impact” on the Town’s business, which would result from MAT.

In conclusion: the **Report you received today is FUNDAMENTALLY FLAWED**.

The figure of \$600,000, presented in this report and carried forward from last year’s report, overstates gross MAT proceeds by at least 50% and net amount by at least 100%.

It does not provide any information on how the proceeds would be used.

It omits market realities, **which drastically changed during the last year**.

It glosses over the fact that by the end of 2025 Newmarket will have four hotels, with 350 rooms, **all subject to MAT** and that in Aurora, Bradford and East Gwillimbury there will be seven hotels, with over 700 rooms, four of them brand new, **all with no MAT**.

Newmarket has the right to impose MAT but I submit that this is NOT the right thing to do.

Therefore, I respectfully request that the Council/Committee reject the Report’s recommendations.

I welcome any questions you may have.

Marek Dabrowski

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