Changes to The Municipal Act – Short-Term Accommodation Tax

BACKGROUND

- Effective June 1, 2026, Manitoba has removed itselffrom approving each municipal accommodation tax as previously required under subsection 4(2) ofThe Municipal Funding and Taxation Act.
- The Municipal Act now enables municipalities to set their own short-term accommodation tax, at NEW sections 328.1 to 328.4 in NEW Division 5.1, Short Term Accommodation Tax.
- The legislation defines short-term accommodation as any premises where living accommodation is provided on a transient basis for a period of 30 consecutive days or less.
- Municipalities may specify the types ofpremises that are subject to the tax, create differing classes of taxation, set the rates (a percentage or a flat rate) and requirements for remittance to the municipality, create exemptions, and provide for the collection of the tax.
- Municipalities are required to give public notice and hold a public hearing before adopting or amending an accommodations tax by-law.
- The Municipal Act can be viewed at https://web2.gov.mb.ca/laws/statutes/ccsm/_pdf.php?cap=m225.

QUESTIONS AND ANSWERS

Q: What is the reason behind Manitoba changing its laws to allow municipalities to set by-laws for taxing short-term accommodations?

A: Previous legislation under The Municipal Taxation and Funding Act required municipalities to apply for provincial government approval of their accommodation tax by-laws. It also limited taxation to only hotels and motels. As types of short-term (traveller) accommodations evolved, it became clear this definition was too limiting.

This legislation allows municipalities to create a level playing field of the accommodations industry. It also provides municipal governments with the independence to set their own accommodations taxes, similar to other municipal taxes like property, business and amusement taxes.

The new provisions include a requirement for a public hearing, providing transparency and a formal opportunity for stakeholders and the public to have a say.

Q: What will happen to municipalities that already have established accommodation tax bylaws?

A: Several municipalities already have accommodation tax by-laws. Manitoba is reaching out to all municipalities to inform them of the legislative amendments, and those municipalities that already have accommodation taxes are encouraged to review their by-laws to ensure they are in line with the enabling legislation. Provincial staff will provide advisory support to municipalities as needed, consistent with usual service commitments.

Q: Were stakeholder organizations consulted before proposing these changes?

A: Yes. Several leading organizations have highlighted the need for a more equitable regulatory environment between the hotel sector and the expanding short-term rental market. These proposed changes are designed to promote fairness while limiting disruptions to the hotel industry.

Q: Will the province have oversight of municipalities that impose accommodation taxes?

A: No. The province has an ongoing commitment to support municipalities as needed, while recognizing these important partners as mature and autonomous governments that already have considerable authority under The Municipal Act. This support includes governance and financial advisory services provided by Municipal Services Officers in the department of Municipal and Northern Relations, and such services include information and advice about accommodation tax by-laws. The province has removed itselffrom the process of approving accommodation tax by-laws.

Q: The City of Winnipeg has an accommodation tax by-law. Does the new legislation apply to the city?

A: Yes, Division 5.1 ofThe Municipal Act regarding short-term accommodation tax applies to all Manitoba municipalities including the City ofWinnipeg.

The Municipal Act applies only in municipalities. Parts of Manitoba that are not included within municipal boundaries, such as provincial or federal parks, Northern Affairs communities and settlements, Crown lands and unorganized territory, and First Nations member-communities (reserves), are not subject to The Municipal Act.