



DESTINATION  
BRITISH COLUMBIA®

# Comox Municipal and Regional District Tax (MRDT) Program Information Session

Friday, May 5, 2020

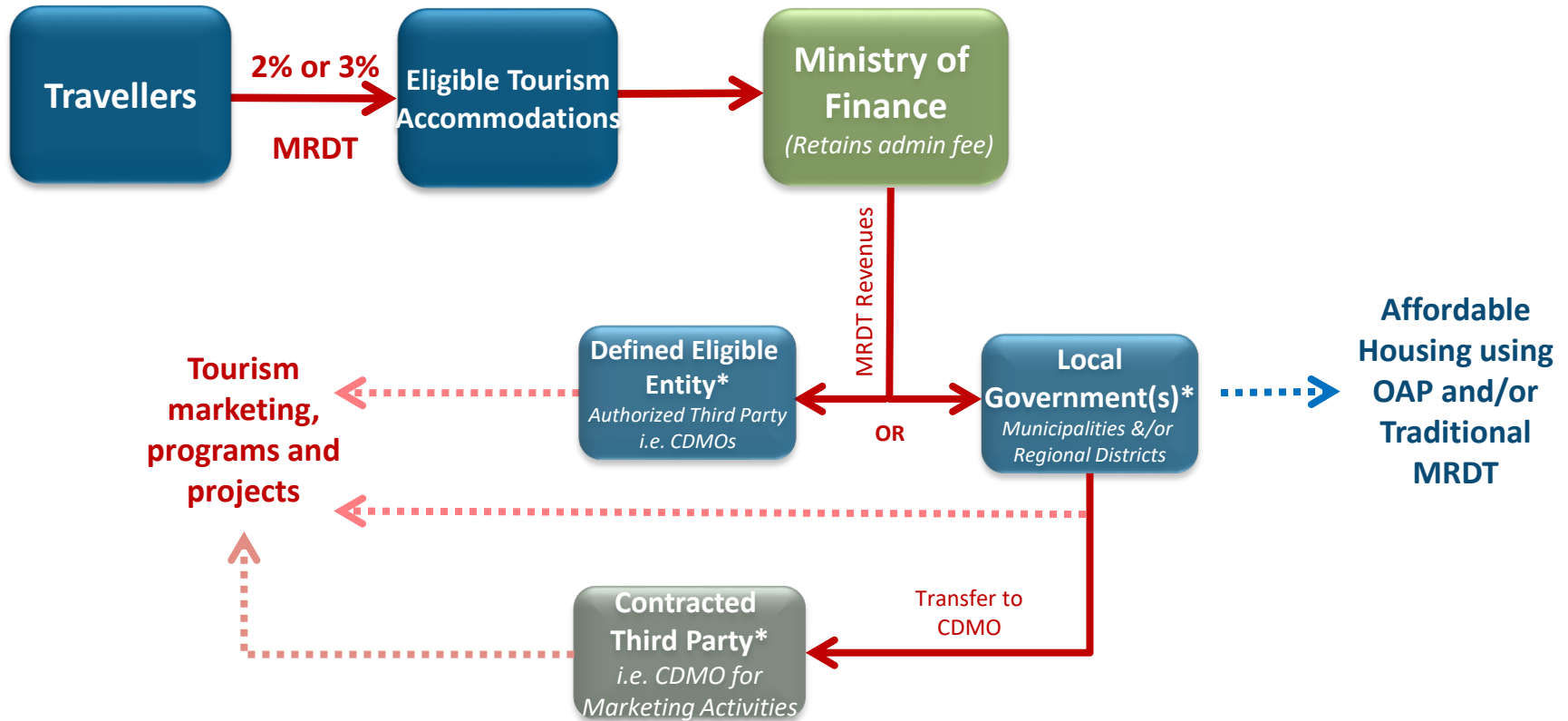
GOOSE SPIT, COMOX

# PROGRAM OVERVIEW

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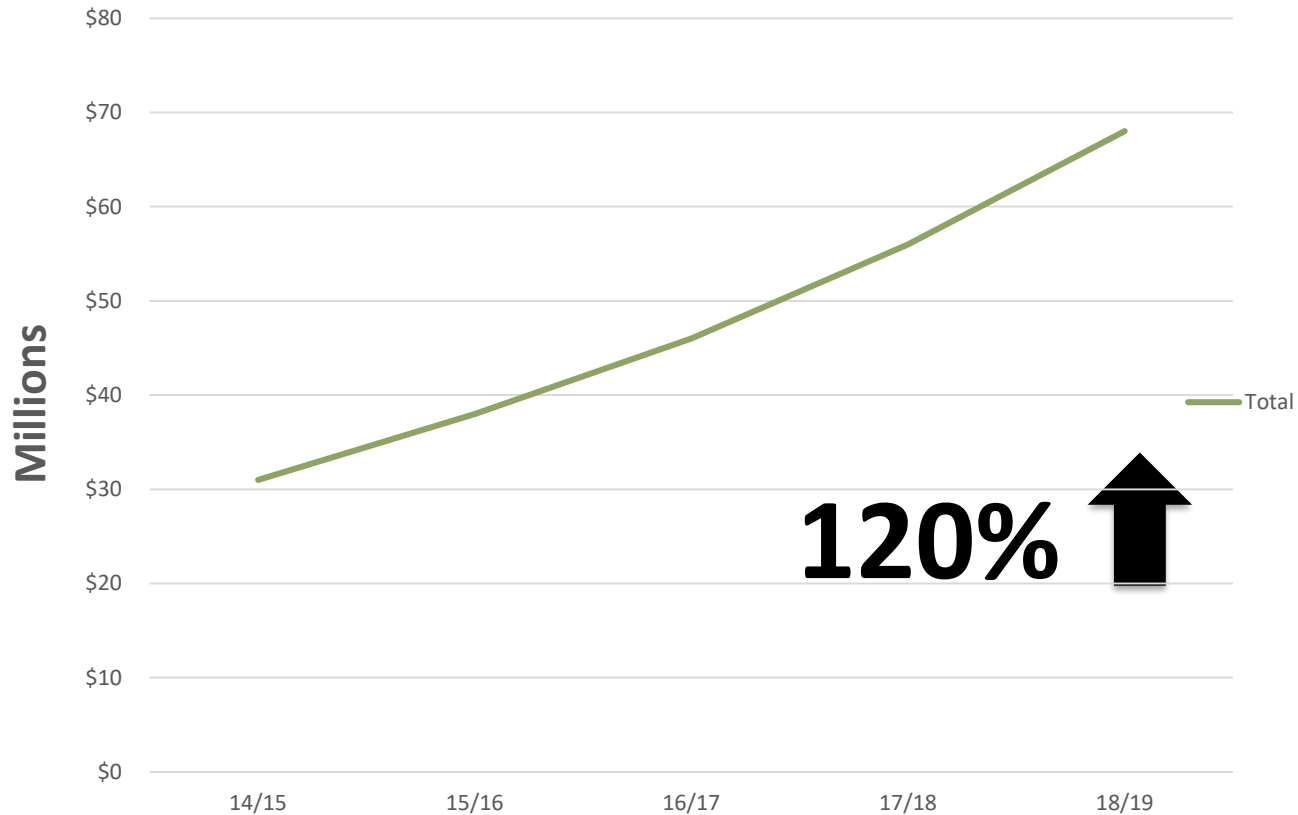
- Municipal and Regional District Tax (MRDT)
  - Previously known as “*Additional Hotel Room Tax*”
  - Imposed under the *Provincial Sales Tax Act*
- Applies to purchases of accommodation in designated accommodation areas in British Columbia
- MRDT is a tax of **up to 3%** on the purchase price of accommodation collected **on behalf of** municipalities, regional districts and eligible entities
- Currently collected in **55** communities (**21** at 3% rate of tax)
- The tax is **voluntary** & must be **supported by local government** & at least **51% of accommodation providers** representing at least **51% of accommodation rooms**

# FLOW OF FUNDS: MRDT



# MRDT GROWTH

## Five-Year MRDT Revenue Growth



\*Includes new recipients and new to collecting 3% rate of tax

# ROLES, RESPONSIBILITIES & ADMINISTRATION

## MINISTRY OF FINANCE

Administration of tax

Facilitation of application  
decisions

Responsible for tax policy  
& regulation amendments

## MINISTRY OF TAC

Responsible for tourism  
policy

MRDT, TEP, RMI & other  
funding program  
alignment

## DESTINATION BRITISH COLUMBIA

Primary point-of-contact

Review applications &  
annual reporting

Encourage coordination &  
collaboration



PROGRAM ADMINISTRATION

# KEY OBJECTIVES

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1. User-friendly & easy to access information
2. Clarity and Transparency
3. Enhance Accountability

# USE OF FUNDS

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- MRDT revenues must be used to ***fund tourism marketing, programs & projects*** and any other uses listed by regulation (*PST Act* and Regulations)
- Activities should increase local tourism revenue, visitation and economic benefits
- Defined eligible administrative costs
- Affordable Housing as of October 1, 2018

# Program Changes – October 1, 2018

## 3 Primary Changes



Fewer than 4 Units Exemption



Online Accommodation Platforms



Affordable Housing



APPLICATION REQUIREMENTS

REPORTING REQUIREMENTS

# APPLICATION REQUIREMENTS

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- Support and Approved bylaw from local government
- Support from hoteliers ( $\geq 51\%$  hoteliers, 51% units of accommodation)
- Consultation & support from local tourism stakeholders
- Five-year Strategic Business Plan:
  - Vision, goals and marketing strategies for the five year period
  - Key actions, key markets & targets
  - Available to accommodation sector & tourism industry stakeholders
- One-year Tactical Plan:
  - Detailed tactics, budget, performance metrics and refreshed targets
  - Available to accommodation sector & tourism industry stakeholders

# 3% MRDT RATE

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- Increasing/applying for 3% tax rate is **voluntary**
- Can apply at **any time**
- **Same application requirements** as 2% tax rate or renewal
- Will have **additional required performance metrics** in annual report
- Will sponsor a new provincial **Tourism Events Program** (.02% of 1%)

# REPORTING REQUIREMENTS

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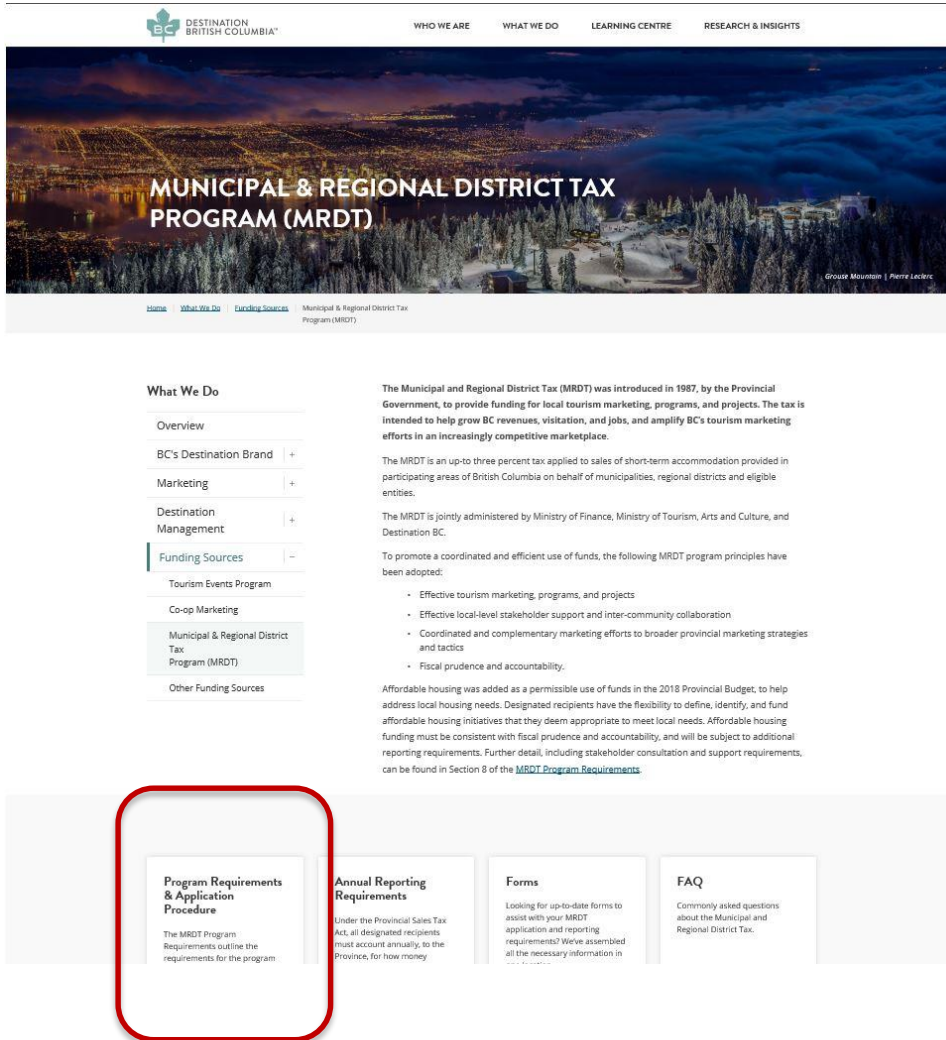
- **One-year Tactical Plan (due November 30<sup>th</sup>)**
  - Activities for next year & expected performance metrics
  - Submitted at application and annually
  
- **Annual Performance Report (due April 30<sup>th</sup>)**
  - Annual report of last year's accomplishments and key performance metrics outlined in last year's tactical plan
  - 3% communities required to report on additional metrics
    - Stakeholder Satisfaction Survey
    - Community Collaboration
    - Coordination on Travel Trade/Media
  
- **Annual Financial Report (due April 30<sup>th</sup>)**
  - Annual financial report to demonstrate fiscal prudence
  - Standardized format
  
- Grand-parented communities must also submit a five-year strategic business plan every 5 years and one-year tactical plan every year

# PROGRAM TODAY

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- Updated Program Requirements apply to all current designated recipients & future applicants
- Applicants can now apply for 3% MRDT rate
- MRDT website: [www.destinationbc.ca/MRDT](http://www.destinationbc.ca/MRDT)

# PROGRAM RESOURCES



BC DESTINATION BRITISH COLUMBIA™

WHO WE ARE WHAT WE DO LEARNING CENTRE RESEARCH & INSIGHTS

## MUNICIPAL & REGIONAL DISTRICT TAX PROGRAM (MRDT)

Home What We Do **Funding Sources** Municipal & Regional District Tax Program (MRDT)

### What We Do

- Overview
- BC's Destination Brand +
- Marketing +
- Destination Management +
- Funding Sources -**
  - Tourism Events Program
  - Co-op Marketing
  - Municipal & Regional District Tax Program (MRDT)
  - Other Funding Sources

The Municipal and Regional District Tax (MRDT) was introduced in 1987, by the Provincial Government, to provide funding for local tourism marketing, programs, and projects. The tax is intended to help grow BC revenues, visitation, and jobs, and amplify BC's tourism marketing efforts in an increasingly competitive marketplace.

The MRDT is an up-to three percent tax applied to sales of short-term accommodation provided in participating areas of British Columbia on behalf of municipalities, regional districts and eligible entities.

The MRDT is jointly administered by Ministry of Finance, Ministry of Tourism, Arts and Culture, and Destination BC.

To promote a coordinated and efficient use of funds, the following MRDT program principles have been adopted:

- Effective tourism marketing, programs, and projects
- Effective local-level stakeholder support and inter-community collaboration
- Coordinated and complementary marketing efforts to broader provincial marketing strategies and tactics
- Fiscal prudence and accountability.

Affordable housing was added as a permissible use of funds in the 2018 Provincial Budget, to help address local housing needs. Designated recipients have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs. Affordable housing funding must be consistent with fiscal prudence and accountability, and will be subject to additional reporting requirements. Further detail, including stakeholder consultation and support requirements, can be found in Section 8 of the [MRDT Program Requirements](#).

**Program Requirements & Application Procedure**  
The MRDT Program Requirements outline the requirements for the program.

**Annual Reporting Requirements**  
Under the Provincial Sales Tax Act, all designated recipients must account annually, to the Province, for how money

**Forms**  
Looking for up-to-date forms to assist with your MRDT application and reporting requirements? We've assembled all the necessary information in

**FAQ**  
Commonly asked questions about the Municipal and Regional District Tax.

- ✓ Program Web Page
- ✓ Program Requirements
- ✓ Frequently asked questions
- ✓ Application forms online
- ✓ Templates to assist in meeting reporting requirements

# PROGRAM REQUIREMENTS & APPLICATION PROCEDURE

Victoria | Reuben Krabbe

[Home](#) | [What We Do](#) | [Funding Sources](#) | [Municipal & Regional District Tax Program \(MRDT\)](#) | Program Requirements & Application Procedure

## What We Do

Overview

BC's Destination Brand

+

Marketing

+

Destination  
Management

+

Funding Sources

+

## Municipal and Regional District Tax (MRDT) Program Requirements

The [MRDT Program Requirements](#) outline the requirements, and provide guidance and assistance to municipalities, regional districts, and eligible entities applying to request that the Province levy the tax, on their behalf, in a designated accommodation area.

## How to Apply

The [Application Form \(Appendix 1.1\)](#) provides a checklist of the documentation required in order to apply for the implementation, renewal rate change or use of general MRDT for affordable housing in a designated accommodation area.

The Application Form must be completed in full, signed, and included with your completed MRDT application package.

# MUNICIPAL AND REGIONAL DISTRICT TAX (MRDT) FAQ

Victoria Island | Reuben Krabbe

[Home](#) | [What We Do](#) | [Funding Sources](#) | [Municipal & Regional District Tax Program \(MRDT\)](#) | [FAQ](#)

## What We Do

Overview

BC's Destination Brand | +

Marketing | +

Destination Management | +

Funding Sources | +

We've listed out commonly asked MRDT questions below, along with our responses. If your questions about the MRDT application process, program and reporting requirements aren't addressed here, we encourage you to reach out to us at [MRDT@destinationBC.ca](mailto:MRDT@destinationBC.ca) or by phone at 604-953-6704. If you have questions about collecting the MRDT, we recommend that you reach out to the Ministry of Finance at [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca).



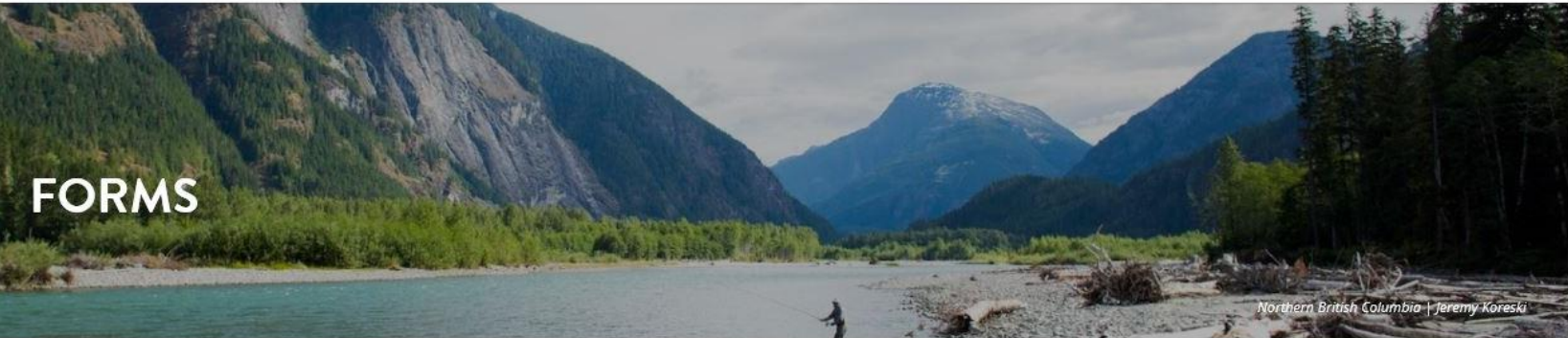


## General

- + What is the Municipal and Regional District Tax (MRDT)?
- + What does the MRDT apply to?
- + What is the enabling legislation for the MRDT?
- + Where is the MRDT applicable?
- + What is the MRDT rate?
- + Who is eligible to be a designated recipient under the MRDT program?
- + What is the difference between a designated recipient and an eligible entity?
- + What are the eligible uses of MRDT funds?
- + How can I use MRDT revenues for capital expenditures (beyond affordable housing)?

## Application Requirements

- + How do municipalities, regional districts and eligible entities apply for the MRDT?
- + How do I determine what types of accommodation are taxable when preparing to consult with accommodation providers?
- + Can the Province provide names and addresses of registered accommodation to assist in the consultation process?
- + How can a designated recipient increase its tax rate to three percent?
- + Can I apply for a rate increase (to three percent) if I am currently in a five-year term at the two percent rate?
- + When do I submit my new application, renewal application, rate increase application or an application that includes general MRDT revenue for affordable housing?
- + How often does the MRDT application have to be renewed?
- + Which communities continue to be grand-parented?
- + What restrictions are there on the boundaries of a designated accommodation area?



# FORMS

Northern British Columbia | Jeremy Koreski

## What We Do

- Overview
- BC's Destination Brand +
- Marketing +
- Destination Management +
- Funding Sources +

## Templates, Forms & Related Links

Looking for up-to-date forms to assist with your MRDT application and reporting requirements? We've assembled all the necessary information in one location. We've even included a link to the [Provincial Sales Tax Bulletin 120](#), which explains how MRDT applies to sales of accommodation in BC.

If you are looking for additional information, our [FAQs](#) are a good place to start.

### [Municipal and Regional District Tax Application Form](#)

*This checklist must be submitted as the cover page with all new and renewal applications, clearly indicating the application is complete and signed by the authorized signing authority.*

### [Accommodation Directory Form](#)

*This form is used to list all accommodation providers who offer 4 or more units of accommodation within the designated accommodation area.*

### [Accommodation Sector in Support of MRDT Form](#)

*This form is used to list all accommodation providers with 4 or more units of accommodation that support, by way of signature, the collection of MRDT within a designated accommodation area.*

### [5-Year Strategic Business Plan](#)

*This template is used to submit an applicant's five-year Strategic Business Plan. This completed form is*



Please complete all MRDT application requirements and send to [MRDT@destinationbc.ca](mailto:MRDT@destinationbc.ca) in one complete package in PDF format.

### Appendix 1.1 Municipal and Regional District Tax Application Form

Legal Name of Applicant: \_\_\_\_\_  
 Designated Accommodation Area: \_\_\_\_\_  
 Rate of Tax (up to 3%): \_\_\_\_\_  
 Implementation or Renewal Date: \_\_\_\_\_

Check when completed	Requirement
<input type="checkbox"/>	Five-year Strategic Business Plan (Appendix 1.2)
<input type="checkbox"/>	Evidence that funds from the tax are incremental to existing sources of tourism funds
<input type="checkbox"/>	Evidence of consultation and support, as applicable, from local governments
<input type="checkbox"/>	Evidence of authority and request to impose the tax (e.g. Bylaw, resolution or letter requesting tax)
<input type="checkbox"/>	Certificate of incorporation, copies of articles of incorporation, constitution, and bylaws (eligible entities only)
<input type="checkbox"/>	Documentation of how the MRDT program, including revenue, will be administered (where applicable)
<input type="checkbox"/>	Evidence of consultation with tourism industry stakeholders
<input type="checkbox"/>	Accommodation Directory Form (Appendix 1.3)
<input type="checkbox"/>	Accommodation Sector in Support of Municipal and Regional District Tax Form (Appendix 1.4)
<input type="checkbox"/>	Confirmation of consultation with Destination British Columbia
<input type="checkbox"/>	Third party Authorization Form (Appendix 1.5, where applicable)
<input type="checkbox"/>	Disclosure of Information Authorization Form (Appendix 1.6)
<input type="checkbox"/>	Tourism Events Program Sponsorship Undertaking (3% applicants only) (Appendix 1.7)
<input type="checkbox"/>	Affordable Housing Plan (Appendix 1.8, where applicable)

By signing this application form, you certify that the information included in the application package is accurate, that all Municipal and Regional District Tax program requirements have been met, and that all required documents have been included in the application package.

Applicant's Authorized Signing Authority Name	Applicant's Authorized Signing Authority Title
Date	Applicant's Authorized Signing Authority Signature

# MRDT CONTACT INFORMATION

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[www.destinationbc.ca/MRDT](http://www.destinationbc.ca/MRDT)

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# QUESTIONS?



# THANK YOU

