

MUNICIPAL & REGIONAL DISTRICT TAX (MRDT) 101

Why We Need Your Help

Purpose of MRDT

- The MRDT program is designed to assist destination marketing organizations (DMOs) with funding tourism marketing, programs and projects.
- MRDT is intended to help DMOs attract more visitors, generate economic impact through tourism, and create jobs. 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;
 - Marketing efforts that are coordinated and complementary to those of Destination British Columbia; and
 - Fiscal prudence and accountability.
- The Provincial Government has legislated the collection of MRDT through hotels and other commercial accommodation that charge customers either 2% or 3% on top of their room rate and provincial sales tax. For communities to qualify and collect MRDT via hotels, a partnership agreement is entered into between the commercial accommodators, local government and the province upon approval of criteria by all parties.

Advantages of MRDT

- An approved MRDT agreement allows communities and industry to promote tourism in their community together for the greater good.
- Having a dedicated revenue source (i.e. MRDT) for DMOs to invest in marketing gives British Columbia a competitive advantage over other cities and communities throughout much of the rest of Canada who do not have guaranteed funding.
- MRDT-funded marketing campaigns and programs are primarily executed by community DMOs with a focus on sales, marketing and destination management.
- The MRDT-supported, community DMO system has proven to be effective, transparent, partnership-driven, and governed by community and tourism stakeholders who understand the marketplace and work cooperatively with governments and the accommodation sector.

- This system has produced significant results and led to the establishment of tourism as one of British Columbia's top business sectors.

Issues Related to Uses of MRDT

- There is increasing competition for resources such as MRDT between the tourism industry and local governments that may from time-to-time want access to some or all of the revenue for 'tourism programs'. These so-called 'tourism programs' often amount to infrastructure/capital projects that may directly or indirectly benefit the tourism sector. Although important, infrastructure projects unrelated to tourism should be funded outside of MRDT.
- If MRDT usage is expanded to include affordable housing initiatives, local governments will begin to view this revenue source for purposes other than tourism marketing, projects and programs.
- Expanding MRDT usage means precedence will have been set and will likely lead to further, non-tourism uses in future, subsequently compromising the tourism marketing system throughout BC in whole or in part.
- Hotels are unlikely to sign off on community MRDT renewal agreements if the program deviates from its original intended purpose. Consequently, many communities risk losing tourism marketing funding entirely, which could lead to a serious downturn in visitors, revenues and jobs.
- The over-arching threat to use MRDT for housing jeopardizes long-term planning by a DMO. Even if a local government does not immediately access MRDT, it does not preclude government from using those funds for housing in future. With many DMOs also acting as stewards of local destination/industry development initiatives, and signing agreements with other agencies to support major projects, these plans are at risk.
- BC's tourism industry is a nearly \$17 billion a year industry employing 290,000 employees in 19,000 businesses across the province - proposed changes to the MRDT puts all that at risk – and unnecessarily.

Here's How You Can Help

- Write Finance Minister Carole James and your local MLA to inform them of what MRDT means to your community, your business and to the long-term health of the tourism industry.
- Tell government why MRDT should be protected for tourism marketing, projects and programs and not re-directed to housing initiatives.