

## Tourism Kelowna Briefing Note

### Municipal and Regional District Tax (MRDT) Agreement Renewal

#### What is MRDT

The Municipal and Regional District Tax program (MRDT) is a **provincial program** jointly administered by the BC Ministry of Finance, BC Ministry of Tourism, Arts & Culture and Destination BC, the crown corporation providing tourism services for the province.

The MRDT is an **accommodation tax** collected under the provincial sales tax legislation to fund tourism marketing, programs and projects. Agreements between the province and communities are for 5-year terms.

#### How Are Funds Used

In Kelowna, MRDT tax level is 3% of gross room sales, this revenue makes up approximately 60% of Tourism Kelowna's total annual budget.

MRDT revenue remitted by Kelowna hotels is allocated to Tourism Kelowna for destination marketing; MRDT revenue remitted by Kelowna Short Term Rentals (STRs) is allocated to help address the city's affordable housing issues.

The province holds back a small percentage of the remitted tax for administration costs in addition to .2% to fund the provincial Tourism Events Program, a funding source to help communities attract new, major events to the province.

MRDT funds are intended to augment current funding and cannot be used to replace existing sources of funding in a community such as annual grants.

#### Roles

City of Kelowna – as the “designated recipient” of the MRDT funds, **the city is the applicant**, the agreement holder with the province and is ultimately responsible for all compliance and reporting requirements. Kelowna's current MRDT agreement with the province is for 2017-2021.

Tourism Kelowna (TK) – as the “eligible entity”, **Tourism Kelowna is the service provider**, administering the MRDT funds on behalf of the City of Kelowna to deliver tourism marketing, programs and projects. TK also provides the city with the annual strategic plan, tactical plan, performance report and financial reports required under the MRDT agreement.

## **Renewal Schedule**

The current 5-year agreement “repeal date” is July 1, 2022. The renewal application package must be received by Destination BC (6 months prior to repeal date).

Our target date to deliver the renewal application package to Destination BC is **December 15, 2021**

City of Kelowna staff worked together with Tourism Kelowna to develop a comprehensive project workplan, roles and timeline document to coordinate the work needed one in 2021 to prepare the renewal package including

- New MRDT five-year strategic plan 2022-2026
- One-year tactical plan and budget for 2022, including affordable housing plan
- Develop a report of all taxable accommodators in area
- Stakeholder consultation on new strategic plan
- Collect signed letters of support from minimum 51% of accommodation providers
- Proof of broad consultation and support with city, region and industry and partners; education and advocacy opportunity e.g., support letters, presentations
- Presentations to City Council: three readings and bylaw adoption

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