

# Report to Council



**Date:** December 5, 2016  
**File:** 0210-20  
**To:** City Manager  
**From:** Garry Filafilo, Financial Projects Manager  
**Subject:** Tourism Kelowna - Municipal & Regional District Tax Reporting Service Agreement

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## **Recommendation:**

THAT Council receives for information, the Report from the Financial Projects Manager dated December 5, 2016 regarding the Tourism Kelowna - Municipal & Regional District Tax Reporting Service Agreement;

AND THAT Council authorizes the City to enter into the Reporting Service Agreement with Tourism Kelowna Society in the form attached to the Report from the Financial Projects Manager dated December 5, 2016;

AND FURTHER THAT the Mayor and City Clerk be authorized to execute the Reporting Service Agreement.

## **Purpose:**

To receive Council's approval for the Service Agreement with Tourism Kelowna Society which identifies the annual reporting documentation requirements under the provisions of the Municipal & Regional District Tax Program.

## **Background:**

On August 8, 2016, Council received a Report from the Divisional Director, Active Living & Culture regarding the Tourism Kelowna - MRDT Increase and Service Agreements. The Report requested authorization to support an increase to the Municipal and Regional District Tax and directed staff to prepare Service Agreements with Tourism Kelowna to be brought back to Council for approval.

The Service Agreement for the annual reporting requirements is attached to this report.

The provincial Municipal and Regional District Tax (MRDT) is informally known as the 'hotel room tax.' Kelowna is one of many jurisdictions authorized by provincial regulation to collect

MRDT on behalf of destination marketing organizations providing revenues for tourism marketing, programs and projects. The MRDT program is jointly administered by the Ministry of Finance, The Ministry of Jobs, Tourism and Skills Training and Destination BC.

The taxes are collected by the accommodation sector and remitted to the Province. The Province, after deduction of administration fees, remits the balance to the City of Kelowna as designated recipient. The City, in turn, transfers all of the amount received from the Province to Tourism Kelowna, to whom the City has delegated the authority to administer the expenditure of this tax revenue for the prescribed purposes.

As designated recipient, the City is fully responsible for compliance with all MRDT program requirements. A five-year strategic business plan is required every five years or upon application for a rate increase. Annual requirements include a one-year tactical plan, a performance report, and a financial report. Templates for each of these reports are provided by the Province. Tourism Kelowna prepares the reports and provides them to the City's Finance Department for review and sign-off by the Financial Services Director.

The attached Reporting Service Agreement has been approved by the Tourism Kelowna's Board of Directors.

The Master Service Agreement pertaining to the City's annual grant funding to Tourism Kelowna will be brought to Council in 2017.

**Internal Circulation:**

Divisional Director, Corporate and Protective Services

Divisional Director, Active Living and Culture

Cultural Services Manager

**Considerations not applicable to this report:**

**Legal/Statutory Authority:**

**Legal/Statutory Procedural Requirements:**

**Existing Policy:**

**Financial/Budgetary Considerations:**

**Personnel Implications:**

**External Agency/Public Comments:**

**Communications Comments:**

**Alternate Recommendation:**

Submitted by:

G. Filafilo, Financial Projects Manager

Approved for inclusion:



G. Davidson, Financial Services Director