



Council Member Motion

For the Meeting of March 18, 2021

To: Committee of the Whole **Date:** March 10, 2021
From: Mayor Lisa Helps and Councillor Andrew
Subject: Municipal Regional District Tax (MRDT)

BACKGROUND

In British Columbia, destination marketing at the community level is governed through the Municipal Regional District Tax (MRDT). An optional 2% or 3% lodging tax which is an extension of the PST on fixed room accommodation of 4 units or more. The MRDT is managed by the Ministry of Finance and Destination BC. There are currently 60 communities in BC participate in the MRDT system.

Under the MRDT system, tourism promotions and projects are the defined as the permitted uses. In 2018, affordable housing initiatives were added based on new incremental MRDT from Airbnb, an Online Accommodation Platform (OAP). In their presentation to Council at the March 18th Committee of the Whole Meeting Destination Greater Victoria will provide further information on this and other initiatives in their five year plan.

The MRDT mandate must be renewed every five years, with the foundational element being a high-level five-year strategy. Destination Greater Victoria (previously Tourism Victoria) has operated as the official Destination Marketing Organization for the region since 1974.

In 2016 significant changes were made to modernize Victoria's approach to the system including moving to a five year renewal (2017-2021), aligned with most municipalities in BC, Destination Greater Victoria deepening its partnership with the City of Victoria to lead the sales and marketing at the Victoria Conference Centre. The MRDT rate increasing from 2% to 3% (0.2% of the 3% MRDT Communities retained by Province of BC is to support their Major Tourism Event Programs) and the industry voluntarily agreed to make a \$1 Million contribution to the David Foster Harbour Pathway, payable over 10 years.

The application process started in March 2020 but was delayed due to the pandemic. The Municipal and Regional District approval is due to Destinations BC by the first week of April 2021. If the application is not reviewed by Ministry of Finance by June 30, 2021 the tax will be rescinded and the strategic tool will no longer be available. A motion of Council is required to proceed with the MRDT application and continued sales and marketing partnership with Destination Greater Victoria.

RECOMMENDATION

That Council:

1. Approve the five-year renewal of the MRDT.
2. Approve the new incremental MRDT from Airbnb OAP for affordable housing initiatives.
3. Approve that Destination Greater Victoria continue to operate as the Official Destination Organization for the City of Victoria and eligible entity for MRDT from 2022-2026 based on the foundation of the five-year plan presented.

Respectfully submitted,



Mayor Lisa Helps



Councillor Andrew