

# MRDT

# YOUR QUESTIONS ANSWERED



## MRDT EXPLAINED

- The Municipal and Regional District Tax (MRDT) is a tax of up to 3% applied to the purchase of accommodation in a designated accommodation area (in our case the City of Penticton).
- Once an application to levy the tax has been approved, MRDT is implemented for a period of five years (a new application must be submitted every five years).
- Taxable accommodation can include hotels, motels, resorts, bed and breakfasts, houses, cottages and cabins, and other short term lodging.
- Online Accommodation Platforms (OAPs), such as Airbnb can also collect MRDT on behalf of vacation rentals.
- The purpose of the MRDT Program is to assist designated recipients to fund tourism marketing programs and projects.
- Spending on affordable housing was added as a permissible use of MRDT funds in 2018, but requires the submission of very specific project plans and annual reports.
- Funds from the MRDT Program should supplement current funding and cannot be used to replace existing sources of tourism funding in a community.
- In British Columbia there are currently 61 designated recipients collecting MRDT (27 of these are at the 3% rate). In the Thompson Okanagan Region, the following designated recipients collect MRDT:
 

◇ City of Kamloops - 3%	◇ Village of Valemount - 2%
◇ City of Kelowna - 3%	◇ District of Sicamous - 2%
◇ The Corporation of City of Penticton - 2%	◇ Lower North Thompson Tourism Society - 3%
◇ City of Salmon Arm - 2%	◇ Tourism Big White Society - 3%
◇ The Corporation of the City of Vernon - 3%	◇ Tourism Wells Gray Association - 2%
◇ Sun Peaks Mountain Resort Association - 3%	◇ Regional District of Kootenay Boundary - 2%
◇ Destination Osoyoos Development Society - 3%	◇ Oliver Tourism Association - 3%

## THE ADMINISTRATION OF MRDT FUNDS EXPLAINED

- MRDT funds are administered by a **Designated Recipient**, which can be either:
  - ◇ A Municipality; OR
  - ◇ A Regional District; OR
  - ◇ An Eligible Entity
- To qualify as an **Eligible Entity** an applicant must:
  - ◇ Be a not-for profit business association (a not-for-profit society whose specific purpose is tourism marketing is preferred).
  - ◇ Have a place of business in the designated accommodation area.
  - ◇ Be actively engaged in tourism marketing, programs or projects in the designated accommodation area.

### **Travel Penticton meets all of the criteria required to be an Eligible Entity**

- Currently the Designated Recipient of MRDT funds in Penticton is the City of Penticton. The MRDT funds are then transferred to Travel Penticton on a monthly basis, according to the provisions of a five-year contractual agreement.
- For the next MRDT application (2022-2027), Travel Penticton would like to become the Designated Recipient. Travel Penticton currently provides all of the required administration and reporting for the MRDT Program, so the only change would be the MRDT funds would flow directly to the Society from the provincial government.

## THE ELIGIBLE USES OF MRDT FUNDS

- The *Designated Accommodation Area Tax Regulation* ([https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/93\\_2013](https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/93_2013)) sets out the authorized purposes for funds collected under the MRDT program, which are:
  - ◇ **Tourism marketing, programs and projects**
  - ◇ **Initiatives respecting affordable housing**
- There are very specific regulations governing the expenditure of MRDT funds. Every year, Travel Penticton must provide the Province with a comprehensive marketing plan, budget and performance report, detailing how MRDT funds are being invested to promote tourism in the City of Penticton.
- In order for any MRDT funds to be applied to affording housing, a Designated Recipient must provide very specific project plans and reports, which are subject to additional assessment by the Ministry of Municipal Affairs and Housing.

## THE MRDT Application Process

Along with some other administrative requirements Travel Penticton must provide the following as part of the MRDT application for 2022-2027.

- **A Five-year Strategic Business Plan**  
Including a One-Year Tactical Plan with performance measures and a detailed budget for year one.
- **Evidence that MRDT funds are incremental to existing sources of tourism funds**  
We will be negotiating a contract with the City of Penticton for the continued delivery of Visitor Services.
- **Evidence of consultation and support, as applicable from local governments**  
We will solicit letters of support from The City of Penticton, Regional District of Okanagan Similkameen and Thompson Okanagan Tourism Association.
- **Evidence of authority and request to impose the tax**  
A letter will be submitted to request the province levy the tax on behalf of Travel Penticton. We must also provide our Certificate and Articles of Incorporation and a copy of our Constitution and Bylaws.
- **Evidence of consultation with tourism industry stakeholders**  
We will be conducting surveys, phone calls and onsite visits over the next few months to discuss the MRDT renewal and plans for the next 5 years. A copy of our current 5-year Strategic Plan is available on our corporate website [www.travelpenticton.com/resources/](http://www.travelpenticton.com/resources/) and we have provided an overview of some of our key strategies in this document. Any feedback is encouraged and welcomed.
- **An Accommodation Directory Form**  
We must provide a list of ALL of the accommodation providers who offer 4 units or more of accommodation that is taxable under the Provincial Sales Tax Act within Penticton and the number of units that each accommodation provider offers within Penticton. Information on the directory form also includes: property name, address, phone number and name of the owner/manager.
- **An Accommodation Sector in Support of MRDT Form**  
In order for the MRDT tax to be imposed, the minimum support required from the accommodation sector is at least 51% of the number of establishments that would collect the tax within the municipality/region representing at least 51% of the total number of rooms. Owners/Managers will have to sign to confirm support.

For MRDT approval an applicant must have the support of at least 51 percent of the accommodation providers representing at least 51 percent of the total number of units of accommodation providers in the designated accommodation area (only properties offering 4 or more units need be consulted)

Below is a list of all of the properties in Penticton with 4 or more units collecting MRDT. There are 44 properties with a total of 1,853 units.

The collection of MRDT in Penticton requires the support of at least 23 properties representing at least 945 units.

PROPERTY	UNITS	PROPERTY	UNITS
PENTICTON LAKESIDE RESORT	273	5000 MOTEL	25
SANDMAN INN	141	BLACK SEA MOTEL	25
RAMADA COURTYARD INN, THE	125	FLAMINGO MOTEL	25
DAYS INN & CONFERENCE CENTRE	104	SWISS SUNSET INN	25
FAIRFIELD INN & SUITES	98	WRIGHT'S BEACH CAMP RV PARK	25
BEST WESTERN INN AT PENTICTON	64	APPLE TREE INN LTD	23
SPANISH VILLA RESORT	64	CARMI MOTEL LTD	23
SAHARA COURTYARD INN	57	PLAZA MOTEL	21
RIVERSIDE MOTEL	48	SUNNY BEACH MOTEL	21
GOLDEN SANDS MOTEL	47	WATERFRONT INN	20
HI PENTICTON HOSTEL	47	GRANADA MOTOR INN	19
BOWMONT MOTEL	46	LAKESIDE VILLA INN & SUITES	17
SHORELINE MOTEL	46	VALLEY STAR MOTEL	17
PASS MOTOR INN	45	OGOPOGO MOTEL	16
SLUMBER LODGE	43	HOLIDAY HOUSE MOTEL	15
TIKI SHORES MOTEL BEACH RESORT	41	BAREFOOT BEACH RESORT	14
HOTEL PENTICTON	36	EDGEWATER MOTEL	12
OKANAGAN LAKEFRONT RESORT	36	E'LAYSIA GUESTHOUSE	10
EMPIRE MOTEL	33	CASA GRANDE INN	6
TRAVELER'S MOTEL	32	ABOVE THE BEACH BED & BREAKFAST	4
CROWN RESORT MOTEL	30	OK WHISTLE STOP B & B	4
BEACHSIDE MOTEL	26	WARREN HOUSE B & B	4

TRAVEL  
**Penticton**

