

Attachment 1

Background on the Municipal Regional District Tax Program

The Municipal Regional District Tax (MRDT) is collected by accommodation providers to assist designated recipients to fund tourism marketing, programs and projects. The MRDT program is jointly administered by the Ministry of Finance, the Ministry of Tourism, Arts and Culture, and Destination British Columbia. The MRDT is intended to contribute to the increase of local tourism revenue, visitation, and economic benefits and must be supported by both local governments and tourism industry stakeholders. Every five-years the designated recipient must receive support from the local governments within the designated accommodation area to renew their application with the Province and continue receiving MRDT funds.

Prior to October 1, 2018, small accommodations (those with 3 rooms or less) were exempt from collecting MRDT. After this date, most short-term rental accommodations were required to collect and remit relevant PST / MRDT. Large Online Accommodation Platforms (OAPs) such as Airbnb also began to collect PST / MRDT on behalf of their host clients and remit directly to the Government of British Columbia. The expanded MRDT collection continues to flow to the eligible entities and is known as the OAP MRDT.

Affordable housing was added as a permissible use of funds in 2018 to help address local housing needs and MRDT revenues from OAPs can now be used for affordable housing initiatives. MRDT for affordable housing is intended to provide flexibility to communities and allow designated recipients the ability to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs.

Designated recipients may use OAP MRDT revenues for the following purposes for spending on affordable housing initiatives:

- Acquiring, constructing, maintaining or renovating housing or shelter;
- Acquiring or improving land used for, or intended to be used for, housing or shelter;
- Supporting the acquisition, construction, maintenance, renovation or retention of housing or shelter or the acquisition or improvement of land intended to be used for housing or shelter;
- Supporting housing, rental or shelter programs; or
- Paying expenses related to the administration of disposal of housing, shelter or land acquired with money paid out of MRDT revenues.

Designated recipients are able to use OAP revenues on affordable housing initiatives without submitting a new five-year strategic business plan or application package. If a designated recipient chooses to only spend OAP revenues on affordable housing, information on the affordable housing initiative will be required prior to implementation and due on November 30th of each year to outline spending in the upcoming year.