

Schedule “B”

What is the difference between a Destination Marketing Fee and the Municipal and Regional District Tax?

Destination Marketing Fee “DMF”

The MRDT and the DMF can both be collected at the same time, which is done in Victoria and Vancouver. As well, the Pomroy group of hotels in northern BC and Alberta collect a DMF. The DMF is a volunteer fee that hotel owners can charge for any service and amount. The DMF is similar to any other fee a business can charge i.e. the Environmental Fee.

With the DMF, there is no government reporting or involvement and it is not a recognized model by any level of government. The hotel owners that collect the fee have complete discretion as to how the funds are spent. Organizations that collect the DMF do not have to inform the municipality or province or their program or spending.

Municipal and Regional District Tax “MRDT”

The Municipal and Regional District Tax (MRDT) was introduced in 1987, by the Provincial Government, to provide funding for local tourism marketing, programs, and projects. The tax is intended to help grow BC revenues, visitation, and jobs, and amplify BC’s tourism marketing efforts in an increasingly competitive marketplace. There are 50+ communities in BC who now collect the MRDT and invest more than \$28 million to promote themselves, currently the City of Merritt is not one of the 50+ communities.

The MRDT is an up-to three percent tax applied to sales of short-term accommodation provided in participating areas of British Columbia on behalf of municipalities, regional districts and eligible entities.

The MRDT is jointly administered by Ministry of Finance, Ministry of Tourism, Arts and Culture, and Destination BC.

To promote a coordinated and efficient use of funds, the following MRDT program principles have been adopted:

- Effective tourism marketing, programs, and projects
- Effective local-level stakeholder support and inter-community collaboration
- Coordinated and complementary marketing efforts to broader provincial marketing strategies and tactics
- Fiscal prudence and accountability.

Affordable housing was added as a permissible use of funds in the 2018 Provincial Budget, to help address local housing needs.

The MRDT is a recognized tax by all levels of government and requires community input into strategic planning, spending and reporting out. The program involves both the Provincial Ministry of Finance and Destination BC. The Province promotes the MRDT program and highlights the additional funding sources and leveraged tourism dollars community with MRDT programs can apply for.

If on a visitor's bill there is a line item called a "tax" they are required to pay, while if it is a "fee" it is voluntary for the visitor to pay. If the DMF is listed as a "tax" instead of a "fee" on Merritt hotel rooms without any reporting of funding, the Ministry of Finance can get involved. Currently a "Tourism Levy" is collected in Merritt.