



Municipal and Regional District Tax Program Requirements

Summer 2018

Table of Contents

| Section | Page |
|--|---------------|
| 1. Overview | <u>2</u> |
| 2. Enabling Legislation | <u>2</u> |
| 3. Program Purpose | <u>3</u> |
| 4. Eligible Use of Funds | <u>3</u> |
| 5. Eligible Applicants | <u>4</u> |
| 5.1 Designated Recipients | <u>4</u> |
| 5.2 Designated Accommodation Area | <u>4</u> |
| 5.3 Delegation of Administration | <u>4</u> |
| 6. MRDT Program Overview | <u>5</u> |
| 6.1 How the MRDT Program Works | <u>5</u> |
| 6.2 Three Percent Rate | <u>5</u> |
| 6.3 Key Timelines | <u>6</u> |
| 7. Application Requirements | <u>6</u> |
| 8. Application Requirements for Affordable Housing | <u>9</u> |
| 9. Application Procedure | <u>10</u> |
| 10. Upon Approval of Application | <u>11</u> |
| 11. Annual Performance Management and Reporting Requirements | <u>11</u> |
| 12. Amendments | <u>13</u> |
| 13. Monitoring, Compliance and Termination | <u>14</u> |
| 14. Further Information | <u>14</u> |
| Appendix 1. Application Requirements | |
| Appendix 1.1 MRDT Application Form | <u>A1.1-1</u> |
| Appendix 1.2 Five-Year Strategic Business Plan | <u>A1.2-1</u> |
| Appendix 1.3 Accommodation Directory Form | <u>A1.3-1</u> |
| Appendix 1.4 Accommodation Sector in Support of MRDT Form | <u>A1.4-1</u> |
| Appendix 1.5 Third Party Authorization Form | <u>A1.5-1</u> |
| Appendix 1.6 Disclosure of Information Authorization Form | <u>A1.6-1</u> |
| Appendix 1.7 Tourism Events Program Sponsorship Undertaking | <u>A1.7-1</u> |
| Appendix 1.8 Affordable Housing MRDT Plan | <u>A1.8-1</u> |
| Appendix 2. Annual Reporting Requirements | |
| Appendix 2.1 Financial Report | <u>A2.1-1</u> |
| Appendix 2.2 Annual Performance Report | <u>A2.2-1</u> |
| Appendix 2.3 One-Year Tactical Plan | <u>A2.3-1</u> |
| Appendix 2.4 Affordable Housing MRDT Report | <u>A2.4-1</u> |

1. Overview

The purpose of this document is to outline the requirements for the Municipal, Regional, and District Tax Program (“MRDT program”) and provide guidance and assistance to municipalities, regional districts, and eligible entities (“designated recipients”) applying for or renewing the Municipal and Regional District Tax (“the tax”) within their communities. This document includes application materials and other forms and templates to assist with application, renewal, and reporting requirements.

Designated Recipient: *The municipality, regional district or eligible entity that receives the revenue from the tax in a designated accommodation area.*

In *Budget 2018*, the government announced that the eligible uses of MRDT revenues would be expanded to include affordable housing initiatives. At the same time it was announced that online accommodation platforms located outside of BC would be enabled to register to collect provincial sales tax and MRDT on purchases of accommodation through their platform.

In keeping with these announcements, the MRDT Program Requirements have been updated to reflect the changes. In particular, the revised Program Requirements include the following clarifications:

1. MRDT revenues from online accommodation platforms can be used for affordable housing initiatives;
2. General MRDT revenues cannot be used for affordable housing initiatives unless the designated recipient can demonstrate support of tourism stakeholders and accommodation providers; and
3. The requirement to demonstrate accommodation provider support will remain unchanged. Individual hosts that only list on online accommodation platforms will not need to be consulted.

Please see the revised details in Sections 7 and 8 and Appendix 1.8 and 2.4.

Moving forward, the Province will provide existing designated recipients with information on two types of MRDT revenue: revenues from multi-jurisdictional online accommodation platforms (OAP), which are based outside of BC but operate within the designated accommodation area; and revenues from general accommodation providers (general MRDT revenues), such as hotels, motels, etc. This is to support designated recipients’ affordable housing spending (refer to Section 8 for details).

2. Enabling Legislation

Section 123 of the *Provincial Sales Tax Act* (refer to http://www.bclaws.ca/civix/document/id/complete/statreg/12035_00)

imposes a tax of up to three percent on the purchase price of accommodation in a specified geographic area of the province (“designated accommodation area”) on behalf of a designated recipient.

Designated Accommodation Area: *A specified geographic area of the province in which the tax will be applied on behalf of a designated recipient.*

3. Program Purpose

The purpose of the MRDT program is to assist designated recipients to fund tourism marketing, programs and projects. Affordable housing was added as a permissible use of funds in *Budget 2018*.

The MRDT program is jointly administered by the Ministry of Finance, the Ministry Tourism, Arts and Culture, and Destination British Columbia.

The MRDT program is one of a number of supports available to enhance tourism marketing in BC. The MRDT program is intended to help grow BC revenues, visitation and jobs, and amplify BC's tourism marketing efforts in an increasingly competitive marketplace. 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;
- Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics; and
- Fiscal prudence and accountability.

Affordable housing was added as a permissible use of funds in *Budget 2018* to help address local housing needs. Designated recipients have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs. Affordable housing funding must be consistent with fiscal prudence and accountability, and will be subject to additional reporting requirements. Further detail, including stakeholder consultation and support requirements, can be found in Section 8.

4. Eligible Use of Funds

The *Designated Accommodation Area Tax Regulation* (refer to http://www.bclaws.ca/civix/document/id/complete/statreg/93_2013) sets out the authorized purposes for funds collected under the MRDT program. Authorized purposes are tourism marketing, programs and projects, initiatives respecting affordable housing, and any other prescribed purposes as set out in the regulation.

The MRDT program 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. MRDT for affordable housing is intended to provide flexibility to communities to address their local housing needs.

Funds from the MRDT program should augment current funding and cannot be used to replace existing sources of tourism funding in a community.

As the MRDT program is intended to primarily fund tourism marketing, programs and projects, consideration will only be given in special circumstances to the financing of capital expenditures (other than affordable housing) such as new tourism facilities or infrastructure. Proposals for capital spending must be included in the designated recipient's Five-Year Strategic Business Plan, and must demonstrate strong local stakeholder support in order to be considered as an authorized use of MRDT program funds. A business case must be provided, including budget, for each capital project and all capital projects must be completed within the current Five-Year Strategic Business Plan time period. These proposals will be approved on a case-by-case basis by the Province of British Columbia ("the Province".)

Applicants must contact Destination British Columbia program staff prior to submitting an application including capital expenditures (refer to Section 13: Further Information). Refer to Section 8 for information required for affordable housing initiatives.

Designated recipients are expected to effectively manage administrative costs related to MRDT projects. Administration costs, where applicable, include:

- Management and staff unrelated to program implementation
- Finance staff
- Human Resources staff
- Board of Directors costs
- Employee-related information technology costs (i.e. computers, telephone, support, network connections)
- Office lease/rent
- General office expenses

Considerable scrutiny will be applied to ensure that MRDT program funds are used for authorized purposes.

5. Eligible Applicants

5.1 Designated Recipients

The following are eligible to be a designated recipient under the MRDT program:

- Municipalities;
- Regional districts; and
- Eligible entities.

Under the *Provincial Sales Tax Act*, to qualify as an eligible entity, an applicant must:

- Be a not-for-profit business association (e.g. a society incorporated under the *Society Act*; entities incorporated under the *Business Corporations Act* are not eligible). Note that 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.

5.2 Designated Accommodation Area

The designated accommodation area may be:

- A whole municipality, but not a portion of a municipality
- A whole regional district or a portion of a regional district
- A combination of municipalities and portions of regional districts.

The tax may be levied in more than one municipality or regional district on behalf of a single designated recipient.

There can be no overlap with any other designated accommodation area in which the tax applies.

Generally, an electoral area is the smallest portion of a regional district that may be prescribed as a designated accommodation area.

5.3 Delegation of Administration

Municipalities and regional districts may either administer the MRDT program directly or delegate administration to a service provider (such as a destination marketing organization). The municipality or regional district remains the designated recipient and remains fully responsible for compliance with all MRDT program requirements.

Eligible entities are not permitted to delegate the administration of the MRDT program to a service provider.

The Province does **not** mediate disputes between municipalities or regional districts and their service providers. A service agreement that details the deliverables and conflict resolution procedure is strongly recommended.

6. MRDT Program Overview

6.1 How the MRDT Program Works

Applicants may apply to request that the Province levy the tax on their behalf in a designated accommodation area.

The tax applies to purchases of taxable accommodation within the designated accommodation area. The tax is collected by the Province on behalf of the designated recipient.

Funds equal to the tax collected in the designated accommodation area minus an administration fee are forwarded to the designated recipient on a monthly basis. OAP revenues will be forwarded to the designated recipient on a quarterly basis.

For new and renewal applications, the tax will be implemented for a period of five years. To extend the tax for an additional five-year period, a designated recipient must re-apply. There is no restriction on the number of times a designated recipient can apply to renew the tax.

Under the *Provincial Sales Tax Act*, **all** designated recipients must account annually to the Province on how MRDT program funds are spent (refer to Section 11: Annual Performance Management and Reporting Requirements).

6.2 Three Percent Rate

The *Provincial Sales Tax Act* was amended in 2015 to increase the maximum tax rate on the purchase of accommodation that may be imposed in a designated accommodation area from two percent to three percent of the purchase price of the accommodation.

Increasing the rate of tax is optional. A designated recipient may request a change in the rate of the tax to three percent of the purchase price of the accommodation prior to their renewal date by submitting a complete application containing all requirements listed in Section 7: Application Requirements. If approved, the tax will be renewed at the new rate for another five-year period. Designated recipients not subject to renewal requirements will be required to submit a complete application for the new rate one time only.

It is intended that designated recipients implementing a rate of three percent will sponsor and contribute to a provincial Tourism Events Program. Under this program, 0.2 percentage points of the incremental one percent of the tax will contribute to a provincially-led program to support tourism events that are expected to increase tourism to or within British Columbia.

Designated recipients with a three percent tax rate will be subject to enhanced reporting requirements (refer to Appendix 2.2 for further details).

6.3 Key Timelines

New applications for the tax, applications for rate changes, and applications that include affordable housing must be submitted at least **nine** months in advance of the desired effective date of the tax.

Renewal applications at the two percent rate must be submitted at least **six** months in advance of the end of the five-year term of the tax (“repeal date”).

Under extraordinary circumstances, designated recipients may make a written request to the Minister of Finance for an extension of the application deadline.

Failure to submit a completed application by the deadline may result in the tax ceasing to apply in a particular designated accommodation area.

7. Application Requirements

New applications, rate changes, and renewal application requirements include consultation and support from local governments, tourism industry stakeholders and accommodation providers. The application must include **all** of the following information and be submitted as a single complete package:

- A completed application form (refer to Appendix 1.1) signed by an authorized signing authority of the municipality, regional district or eligible entity that confirms that all program requirements have been met and all required documents are included in the application package.
- A Five-Year Strategic Business Plan with first year tactical details that meets all the requirements set out in Appendix 1.2. The applicant is required to make its Five-year Strategic Business Plan available to tourism industry stakeholders and accommodation providers as part of the industry consultation and accommodation support requirements on page 7.
- Evidence that the funds from the tax are incremental to existing sources of tourism funds. The funds from the tax are intended to augment current funding and cannot be used to replace existing sources of tourism funding in a community. An applicant must note any additional funding sources that will be available to support the Five-Year Strategic Business Plan.
- Evidence of consultation and support from local governments.
 - **If a municipality is applying**, the municipality must provide evidence that the regional district has been consulted and indicate whether the regional district supports or opposes the imposition of the tax in the municipality. Evidence could be in the form of a letter from the regional district’s Board of Directors.
 - **If a regional district is applying**, the regional district must provide evidence that all municipalities within the regional district have been consulted and agree with the tax being imposed in the regional district. Evidence must be in the form of letters of support from the municipality(ies).
 - **If an eligible entity is applying**, the entity must provide evidence that all municipalities and regional districts within the designated accommodation area have been consulted and agree with the tax being imposed in the designated accommodation area on behalf of the eligible

entity. Evidence must be in the form of letters of support from the municipality(ies) and regional district(s).

- In the case of a conflict between a municipality, regional district or eligible entity about who the designated recipient is for an application or whether the tax should be imposed in a municipality, priority will be given to the position of the municipality.
- Evidence of authority and request to impose the tax.
 - **If a municipality is applying**, the municipality must pass a bylaw that requests the Province levy the tax on its behalf and provide a copy of the bylaw with the application.
 - **If a regional district is applying**, the regional district must pass a resolution that requests the province levy the tax on its behalf and provide a copy of the resolution with the application. The regional district must also provide evidence of its authority to use funds for the intended purpose either through letters patent or statutory authority.
 - **If an eligible entity is applying**, the eligible entity must submit a letter that requests the province levy the tax on its behalf. The eligible entity must also provide evidence of its authority to use funds for the intended purpose by submitting copies of its certificate of incorporation, articles of incorporation, constitution and bylaws.
 - The bylaw, resolution or letter must contain the following information:
 - Rate of tax to be imposed
 - Description of the geographic area in which the tax is to be imposed
 - Purpose for the funds
 - Desired effective date of the tax.
- Documentation on how the MRDT program, including revenue, will be administered (e.g. directly by the designated recipient or through a service provider). If a municipality or regional district is proposing to delegate administration of the program to a service provider, the name and address of the service provider must be included.
- Evidence of consultation with tourism industry stakeholders. The applicant must provide detailed evidence that the applicant has consulted with and received broad support from tourism industry stakeholders within the designated accommodation area in respect of the application. The applicant is required to make its Five-year Strategic Business Plan available to tourism industry stakeholders and provide an opportunity for input. Examples of consultation activities could include presentations at town hall meetings, annual general meetings and information sessions, etc. Letters of support from individual tourism industry businesses or organizations can also be provided.

Tourism industry stakeholders: Examples may include, but are not limited to, the following within the designated accommodation area:

- Accommodation providers;
- Attractions, sightseeing, activities and other primary tourism businesses;
- Restaurants, retail and other tourism related businesses;
- Regional and local tourism associations;
- Product Sector organizations;
- Parks and recreation;
- Visitor Centres; and
- Other government agencies and organizations that have programs and services that relate to tourism.

- An Accommodation Directory Form that lists all of the accommodation providers who offer taxable accommodation under the *Provincial Sales Tax Act* within the designated accommodation area, and the number of units each accommodation provider offers within the designated accommodation area (refer to Appendix 1.3). While the Province is able to provide an applicant with the names and addresses of registrants under the *Provincial Sales Tax Act*, it remains the responsibility of the designated recipient to ensure the accommodation directory is a complete and accurate list. The designated recipient is not required to identify and consult individual hosts who a) only list on registered online accommodation platforms, and b) those accommodation providers who offer fewer than 4 units of accommodation within the designated accommodation area (see below). For information on taxable and exempt accommodation, see PST Bulletin 120 Accommodation (http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf)
- An Accommodation Sector in Support of MRDT Form (refer to Appendix 1.4) that provides evidence that an applicant has sufficient support from accommodation providers who offer taxable accommodation within the designated accommodation area. The minimum required level of support is at least 51 percent of the accommodation providers representing at least 51 percent of the total number of units of accommodation offered by those accommodation providers in the designated accommodation area. Higher support from accommodation providers will increase the likelihood that an application will be approved, providing all other requirements are met. The applicant is required to make its Five-year Strategic Business Plan available to accommodation providers. The applicant is also required to indicate on the Accommodation Sector in Support of MRDT Form if they wish to use general MRDT revenues for affordable housing.

For more information on taxable or exempt accommodation refer to PST Bulletin 120 Accommodation
http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf.

Online accommodation platforms located outside of BC have been enabled to register to collect tax on purchases of accommodation through their platforms. These are online marketplaces that facilitate transactions for renting short-term accommodations (many of which operate across jurisdictions) and typically list basement suites, individual rooms, or other forms of accommodation (such as trailers or motor homes). Their hosts may not regularly offer accommodation, may not be readily identifiable and accessible, and their accommodation units may not be on record with the Province.

This will not affect the way that applicants have consulted accommodation providers in the past. Applicants are not required to identify and consult individual hosts who: a) only list on registered online accommodation platforms, and b) those accommodation providers who offer fewer than 4 units of accommodation within the designated accommodation area. Designated recipients are only required to consult those accommodation providers who are registered under the *Provincial Sales Tax Act* and who physically provide taxable accommodation; whose owners/property managers are readily identifiable; and whose addresses and total number of accommodation units are on record with the Province; and who offer 4 or more units of accommodation within the designated accommodation area. This includes hotels and motels, bed and breakfasts, and vacation rental reservation systems that list properties with verifiable property managers.

For clarification, the Province is able to provide the names and addresses of registrants to assist applicants in identifying which accommodation providers to consult.

- Confirmation that Destination British Columbia has been consulted to ensure that proposed spending is coordinated and does not duplicate Destination British Columbia's broader promotional programs and is complementary to provincial marketing strategies and tactics.
- Third Party Authorization Form. If the designated recipient wishes the Province to discuss the application with their service provider the designated recipient must sign and submit the Third Party Authorization Form (refer to Appendix 1.5).
- Disclosure of Information Authorization Form. Applicants must authorize the Ministry of Finance to share information about the designated recipient in respect to the MRDT program with Destination British Columbia and the Ministry of Jobs, Tourism and Skills Training for the purpose of program administration and evaluation, and development of provincial tourism policy (refer to Appendix 1.6).
- A signed Tourism Events Program Sponsorship Undertaking if the application is for a three percent tax rate (refer to Appendix 1.7).
- Affordable Housing Requirements and Documentation, if applicable (see Section 8).

8. Application Requirements for Affordable Housing

8.1 Parameters for Spending on Affordable Housing

Designated recipients have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs. Designated recipients may use 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 or disposal of housing, shelter or land acquired with money paid out of MRDT revenues.

Documentation and plans for affordable housing (Appendix 1.8 and 2.4) will be forwarded to the Ministry of Municipal Affairs and Housing (MAH) for assessment. Destination BC will remain the initial point of contact for discussions on applications. An updated Appendix 1.6 (Disclosure of Information Authorization Form) is also required for the first time that a designated recipient wishes to use MRDT for affordable housing, regardless of the revenue source.

8.2 Using Revenues from Online Accommodation Platforms (OAP) on Affordable Housing

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 this amount on affordable housing, the following information on affordable housing will be required prior to implementation and due on November 30 of

each year to outline spending in the upcoming year (see Appendix 1.8 and 2.4):

- Project name and address;
- Project rationale and details (what is the need, issue, or demand);
- MRDT contribution;
- Housing provider/Project owner;
- Funding partners (if applicable);
- Funding partners' contribution (if applicable);
- Estimated completion date;
- Estimated number of housing units (number of housing units acquired, completed, maintained, or renovated); and
- Evidence of support on using MRDT revenues for affordable housing from applicable local government(s) (only if the designated recipient is not a municipality).

Designated recipients that have committed to using OAP revenues for purposes other than affordable housing in their tactical plan cannot redirect those revenues to affordable housing midway through the year; they must wait until the submission of the next tactical plan.

8.3 Using General MRDT Revenues on Affordable Housing

For designated recipients that wish to use general MRDT revenues (meaning revenues beyond OAP revenues), they can submit a new application at any time during the five-year tax lifecycle, but the package must include all of the documentation required for a renewal or rate increase application outlined in Section 7, including:

- A completed application form;
- A Five-Year Strategic Business Plan with first year tactical details;
- Evidence that the funds from the tax are incremental to existing sources of tourism funds;
- Evidence of authority and request to impose the tax;
- Evidence of consultation with tourism industry stakeholders;
- An Accommodation Directory Form;
- An Accommodation Sector in Support of MRDT Form (which demonstrates support from 51 per cent of accommodation providers representing 51 per cent of accommodation units);
- Confirmation that Destination British Columbia has been consulted;
- Third Party Authorization Form (if applicable);
- Disclosure of Information Authorization Form;
- A signed Tourism Events Program Sponsorship Undertaking (if applicable); and
- An Affordable Housing MRDT Plan (Appendix 1.8).

Designated recipients not subject to the renewal application requirements that would like to use MRDT revenues on affordable housing initiatives must submit a complete application as outlined above.

9. Application Procedure

Complete application packages must be submitted in PDF format by email to Destination British Columbia (MRDT@destinationbc.ca). The applicant will receive an email from Destination British Columbia confirming receipt of the application package.

Applicants may be contacted to provide additional information.

Failure to provide complete and accurate information may result in the application being delayed, returned or rejected.

Applicants can find more information about application timelines in Section 6.3.

10. Upon Approval of Application

If the application is approved by Cabinet, the Designated Accommodation Area Tax Regulation will be amended to prescribe the designated recipient, the designated accommodation area, the rate of tax, the effective date of the tax, the repeal date of the tax if applicable, and the approved uses of the revenue from the tax for a five-year period.

The applicant will be informed by the Ministry of Finance when the amendment to the Designated Accommodation Area Tax Regulation has been made and will be given information on when the tax will come into effect.

For new applications, the tax will be implemented effective the first day of the month that is three full months after the month in which the tax was approved. For example, if Cabinet approves the tax in May, the tax will be implemented in the designated accommodation area beginning September 1. This provides sufficient time for accommodation providers to prepare to collect the tax.

For rate changes, the new tax rate will be implemented effective the first day of the month that is one full month after the month in which the tax was approved. For example, if Cabinet approves the tax in May, the new tax rate will be implemented in the designated accommodation area beginning July 1.

The Consumer Taxation Programs Branch of the Ministry of Finance will provide information on the procedures for collecting and remitting the tax to all accommodation providers required to collect and remit the tax. Accommodation providers may also refer to PST Bulletin 120 *Accommodation* (refer to http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf).

11. Annual Performance Management and Reporting Requirements

Under the *Provincial Sales Tax Act*, all designated recipients must account annually to the Province for how money received from the tax has been spent. Therefore, **all designated recipients** must submit an **Annual Performance Report**, a **Financial Report**, and a **One-Year Tactical Plan**, signed by the authorized signing authority of the designated recipient, annually to the Province (email to MRDT@destinationbc.ca).

Annual Performance Report:

- Designated recipients must report on performance metrics related to the four MRDT program principles.
- Designated recipients with a three percent tax rate or who wish to spend on affordable housing initiatives

will be subject to additional reporting requirements.

- The Annual Performance Report must also include a summary of the tactics, activities and key outputs and outcomes.
- A template for the Annual Performance Report is provided in Appendix 2.2.
- **The Annual Performance Report must be submitted by May 31 of each year.**

The MRDT program principles are:

- *Effective tourism marketing, programs and projects*
- *Effective local-level stakeholder support, and inter-community collaboration*
- *Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics*
- *Fiscal prudence and accountability.*

Financial Report:

- The Financial Report must include a detailed budget for the year ending and the year ahead. The Financial Report must show how all of the money received from the tax was spent and certify that all of the money received from the tax was used solely for approved purposes.
- The Financial Report must show that spending of money received from the tax was consistent with the Five-Year Strategic Business Plan.
- The Financial Report must also show the amounts, sources, and uses of all other tourism revenues.
- A template for the Financial Report is provided in Appendix 2.1
- **The Financial Report must be submitted by May 31 of each year.**

Annual Affordable Housing MRDT Report (if applicable):

Designated recipients that spend MRDT revenues on affordable housing, regardless of whether from OAP revenues or from general MRDT revenues, must submit an **Annual Affordable Housing MRDT Report by May 31 of each year** (see Appendix 2.4).

One-Year Tactical Plan:

- The One-Year Tactical Plan must include:
 - A brief overview of the strategic direction from the Five-Year Strategic Business Plan.
 - Key strategies for the year, if different from the Five-Year Strategic Business Plan, and key target markets.
 - Detailed tactics for the next year, including details about tactics and activities, as well as a proposed budget for the next year.
 - Performance measures for next year, including expected outputs, outcomes, and performance metrics. The performance measures must relate to the MRDT program principles (as outlined in Appendix 2.2).
- The One-Year Tactical Plan should be made available to tourism industry stakeholders.
- A suggested template for the One-Year Tactical Plan is provided in Appendix 2.3.
- **The One-Year Tactical Plan must be submitted by November 30 of each year.** If plans are available earlier, please submit as they become available.

Affordable Housing MRDT Plan:

Designated recipients must provide the following information (see Appendix 1.8):

- Project name and address;
- Project rationale and details (what is the need, issue, or demand);
- MRDT contribution;
- Housing provider/Project owner;
- Funding partners (if applicable);
- Funding partners' contribution (if applicable);
- Estimated completion date;
- Estimated number of housing units (how many rooms or beds that would be available for individual dwelling); and

- Evidence of consultation on using MRDT revenues for affordable housing from applicable local government(s) (only if the designated recipient is not a municipality).

Designated recipients that wish to use general MRDT revenues for affordable housing must provide the above information in their Five-Year Strategic Business Plan, One Year Tactical Plan, and must demonstrate strong local stakeholder support as part of a full application.

Designated recipients that wish to use OAP revenues for affordable housing do not need to provide a Five-Year Strategic Business Plan or One Year Tactical Plan; however, Appendix 1.8 is required and must be submitted prior to implementation of affordable housing initiatives.

The Affordable Housing MRDT Plan (Appendix 1.8) is required for:

- Renewal/new MRDT applications that include affordable housing **regardless of the revenue source**;
- A full application package submitted midway through a five-year tax term if designated recipients wish to use general MRDT revenues on affordable housing; and
- If designated recipients wish to use any OAP revenues on affordable housing in the next year, **due November 30** prior to implementation.

Please note:

- Designated recipients from larger communities (those that have the capacity for ongoing multi-year planning and reporting) may be asked to provide their multi-year rolling business plans annually for the purpose of program administration and evaluation.
- Designated recipients not subject to the renewal application requirements must submit a Five-Year Strategic Business Plan every five years. The first Five-year Strategic Business Plan must be submitted to the Province **by November 30 of each year**.

12. Amendments

The Designated Accommodation Area Tax Regulation sets out the designated recipient, the designated accommodation area, the rate of the tax, the repeal date of the tax, and the approved uses of the revenue from the tax for a five-year period. Any other use of the revenue is prohibited.

Requests for interim changes to the designated recipient or the designated accommodation area will not be considered. Changes to the designated recipient or the designated accommodation area can only be made in a renewal application.

Proposed changes in the use of revenue from the tax by the designated recipient that require amendments to the Designated Accommodation Area Tax Regulation will generally be considered with renewal applications, for example, a proposal to use revenue from the tax for capital projects

Plans to only use OAP revenues for affordable housing are not required to submit a new application; however, information on affordable housing is required as outlined in Section 11.

Requests to use general MRDT revenues for affordable housing will be considered only once a designated recipient or applicant submits a new application (at any time during the five year tax lifecycle). The package must include all documentation required for a renewal or rate increase application outlined in Sections 7 and 8.

Designated recipients that have committed to using OAP revenues for purposes other than affordable

housing in their tactical plan cannot redirect those revenues to affordable housing midway through the year; they must wait until the submission of the next tactical plan.

Designated recipients do not require approval from the Province for changes in marketing tactics previously submitted in their one-year Tactical Plan (as part of their application package or submitted with the annual review), as long as the tactics are consistent with the overall approved five-year Strategic Business Plan.

Any other material changes, that are significant shifts in the direction set out in either the One-Year Tactical Plan or the Five-Year Strategic Business Plan, must be submitted to Destination British Columbia for approval in advance of the change being implemented.

13. Monitoring, Compliance, and Termination

Designated recipients are required to comply with all MRDT program requirements, including eligible use of funds and annual reporting requirements. The Minister of Finance may terminate the tax in a designated accommodation area if the designated recipient is found to be in non-compliance with MRDT program requirements, and the non-compliance is not corrected in a timely manner.

The Ministry of Finance undertakes various compliance related activities as part of the administration of provincial consumption taxes, including the MRDT program, to ensure that all amounts due are remitted. The tax is levied under the *Provincial Sales Tax Act*. Any compliance activities undertaken in relation to the tax are carried out as part of those conducted for the Provincial Sales Tax (“PST”) according to the schedules and guidelines established for PST.

The Ministry of Finance will review specific lead information provided (for example, a hotel operating without collecting applicable taxes) and will make a determination as to whether any additional follow up may be necessary. The Ministry may conduct any further investigation deemed warranted.

A designated recipient may make a written request to the Minister of Finance to have the tax cease before the scheduled repeal date.

If the tax ceases in a designated accommodation area for any reason (e.g. failure to submit a completed renewal application on time, written request for early termination, or termination for non-compliance) a new application to impose the tax in that designated accommodation area would be required and it would be subject to the normal processing time associated with new applications.

14. Further Information

Applicants can request further **information about the MRDT program** by contacting Destination British Columbia by email at MRDT@destinationbc.ca or by phone at 604-660-6391.

For information on the **administration and enforcement of the tax**, please contact the Ministry of Finance:

Toll-free from anywhere in Canada call:

1-877-388-4440 Fax: 250-356-2195

E-mail: CTBTaxQuestions@gov.bc.ca