

**DATE:** June 1, 2021

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Walter Babicz, Acting City Manager

**SUBJECT:** Tourism Prince George Municipal and Regional District Tax Renewal

**ATTACHMENT(S):** Municipal and Regional District Tax Bylaw No. 8785, 2016

**RECOMMENDATION:**

That Council AUTHORIZES Administration to prepare an application to the Province in conjunction with the Tourism Prince George Society for the renewal of the three percent (3%) Municipal and Regional District Tax for an additional five year period effective July 1, 2022 to July 1, 2027, for the purposes of delivering tourism marketing and development services in the City of Prince George.

**PURPOSE:**

For Council decision and information with respect to the process for renewal of the Municipal and Regional District Tax.

**BACKGROUND:**

The Municipal and Regional District Tax (MRDT) formerly known as the 'Additional Hotel Room Tax', was established in 2010 and is used to fund marketing activities promoting Prince George as a tourism destination. In September 2015 the Province provided that the maximum available MRDT rate could be increased from two percent to three percent. The MRDT rate in Prince George started at two percent in 2014 and increased to three percent in 2017. The attached Bylaw provides for the three percent tax.

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

The Tourism Prince George Society (TPG) has a Service Agreement with the City that expires next year, on July 1, 2022. The agreement requires renewal of the Municipal and Regional District Tax prior to expiry. The renewal of the Service Agreement itself is not due at the time of the tax renewal and therefore allows time for consultation between the City and TPG on any updates to the agreement that may be needed.

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. TPG must

consult the local accommodation sector as part of the renewal process and must provide confirmation of consultation and support from their local government. The minimum level of consent required for renewal of the MRDT is 51% of accommodation owners, representing 51% of the total number of rooms. 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.

Paul Robison, Board Chair, Elke Hierl-Steinbauer, Vice Chair and Tracey McBride Chief Executive Officer, Tourism Prince George will be in attendance via Zoom to respond to any questions Council may have regarding the renewal request.

**STRATEGIC PRIORITIES:**

This matter relates to Council's goal of a vibrant and diversified economy.

**SUMMARY AND CONCLUSION:**

The MRDT program is one of a number of supports available to enhance tourism marketing in BC. The program is intended to help grow BC revenues, visitation and jobs, and amplify BC's tourism marketing efforts in an increasingly competitive marketplace.

Pursuant to provincial requirements, an application to renew the three percent MRDT on sales of accommodation will be submitted by July 1, 2022. Staff are working collaboratively with TPG to assemble the application materials. The TPG Society has recommended renewing the MRDT agreement at a rate of three percent.

**PREPARED BY:** Maureen Connelly, Manager of Legislative Services

**RESPECTFULLY SUBMITTED:**

Walter Babicz, Acting City Manager

Meeting Date: [2021/06/14]