

DATE OF MEETING September 9, 2019

AUTHORED BY RICHARD HARDING, GENERAL MANAGER, PARKS, RECREATION AND CULTURE

SUBJECT MUNICIPAL AND REGIONAL DISTRICT TAX RENEWAL BYLAW

OVERVIEW

Purpose of Report

To obtain Council approval to increase the rate of the Municipal and Regional District Tax (MRDT) on accommodation from two percent to three percent. |

Recommendation

That:

1. "Accommodation Tax Request Bylaw 2019 No. 7294" (To increase the Municipal and Regional District Tax (MRDT) rate from two percent to three percent) pass first reading;
2. "Accommodation Tax Request Bylaw 2019 No. 7294" pass second reading;
3. "Accommodation Tax Request Bylaw 2019 No. 7294" pass third reading; and,
4. Council direct Staff to submit an application to Destination BC to request that the Municipal and Regional District Tax rate be increased to three percent.

BACKGROUND

The Municipal and Regional District Tax (MRDT) applies through the *Provincial Sales Tax Act* to sales of short-term accommodation provided in participating areas of British Columbia. The MRDT is charged in participating areas to raise revenue primarily for tourism marketing, programs and projects. The portion of MRDT revenues collected specifically from online accommodations can be directed to fund affordable housing initiatives if authorized by individual municipalities.

At its 2014-MAY-12 Regular Meeting, Council adopted "Accommodation Tax Request Bylaw 2014 No. 7189," which specified that a Municipal and Regional District Tax be imposed at a rate of two percent (2%).

At its 2019-JAN-21 Regular Meeting, Council passed the following motion:
"That Council direct Staff to submit the necessary documentation to Destination BC to allocate Online Accommodation Platform revenue to the Housing Legacy Reserve to fund affordable housing initiatives." |

DISCUSSION

The City of Nanaimo is requesting that the MRDT rate be increased from 2% to the maximum rate allowed of 3%. The Nanaimo Hospitality Association (NHA) is in support of this rate increase.

Should Council endorse the proposed rate increase, Staff would submit an application to request a rate change to the MRDT to Destination BC for approval.

OPTIONS

1. That:
 1. “Accommodation Tax Request Bylaw 2019 No. 7294” (To increase the Municipal and Regional District Tax (MRDT) tax rate from two percent to three percent) pass first reading;
 2. “Accommodation Tax Request Bylaw 2019 No. 7294” pass second reading;
 3. “Accommodation Tax Request Bylaw 2019 No. 7294” pass third reading; and,
 4. that Council direct Staff to submit an application to Destination BC to request that the Municipal and Regional District Tax rate be increased to three percent (3%).
 - The advantages of this option: The increase to the MRDT rate is supported by the Nanaimo Hospitality Association and is the same as many other BC municipalities.
 - The disadvantages of this option: Guests of accommodation providers would have to pay more.
 - Financial Implications: Revenues towards tourism and affordable housing projects would increase.
2. That Council deny “Accommodation Tax Request Bylaw 2019 No. 7294” (To increase the Municipal and Regional District Tax (MRDT) rate from two percent to three percent) at first reading.
 - The advantages of this option: There would be no increased cost to accommodation users.
 - The disadvantages of this option: It is contrary to the wishes of the Nanaimo Hospitality Association.
 - Financial Implications: Revenues towards tourism and affordable housing projects would not increase.
3. That Council provide alternative direction. |

SUMMARY POINTS

- A Municipal and Regional District Tax (MRDT) rate on accommodation of 2% was implemented in 2014.
- Staff is requesting that the MRDT rate be increased to 3%.
- The Nanaimo Hospitality Association is in support of the proposed MRDT rate increase.

ATTACHMENTS:

ATTACHMENT A: Nanaimo Hospitality Association Business Plan
"Accommodation Tax Request Bylaw 2019 No. 7294" |

Submitted by:

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Culture

Concurrence by:

Laura Mercer
Director, Finance |