

FINANCIAL MANAGEMENT COMMITTEE

TO: MAYOR AND COUNCILLORS

SUBJECT: MRDT RENEWAL - APPROVED

RECOMMENDATION:

THAT the report titled “MRDT Renewal – Approved”, dated February 20, 2024, be received for information.

REPORT

The Financial Management Committee, at its meeting held on February 20, 2024, received and adopted the *attached* report providing an update on the Municipal Regional District Tax (MRDT) Renewal Application and 3% rate for affordable housing contributions.

The Committee requested a breakdown of the additional MRDT revenue that will be distributed between Tourism Burnaby and the City, and inquired whether the revenue will go into the Affordable Housing reserve or the non-statutory and non-interest bearing OAP Municipal Regional District Tax reserve noted in Attachment 1.

Currently, the 2% MRDT funds collected are transferred to Tourism Burnaby for operations and tourism marketing; after a minor monthly administration fee charged by the Ministry, which is on average \$240 per month in total. With the increase from 2% to 3%, the amount of 0.2% of the incremental 1% will be withheld by the Ministry for provincially led programs to support tourism events. This means the transfer of funds will be the full 2% (less administrative transfer fees) and 0.8% of the incremental 1%. Of the total funds received, the Online Accommodation Provider (OAP) portion of the funds collected will all go towards Burnaby housing initiatives, posted to a sub-reserve of the Community Benefit Bonus Housing Reserve. Any interest earned on the funds in the sub-reserve will be used to support the operational budget to minimize future property tax increases.

On behalf of the Financial Management
Committee,

Councillor P. Calendino
Chair

Councillor A. Gu
Vice Chair

TO: FINANCIAL MANAGEMENT COMMITTEE (FMC)
FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER
SUBJECT: MRDT RENEWAL – APPROVED
PURPOSE: To provide an update on the MRDT Renewal Application and 3 % rate for affordable housing contributions

RECOMMENDATION

THAT the report titled “MRDT Renewal – Approved”, dated February 20, 2024 be received for information.

1.0 POLICY SECTION

Section 240 of the *Provincial Sales Tax Act* (the “Act”) provides a British Columbia municipality the means to obtain approval from the Lieutenant Governor in Council for the designation of an accommodation area for the collection of a tax levy of up to 3% on sales of accommodations by providers. By implementing said tax levy at the highest allowable rate of 3%, a portion of the funds collected can be used for financing tourist promotion and the remainder for affordable housing initiatives in the municipality.

2.0 BACKGROUND

At the July 18, 2023 meeting of the Financial Management Committee, a report was received titled “MRDT Renewal” which recommended the renewal of the MRDT program for the City of Burnaby, which had been in place since the initial Ministry of Finance approval in 2004. Attachment 1. The recommendations also included an increase from the 2% collected to 3% for the purpose of contributing the online service providers portion of the tax to affordable housing programs within the City of Burnaby.

Burnaby Council subsequently passed Bylaw 14597 titled “BURNABY MUNICIPAL AND REGIONAL DISTRICT TAX BYLAW 2023” which declared effective June 01, 2024, the City of Burnaby a designated accommodation area, the request for a rate of 3% under the provisions of the Act, and the funding received distributed to tourism activities through Tourism Burnaby and to affordable housing initiatives as designated by Burnaby Council.

3.0 GENERAL INFORMATION

On February 5, 2024, the City of Burnaby was advised by the Ministry of Finance that our application has been approved, with a tax levy increase to 3% and an effective date of June 1, 2024 for a five year period expiring June 1, 2029. Attachment 2.

As noted in the renewal report to Council in July 2023, the tax levy income earned from online accommodations providers will be distributed to affordable housing initiatives and was estimated at approximately \$480,000 per annum. The amount of the annual contribution was predicated on historical tax collection and is subject to fluctuation based on provincial legislative changes around housing accommodations and local bylaws.

With the implementation of a 3% MRDT, the City of Burnaby and Tourism Burnaby will now be subject to enhanced strategic planning requirements, tactical planning, performance measurements, financial accountability, and reporting. To provide evidence of stakeholder satisfaction, an annual survey under MRDT guidelines will be required as part of the fiscal reporting which will assess the level of awareness of Tourism Burnaby's marketing activities and satisfaction of MRDT fund usage.

Tourism Burnaby with the assistance of City staff will continue to provide the annual reports to the Minister of Finance to meet legislative requirements and will continue to provide annual updates to Burnaby Council on the operations of the Society.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

The process of moving to a 3% MRDT included consultation and agreement with the local accommodation providers. Ongoing transparency and engagement is required as a submission is done annually to the Ministry evidencing the ongoing support from accommodation stakeholders..

5.0 FINANCIAL CONSIDERATIONS

The amount of funding annually to the City of Burnaby's affordable housing initiatives will be collected monthly and posted to the appropriate reserve fund. The amount will be subject to the provision of online accommodation providers which will be impacted by legislative changes and/or bylaws which may affect the number of units made available in Burnaby.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

Attachment 1 – MRDT Renewal 2023-07-18

Attachment 2 - Province of BC – Order in Council No 34-2024

REPORT CONTRIBUTORS

This report was prepared by Doug Spindler, Director Treasury Services