



Hon. Carole James
Minister of Finance
Province of British Columbia
Room 153 Parliament Buildings
Victoria, B.C. V8V 1X4

February 26, 2018

Re: Proposed changes to Provincial Sales Tax Act and use of MRDT funds

Dear Minister James,

British Columbia's visitor economy is made up of some 19,000 businesses that employ 290,000 people (of which 133,000+ service visitors) and generate close to \$17 billion in revenues, a number that has grown exponentially in recent years. As one of the province's largest business sectors, the tourism industry aligns with government's mandate *to support good jobs in a sustainable economy*. The outlook for further growth and prosperity is extremely positive, especially given the province's commitment to Destination B.C. in the recent budget...for which industry is grateful.

At the same time, TIABC, its destination marketing organization (DMO) members, as well as members of the B.C. Hotel Association are concerned about, and wish to seek further clarification on, the proposed change to the *Provincial Sales Tax Act* that alters the use of the *Municipal and Regional District Tax (MRDT)* to allow for contributions toward affordable housing initiatives.

As you are aware, the purpose of the MRDT program is to assist designated recipients to invest in tourism marketing, programs and projects to help grow B.C. tourism revenues, visitation and jobs, and to amplify tourism marketing efforts in an increasingly competitive marketplace. The MRDT program provides British Columbia with a structural competitive advantage when compared to much of the rest of Canada, and has helped contribute to four consecutive record-setting years in most regions of the province (*fyi – to compete with other provinces, Ontario recently implemented a legislated transient (unlimited) room tax for single and lower tier communities, partially based on B.C.'s model*).

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For the tourism industry to continue on its positive trajectory, DMO investments of MRDT funds must continue in order to meet both short-term and long-term objectives for visitation, revenue and other key measures. From industry's perspective, any deviation in these investments could seriously impact British Columbia's visitor economy and correspondingly erode tax revenues to government.

However, recognizing the Province's mandate to address the issue of affordable housing and the new directive of using a portion of MRDT revenues as one avenue to fund the initiative, ***we respectfully request an opportunity to work with government on any revisions to MRDT regulations*** taking into consideration the implications on governance, reporting, applications, renewals, usage and distribution. Aside from addressing the affordable housing initiative, our goal is to ensure the integrity of the MRDT program as per its original intent to fund local tourism marketing, programs and projects.

As you can appreciate, TIABC, along with our DMO and hotel members are deeply concerned about any proposed changes to the MRDT program. Nonetheless, we look to work with your Ministry to determine the best path forward. As well, we are available to meet with you at your earliest convenience to discuss this matter and opportunity in further detail.

Minister, thank you for your consideration.

Best Regards,



Jim Humphrey
Chair, TIABC
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Walt Judas
CEO, TIABC
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#BCTourismMatters

cc: Hon. Lisa Beare, Minister of Tourism, Arts & Culture
Hon. Selina Robinson, Minister of Municipal Affairs & Housing
Lori Wanamaker, Deputy Minister of Finance
Marsha Walden, CEO, Destination British Columbia
Blain Sepos, Chair, B.C. Destination Marketing Organization Association
James Chase, CEO, British Columbia Hotel Association
Val Litwin, CEO, B.C. Chamber of Commerce