



Media Release

THE CORPORATION OF THE CITY OF VERNON
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FOR IMMEDIATE RELEASE

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Vernon proceeds with three-per-cent hotel tax application

Vernon Council has directed staff to submit a three-per-cent Municipal Regional District Tax (MRDT, or hotel tax) application to Destination BC and the Province of British Columbia.

In August 2015, the Province amended the Provincial Sales Tax Act that increased the maximum allowable hotel tax from two to three per cent. After the new legislation was created, the Tourism Advisory Committee (TAC) recommended that Council direct staff to meet with accommodators and the tourism industry in Vernon to discuss the opportunity of moving from the current two per cent MRDT to a three per cent MRDT. Based on those discussions, TAC recommended in June 2016 that Council proceed with a three per cent MRDT.

“Several requirements must be met prior to the submission of an application,” said Kevin Poole, Manager of Economic Development and Tourism. “These include having an adopted five-year tourism strategic plan, adopting a three per cent Hotel Tax Bylaw and ensuring that 51 per cent of the hotel properties representing at least 51 per cent of the hotel rooms are in agreement with the 3 per cent tax. With the majority of requirements met, City of Vernon staff anticipate that an application would be submitted to Destination BC and the Province in April. If successful, the 3 per cent MRDT would come into effect on January 1, 2018, and the agreement would be in place through to December 31, 2022.”

The City of Vernon has had a two per cent MRDT since March 2010. The five year agreement was renewed for an additional term in 2015. Since 2011, the hotel tax revenue has almost doubled from \$348,157.38 in 2011 to \$693,255.73 in 2016. This the fastest growth amongst communities collecting the hotel tax in the Thompson Okanagan region.

“All communities that collect a three per cent MRDT are required to provide 0.2 per cent of the funds to the Provincial Events Program,” said Poole. “We anticipate that the additional one per cent, of which Vernon would receive 0.8 per cent, would generate an additional \$300,000 per year, bringing total MRDT revenue to approximately \$1 million annually.”

As set out in the MRDT program requirements, the funds must be spent on tourism marketing, programs and projects.