

## Municipal & Regional District Tax (MRDT) Background

The Cowichan Valley Regional District (CVRD), in partnership with Tourism Cowichan, are moving forward with an engagement plan to renew the Municipal and Regional District Tax (MRDT) Program for 2027–2032. The MRDT is a provincial initiative that provides sustainable funding for tourism marketing, programs and visitor services in the region.

The current MRDT collection rate in the Cowichan region is 2%. As part of the renewal engagement process, Tourism Cowichan and CVRD will be exploring the possibility of increasing the rate to 3%, which would generate additional funding for tourism marketing and destination development.

Accommodation properties with 4+ rooms offering short-term stays in the Cowichan Region are eligible to collect the MRDT and will be contacted in May 2026 with a request to sign a document in support of the MRDT renewal for 2027–2032.

### Who is Tourism Cowichan?

Tourism Cowichan Society (TCS) is a Community Destination Management Organization delivering destination marketing and management services to the Cowichan region. Strong leadership and guidance are provided to Tourism Cowichan by its Board of Directors and staff, representing a broad spectrum of Cowichan's tourism industry. Board members volunteer their time and contribute extensive knowledge and experience to ensure transparent and meaningful collaboration with tourism stakeholders in the Cowichan region.

**Vision:** Tourism in the Cowichan region is a significant contributor to the region's economic and social well-being, with the region being recognized as a premier destination for leisure getaways and vacations.

**Mission:** Contribute to increasing the economic and social benefits of a thriving tourism industry through focused, industry-driven and professionally managed marketing and promotion of the region into the nearby markets; and supporting the efforts of regional, provincial and national destination marketing.

### Strategic Goals

- 1) Increase Revenue from Visitation
- 2) Manage Growth and Benefit Through Seasonal and Geographic Dispersion
- 3) Increase Stakeholder Collaboration and Export Readiness

## Why is Tourism Cowichan important to tourism businesses?

The role of Tourism Cowichan is to represent the Cowichan Region as a tourism destination and support the long-term development and well-being of our communities through a tourism strategy:

- Act as the official source of travel information for the Cowichan region
- Coordinate regional tourism marketing to increase overnight stays and visitor spending
- Support sustainable economic development through tourism

## History of Tourism Cowichan and MRDT In the Region

- 2002: Tourism Cowichan Society (TCS) was registered.
- 2002-2013: Regional tourism marketing activities were coordinated by Economic Development Cowichan (EDC).
- 2016: The industry-led Tourism Cowichan Society presented a plan to the CVRD Board of Directors to deliver destination marketing services for the CVRD. A Memorandum of Understanding (MOU) was signed between CVRD and TCS.
- July 2016: CVRD executed the first Contribution Agreement with TCS for the delivery of Regional Tourism Services. During the term of this agreement, the MRDT was established.
- 2020-2026: Tourism Cowichan received funding through Destination BC's Co-operative Marketing Partnership Program.
- 2021: Tourism Cowichan Society contracted 4VI Group (formerly Tourism Vancouver Island) to manage tourism marketing and industry development services.
- 2022: MRDT 5-Year Renewal Application completed for the CVRD (2022-2027).
- 2023: New brand identity launched for Tourism Cowichan.
- 2024: Online Accommodation Platform (OAP) revenue was redirected to affordable housing projects under the Cowichan Housing Project.

## Regional Tourism Projects

Tourism Cowichan provides regional tourism marketing services through various tactics. Marketing tactics are focused on increasing the length of stay during off-peak seasons (fall, winter, spring). Key target markets are short-haul travellers from BC, Alberta, and Washington.

## Marketing

- Brand development ([Tourism Cowichan Brand Guidelines](#))
- Seasonal marketing campaigns
  - Boldly Go (Spring 2023 and 2024)
  - Warm Your Heart in Cowichan (Fall 2023)
  - Your Official Invitation to Visit Cowichan (Fall 2024)
  - Unique is Normal (Fall 2025)

# COWICHAN

- New consumer website ([tourismcowichan.com](https://tourismcowichan.com)) | 175,000+ visits annually)
- Traditional advertising (print, radio, television, out-of-home)
- Digital marketing (paid social media, display and native advertising, email marketing)
- Organic social media management (25,000+ total followers)
- Travel media and travel trade hosting
- Print collateral (Regional Cowichan Visitor Guide, Cowichan Wine Map)
- Consortium marketing partnerships (Golf Vancouver Island, BC Ale Trail, BC Bird Trail, BC Farmers' Markets, Paddle BC, Ride Island, AhoyBC, Fishing BC, Island Taste Trail)
- Consumer show exhibits (Vancouver Outdoor Adventure & Travel Show, Victoria Guest Services Network Tourism Showcase, Victoria International Wine Festival)
- Content production (photography, videography, written content)
- Market research
  - Resident and Visitor Sentiment Studies
  - Hotel Needs Assessment
  - Trails Impact Assessment
  - Mobilescapes Visitor Data
  - STR (Smith Travel Research) Hotel Destination Reports
  - AirDNA Short-Term Rental Data
  - Data Appeal Tourism Analytics

## Industry and Destination Development

- Events and Experiences Fund (2023-2025)
- Visitor Centre funding (2022-2025)
- Dine and Sip Cowichan Sponsorship (2022-2025)
- Hosted Explore VI (2023)
- SuperHost Customer Service Training (2023)
- Destination Ambassador Workshop (2023)
- Employee Recruitment and Retention Workshop (2023)
- Tourism Industry Workshop (2024)
- Cowichan Spark Program (2024)
- Circular Economy Accelerator Program (2025)
- Biosphere Certification (2025)
- Cycling Tourism Strategy (2025)
- Tourism Tuesday Engagement Sessions
- Stakeholder Newsletter
- Annual Stakeholder Survey

## MRDT Overview:

- **What is it?** A local accommodation tax of up to 3% applied to various forms of short-term lodging, including hotels, motels, resorts, bed and breakfasts, vacation rentals (like those found on online platforms), houses, cottages, and cabins.
- **Who collects it?** Accommodation providers collect the MRDT from guests and remit it to the Ministry of Finance, similar to PST. MRDT is also collected from short-term rental platforms such as Airbnb. Revenues from these vacation rentals, known as Online Accommodation Platform revenues, are used to support affordable housing initiatives in the CVRD.
- **Who administers it?** The program is jointly administered by the BC Ministry of Finance, the Ministry of Tourism, Arts, Culture and Sport, and Destination BC.
- **Where does it apply?** The tax applies only in specific geographic areas where a municipality, regional district, or eligible entity has successfully applied to the province to levy the tax.
- **How did it evolve?** In 2018, the program was expanded to include affordable housing initiatives as a permissible use of funds, particularly revenues collected from online accommodation platforms (OAPs).

## Benefits of the BC MRDT Program:

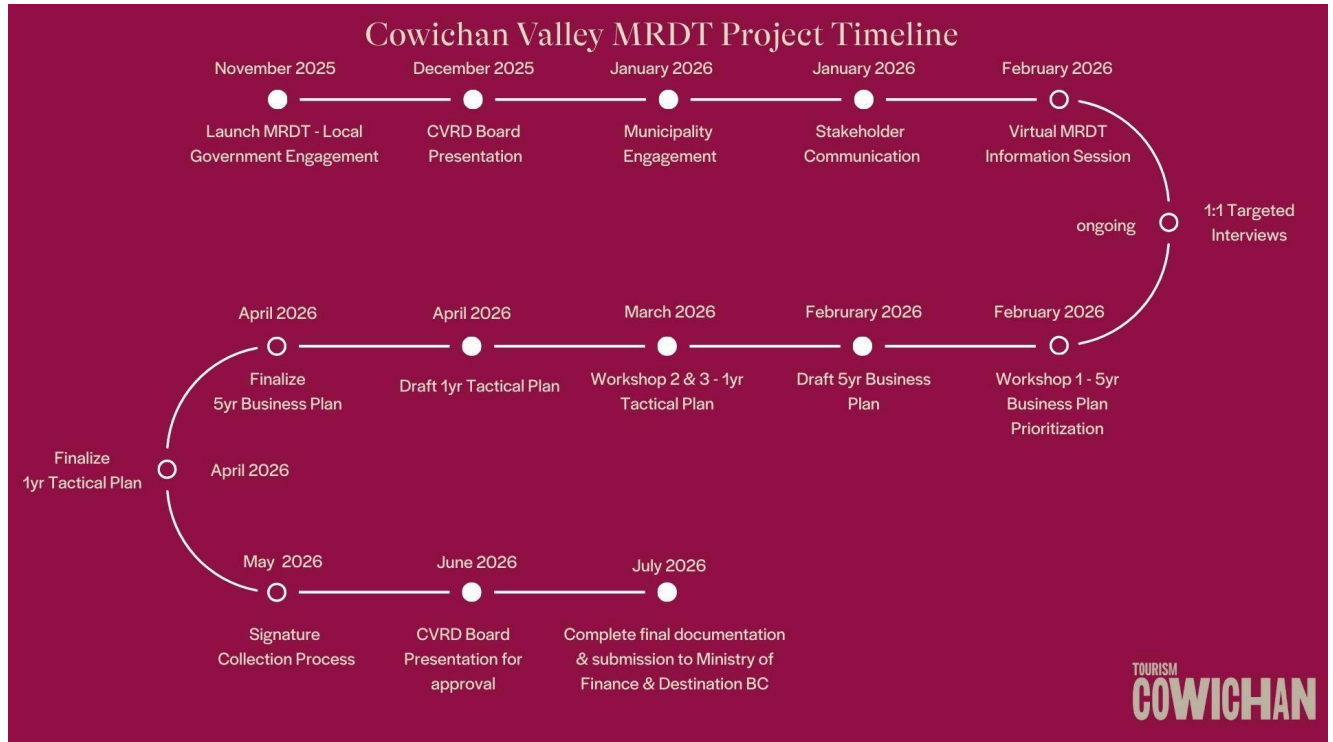
- **Dedicated Funding for Tourism:** The primary benefit is a stable and dedicated revenue stream for local tourism marketing, programs, and projects.
- **Addressing Affordable Housing Needs:** Since 2018, the MRDT program has offered communities the flexibility to use a portion of the tax revenue (specifically from online accommodation platforms) to fund affordable housing initiatives.
- **Local Control and Stakeholder Support:** Communities apply for the MRDT, and the use of funds is guided by strategic plans developed with local government and tourism industry stakeholders. This ensures that the spending aligns with community priorities and contributes to local tourism growth.
- **Competitive Advantage:** Having a guaranteed funding source for destination marketing provides BC communities with a competitive edge over other destinations that may lack such a mechanism.
- **Provincial Tourism Support:** A small percentage of the collected MRDT is used to fund the provincial Tourism Events Program, which helps communities across BC attract major international events, further bolstering provincial tourism and the economy.

## MRDT FAQ's

- **What is the Municipal and Regional District Tax (MRDT)?** The Municipal and Regional District Tax (MRDT) is a tax of two or three percent on the purchase of accommodation imposed in specific geographic areas of the province (designated accommodation areas) on behalf of municipalities, regional districts or eligible entities. The MRDT program was originally introduced in 1987 and raises revenue for local tourism marketing, programs and projects.
- **What does the MRDT apply to?** The MRDT applies to the purchase of accommodation in designated accommodation areas. Taxable accommodation can include hotels, motels, resorts, bed and breakfasts, houses, cottages and cabins, and other short-term lodging. Online accommodation platforms are also now enabled to collect PST and MRDT. The MRDT applies in the same manner as the eight percent provincial sales tax (PST) on accommodation.
- **What is the enabling legislation for the MRDT?** Section 123 of the Provincial Sales Tax Act imposes a tax of up to three percent on the purchase price of accommodation in a designated accommodation area on behalf of a municipality, regional district, or eligible entity (designated recipient).
- **How many communities/regions in BC have implemented the MRDT?** There are 66 MRDT designated regions in the province.
- **What is the MRDT rate?** The maximum rate of tax under the MRDT is three percent of the purchase price of accommodation in a designated accommodation area. The MRDT is in addition to the eight percent PST on accommodation. Municipalities, regional districts and eligible entities may voluntarily apply for either a two percent or a three percent MRDT rate.
- **Who is eligible to be a designated recipient under the MRDT program?** There are three types of applicants that are eligible to be a designated recipient under the MRDT program: Municipalities, Regional Districts and Eligible Entities. An eligible entity may refer to an established non-profit society or other types of organizations.
- **What are the eligible uses of MRDT funds?** The Designated Accommodation Area Tax Regulation sets out the authorized purposes for revenue under the MRDT program. Authorized purposes of MRDT revenue for all designated recipients are tourism marketing, programs and projects. Spending should contribute to the increase of local tourism revenue, visitation, and economic benefits.
- **Will the MRDT adversely affect hotel occupancies and revenues?** There is no evidence to suggest that the MRDT negatively affects the accommodation sector or impacts visitor decision-making. Similar accommodation taxes are common around the world.

[Click here](#) to learn more about the MRDT Program.

## MRDT Renewal Project Timeline



### Questions?

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A scenic view of a dense forest with mist rising from the valleys. The forest is composed of many tall, thin trees, likely evergreens, and the mist is a soft, white vapor that fills the lower parts of the valleys, creating a layered effect. The overall tone is somewhat muted, with a lot of greens and browns, and the mist adds a sense of depth and atmosphere.

# Municipal & Regional District Tax Program - Cowichan Region

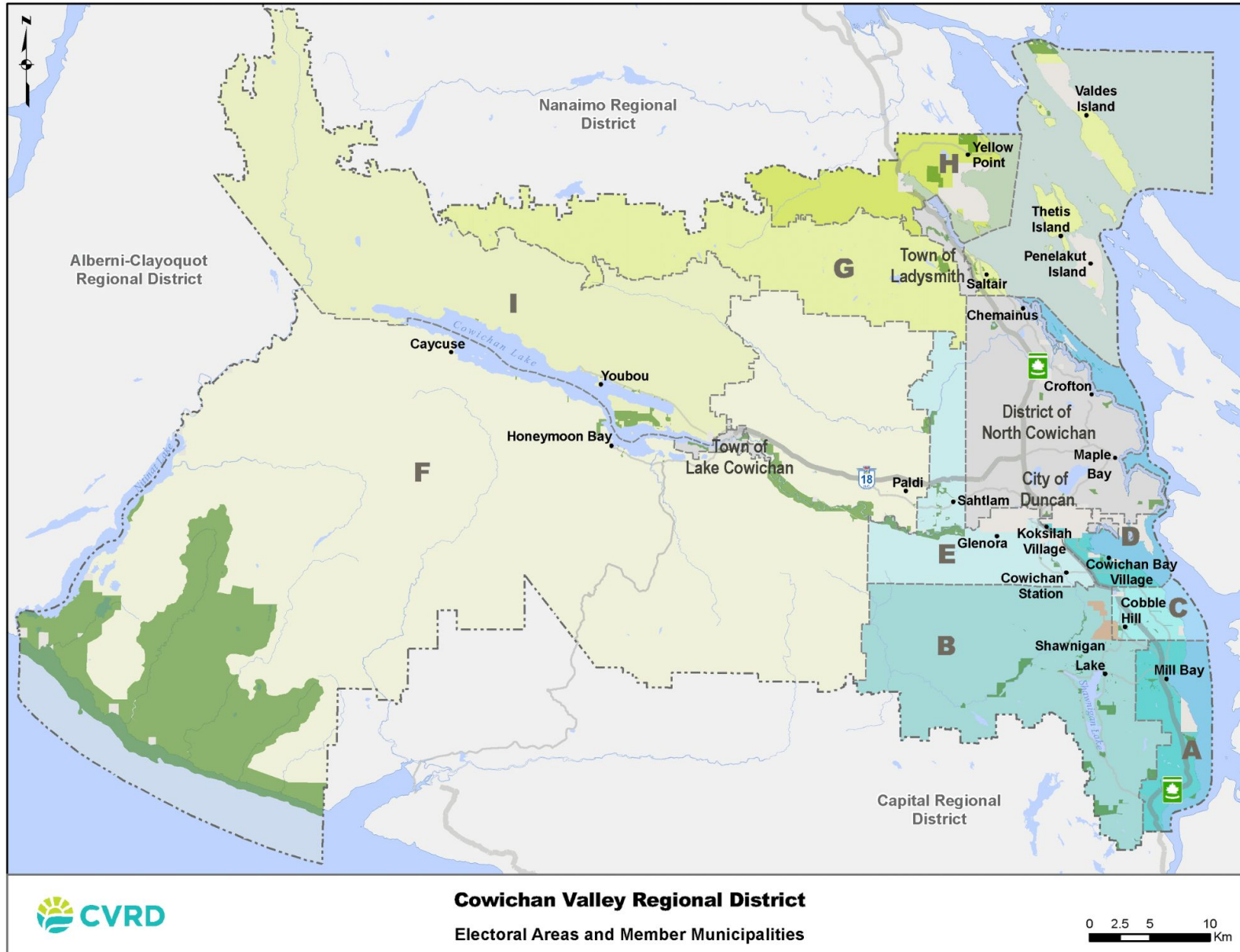
February 2026



# MRDT Program Overview

- Visitor funded provincial tax program established in 1987 to support the growth and management of tourism in British Columbia
- Currently in place in most areas of Vancouver Island and British Columbia
- Tax rate of either 2% or 3% levied on fixed roof accommodation properties (e.g. hotels, motels, resorts, bed and breakfasts, cottages and cabins, vacation rentals, and other short term lodging)
- MRDT must be renewed every 5 years and a renewal requires the support of the accommodation sector and local government

# Cowichan MRDT Reference Area



# MRDT Collection

- MRDT is collected from fixed roof accommodation properties including short-term rentals available through online platforms (Airbnb, Homeaway, VRBO)
- A clearly defined “designated accommodation area” must be established for the tax to be collected within. Eligible designated recipients include:
  - Municipality or Regional District
  - Eligible not-for-profit business associations (e.g. destination management organization)
- The tax is remitted by accommodation properties/short term rental platforms to the Ministry of Finance and then provided to the “designated recipient” organization responsible for managing the funds





# MRDT Eligible Expenses

- **Tourism Marketing and Promotion**
  - Website, social media, digital marketing, asset development, broadcast, print, travel media, etc.
- **Destination Development**
  - Wayfinding, signage and other tourism focused projects (requires specific approval process)
- **Destination Management**
  - Research, ambassador programs, industry development and training, engagement, strategic planning, etc.
- **Operations**
  - Staffing, administration, office expenses, etc.
- **Affordable Housing**
  - Planning, research, construction, management
- **Visitor Services**

**Ineligible Expenses:** Capital and infrastructure projects (excluding housing)

# MRDT Process



Governance



Local Government Support



Partner and Industry  
Engagement



Submit Application

- Submit MRDT application in full to Destination BC and the Ministry of Finance



Strategic Business Plan



Application Timeline

- 3-6 months to develop
- 6 months from the application submission date to receive funds



Industry Support

- Secure support from fixed roof accommodation properties with 4 or more rooms



Accommodation providers will be notified by the Ministry of Finance when MRDT collection is to be initiated

# Key Success Factors

- Clearly defined MRDT boundaries and supportive industry
- A well resourced organization to manage MRDT locally
- Strong local governance
- Transparency
- Local oversight of MRDT spend and strategy with a diversity of stakeholders and partners from across the tourism sector



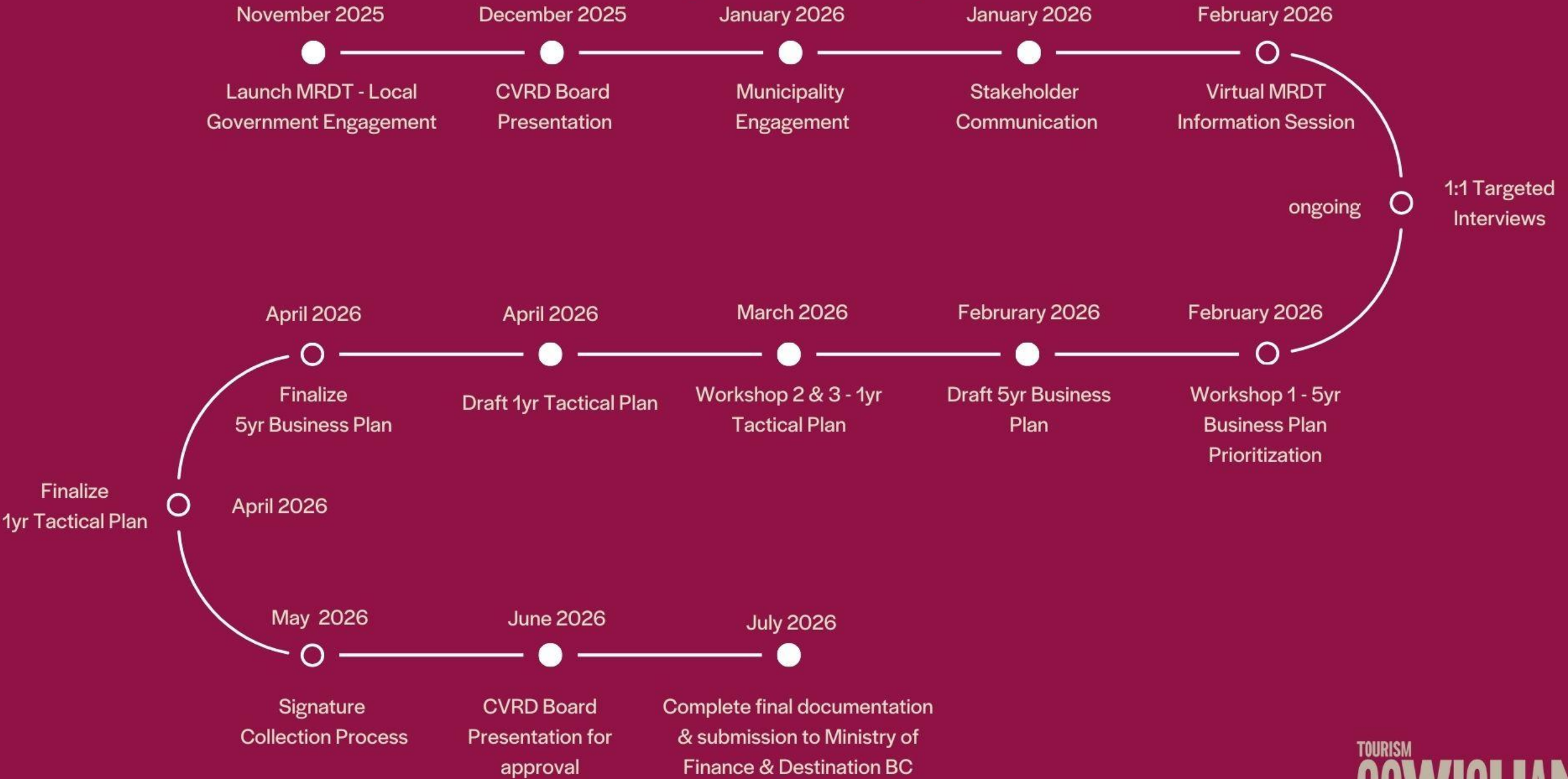
# MRDT Benefits

- A reliable and consistent performance-based funding to communities to support tourism marketing and development
- Funds can be used to manage tourism in a community with a focus on maximizing benefits and mitigating challenges resulting from the industry
- Demonstrated to support tourism businesses grow revenues and create more-year round employment opportunities
- Affordable housing program enables communities to invest in affordable housing initiatives with the opportunity to leverage funds

# Regional Value

- Stronger marketing impact and budget by pooling funds
- Unified regional destination brand increases visitor awareness
- Opportunity to leverage Destination BC Co-op Marketing Program
  - Eligibility requires 3 or more communities working together on a unifying theme
  - Destination BC matches funds by 50%
- Coordinated and collaborative regional approach to tourism development
- Reduces overhead and administrative costs
- Creates efficiencies in reporting, planning and implementation
- Ensures all fixed-roof accommodations operate under the same tax structure

# Cowichan Valley MRDT Project Timeline





## Current MRDT Revenue

Year	MRDT	OAP	Total Revenue
2022	\$ 517,052	\$ 170,059	\$ 687,111
2023	\$ 462,300	\$ 262,339	\$ 724,639
2024	\$ 480,242	\$ 377,312	\$ 857,554
2025 (Jan-Oct)	\$ 474,365	\$ 310,660	\$ 785,025

## Forecasted MRDT Revenue

Year	MRDT	OAP	Total Revenue
2025 (2% Rate)	\$ 531,735	\$ 321,894	\$ 853,629
2025 (3% Rate)	\$ 797,602	\$ 482,841	\$ 1,280,443
<b>Additional Revenue (at 3%)</b>	<b>\$ 265,867</b>	<b>\$ 160,947</b>	<b>\$426,814</b>

**Note:** 0.2 percentage points of the incremental one percent of the tax (e.g. \$853.63) is required to contribute to a provincially-led program to support tourism events.

# Next Steps

Save the Dates for Upcoming MRDT Workshops

- **Workshop #1: Five Year Business Plan**  
February 19, 2026  
12:30pm - 3:00pm  
Khowutzun Heritage Centre, Duncan
- **Workshop #2: One Year Tactical Plan**  
March 12, 2026  
**Option 1:** 9:30am - 12:00pm  
**Option 2:** 2:00pm - 4:30pm  
*Venues to be confirmed*

