

Report

Date April 1, 2026
Subject Municipal and Regional District Tax Renewal Process

File:

PURPOSE

To provide Council with an overview of the Municipal and Regional District Tax renewal process.

BACKGROUND

The Municipal and Regional District Tax (MRDT) is a visitor-funded provincial tax of up to 3% applied to short-term accommodation to support tourism marketing, programs and destination development in B.C. In the Cowichan region, the Cowichan Valley Regional District (CVRD) is the designated recipient of funds and currently levies the tax at 2%. The CVRD delegates delivery to Tourism Cowichan Society under a contribution agreement, and Tourism Cowichan contracts 4VI to manage regional destination marketing and industry development services.

The program must be renewed every five years and renewal requires demonstrated support from fixed-roof accommodation providers (four or more rooms), tourism operators, stakeholders and local government. On [February 4, 2026](#), Tourism Cowichan presented to Council regarding the renewal process for the 2027–2032 term and the proposed continuation of the existing regional service delivery model. Following this presentation, Council referred the Tourism Cowichan report on the MRDT 5-Year Renewal (2027-2032) to staff for review and for preparation of a report back to Council. As part of the renewal process, Tourism Cowichan is undertaking stakeholder engagement and exploring an increase in the tax rate from 2% to 3%.

MRDT revenues are generated from two primary sources: traditional accommodation providers such as hotels and motels, and online accommodation platforms (OAP) such as Airbnb and VRBO. CVRD materials note that MRDT revenues enable Tourism Cowichan to leverage additional marketing funds from Destination BC's Co-operative Marketing Partnerships Program, which provides 50 percent fund matching.

Regionally reported MRDT revenues (general plus OAP) were \$857,554 in 2024 and \$785,025 for January to October 2025 (Table 1). Tourism Cowichan reports two scenarios estimating potential revenues from a 2% and 3% rate using 2025 forecasted revenues, representing an increase in revenues of approximately \$426,814 by adjusting the tax rate by a percentage.

Table 1: MRDT Current and Forecasted Revenue 2022-2025 (Data Source: Municipal & Regional District Tax Program - Cowichan Valley; [February 4, 2026](#), Tourism Cowichan presentation to Council)

Year	MRDT	OAP	Total Revenue
Current 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 Scenarios			
2025 (2% rate)	\$ 531,735	\$ 321,894*	\$ 853,629
2025 (3% Rate)	\$ 797,602	\$ 482,841*	\$ 1,280,443

* OAP funds can be variable due to turnover among operators and anticipated changes in regulatory environment, which may affect the number of active short-term listings and thus revenues in the region.

The renewal process includes municipal engagement, stakeholder communications, development of a five-year business plan and one-year tactical plan. Workshops are taking place in February and March 2026 on the business plan, and approvals collected from fixed-roof accommodation providers and local government in May ahead of CVRD Board approval in June. The final submission to the Ministry of Finance and Destination BC will occur July 2026.

The Province of B.C. expanded eligible uses for OAP funding in 2018 to include affordable housing. In 2023, the CVRD Board, with the agreement of member municipalities, directed that OAP MRDT revenues be allocated to affordable housing beginning in 2024. These funds are provided to the Cowichan Housing Association via the Regional Housing Fund, which supports pre-development and related project enablement. Provincial requirements for OAP MRDT use focus on eligibility and financial accountability and do not prescribe engagement or allocation processes, leaving governance and engagement practices to regional discretion.

At its [December 18, 2024](#) meeting, North Cowichan Council supported the continued use of OAP MRDT revenues and requested that the CVRD and the Cowichan Housing Association review regional allocation approaches, including options to provide direct funding to municipalities. Council also requested that the CVRD initiate a review of the existing service agreement with Tourism Cowichan Society to improve governance upon renewal in 2027. The CVRD Board considered this correspondence in [January 2025](#) and did not provide further direction.

DISCUSSION

Through the stakeholder engagement sessions in February and March hosted by Tourism Cowichan, two primary policy considerations are being explored: whether to increase the MRDT rate from 2% to 3%, and whether to modify the designated recipient structure.

A rate increase to 3% would generate approximately \$426,000 in additional annual revenue across the region before provincial deductions (Table 1). This represents a significant expansion in funding capacity for tourism marketing and destination development. Council is recommended to seek clarity regarding how incremental revenues would be allocated, including the balance between administration and direct programming and the proportion directed to regional versus North Cowichan initiatives. It is recommended that Council request that some of this extra funding be allocated to the Visitor Information Centres in Chemainus and the Cowichan Regional Visitor Centre at the Forest Discovery Centre. The overall benefit to North Cowichan will depend on allocation decisions and reporting transparency.

The second issue relates to governance and administrative capacity. The CVRD currently serves as the designated recipient and is responsible for provincial compliance with the MRDT program. This administration function has been supported through the Economic Development service (Function 121), with financial administration by the CVRD Finance Department. A [February 12, 2026](#), CVRD report notes that the administration role carries an estimated annual cost of approximately \$12,000 and identifies the option of designating Tourism Cowichan as recipient should CVRD not commit funds to maintain administration.

Given that the CVRD defunded Economic Development Cowichan effective 2026, staffing capacity to continue administering the program may be constrained. Transferring the designated recipient role to Tourism Cowichan could streamline fund flow and align compliance responsibility with the delivery organization. The Board of Tourism Cowichan is comprised of tourism industry operators and Malahat Nation, without local government representation¹. Council could provide direction to staff, appoint a representative of Council or suggest that CVRD review the need for greater local government representation on the Board. It is recommended that Council recommend that CVRD continue to administer the program to provide greater Board oversight and control of the funds. Regardless of which organization holds the designation, Council is recommended to seek clear role definitions, separation of administrative and program costs, conflict-of-interest safeguards where staffing overlaps exist, and consistent performance reporting.

North Cowichan-specific reporting would strengthen accountability. Current reporting is aggregated for all the Cowichan Valley. North Cowichan annual reporting on outputs (e.g. campaign reach, referrals to local operators, and visitor servicing activity), and outcomes (e.g. visitor nights, estimated spending, and length of stay) would improve transparency on how funds are being generated and spent. Reporting that distinguishes administration-to-program expenditure ratios would further support fiscal transparency.

The allocation of OAP revenues to affordable housing remains an important consideration. While the program permits this use and an established delivery mechanism exists through the Cowichan Housing Association, annual reporting on expenditures is limited and no municipal-level reporting of fund origin or housing outcomes is available. Council has previously emphasized that locally generated revenues should reflect local benefit. It is recommended that Council ask the CVRD to provide greater transparency on Cowichan Housing Association's plan and process for local governments in the region to draw down the funding from the OAP.

The renewal period for 2027–2032 provides an opportunity to confirm sustainable administrative capacity, clarify governance roles, strengthen performance reporting, and ensure alignment with North Cowichan's strategic priorities.

OPTIONS

1. **(Recommended Option)** THAT Council authorizes the Mayor to write a letter to the Cowichan Valley Regional District (CVRD) Board regarding the Municipal and Regional District Tax (MRDT) renewal process, confirming agreement in principle for renewal and rate increase to 3% conditional

¹ www.tourismcowichan.com/about

upon:

- a. Clear reporting that distinguishes administration costs from program expenditures.
 - b. Increased funding allocation to the Visitor Information Centres in Chemainus and the Cowichan Regional Visitor Centre at the Forest Discovery Centre.
 - c. Continued CVRD administration of the MRDT program.
 - d. North Cowichan specific performance metrics and annual outcome reporting.
 - e. A governance review by spring 2027 that clarifies oversight, funding allocation processes, and reporting expectations for Tourism Cowichan and the Cowichan Housing Association in administering MRDT and Online Accommodation Platform revenues.
 - f. Origin-based tracking and public reporting of Online Accommodation Platform MRDT revenues allocated to affordable housing.
 - g. *[Council to insert additional feedback]*
- This option supports renewal and potential revenue growth while reinforcing governance clarity and transparency expectations. It maintains regional partnership but relies on CVRD responsiveness.
2. THAT Council advises the Cowichan Valley Regional District that North Cowichan supports renewal of the Municipal and Regional District Tax at the existing 2% rate and requests governance and allocation matters be resolved prior to consideration of any rate increase.
 - This option prioritizes fiscal caution but limits revenue expansion and regional leverage capacity.
 3. THAT Council requests that the Cowichan Valley Regional District undertake a formal review of the designated recipient structure and tourism service agreement prior to finalizing the 2027–2032 Municipal and Regional District Tax renewal.
 - This option prioritizes governance reform but may delay timelines.
 4. THAT Council directs staff to take no formal position at this time and report back prior to final Cowichan Valley Regional District Board consideration of the Municipal and Regional District Tax renewal application.
 - This option preserves flexibility but reduces early influence.

IMPLICATIONS

Financial:

There is no direct financial cost to North Cowichan associated with the recommended option. Staff time can be accommodated within existing operating budgets and no additional appropriation is required. MRDT revenues are visitor-funded and administered regionally.

If the tax rate increases, regional tourism investment capacity would grow. While funds do not flow directly to North Cowichan, improved marketing and destination development may increase visitor spending, business revenues, and employment locally. Improved governance and reporting also strengthens the likelihood that incremental revenues deliver measurable benefit.

Social:

The recommended option reinforces Council’s position that local revenue generation should correspond with local benefit, particularly regarding OAP revenues allocated to housing.

Intergovernmental:

The recommended option positions North Cowichan as a constructive partner while articulating expectations. Establishing governance clarity during renewal may reduce future conflict related to housing allocation or service delivery accountability.

RECOMMENDATION

THAT Council authorizes the Mayor to write a letter to the Cowichan Valley Regional District (CVRD) Board regarding the Municipal and Regional District Tax (MRDT) renewal process, confirming agreement in principle for renewal and rate increase to 3% conditional upon:

- a. Clear reporting that distinguishes administration costs from program expenditures.
- b. Increased funding allocation to the Visitor Information Centres in Chemainus and the Cowichan Regional Visitor Centre at the Forest Discovery Centre.
- c. Continued CVRD administration of the MRDT program.
- d. North Cowichan specific performance metrics and annual outcome reporting.
- e. A governance review by spring 2027 that clarifies oversight, funding allocation processes, and reporting expectations for Tourism Cowichan and the Cowichan Housing Association in administering MRDT and Online Accommodation Platform revenues.
- f. Origin-based tracking and public reporting of Online Accommodation Platform MRDT revenues allocated to affordable housing.
- g. *[Council to insert additional feedback]*

Report prepared by:

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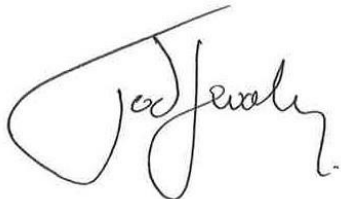
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