

# Tofino Ratepayers Association

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## About Amending the MRDT

March 28, 2021

Hello Members,

I sent the following out to Mayor and Council, to the CAO and the head Financial Officer. Due to imminent discussion I understand to take place at Council, I felt it necessary to represent our point of view before I was able to engage with members and other directors. I hope people don't think I've gone off on a tangent and as always I welcome your thoughts.

Hello Mayor and Council.

I have been communicating with you about financial and tax matters in Tofino for some time now. During that time, the realities and options available to Tofino have come into clearer focus and public awareness of these issues has grown. If we are to accomplish the many objectives of the community and keep Tofino as an affordable community, for people living here, we must start to do some things differently.

Tourism, or I should say tourists, need to contribute directly to the needs of the community. There has been considerable chatter about the MRDT and the need for MRDT funds to contribute directly to the capital costs of things like sewage treatment, water improvements and other priorities of the community, to balance out the appropriate responsibility of all users to pay their fair share.

These are no doubt difficult and complex ideas around which to gain public support and to implement.

We know that the status quo is really not a status quo but a recipe for the kind of change that seems to be happening to Tofino in the last few years. Important objectives seem further out of reach rather than getting closer. Things like Sewage treatment, a West Coast rec center (pool arena complex).

In the meantime, it gets more expensive and difficult to work and live here. My discussions with locals tell me they are ready for these kinds of initiatives. Let's have this discussion now. Let's have a public discussion.

People have advocated for some modifications to the MRDT programme. People have advocated for pay parking for the whole of Tofino as a means to generate funds, to offset the growing costs of operating the town. But we are just nibbling at the edges. There is one really good idea that has not received enough attention to date.

The idea of a retail sales tax that involves all business in the community that currently collect sales tax has been discussed, as a separate initiative to the MRDT.... But I realize... the MRDT is

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already a sales tax initiative. Why not use the MRDT vehicle but expand the pool of businesses that are collecting the tax. If we are going to propose amending the MRDT, why don't we amend who contributes.

Tourism Tofino could continue to receive the same kind and level of support that is currently envisaged. VR's could continue contributing as they do now, but sales tax could also be charged on all other retail activity and that money goes to the DoT for capital projects and community related expenses. Here are some of the benefits.

- Sales taxes spread out the number of people paying for the communities needs. Tourist paying directly.
- Sales taxes increase automatically through inflation and increased tourist activity. No need to raise the tax level. Revenues are likely to go up every year.
- Sales tax replaces the need for dramatic property tax increases.
- It costs business less to add on a sales tax than it would cost to pay for the projected increases through property taxes. Property taxes are paid out after earnings. Places like Whistler have much higher Commercial Property tax rates and that is always an option. But I don't think it is a better option. Property taxes for most residents are not a write off like property tax for business.
- Sales tax is more "progressive" in the sense that the taxes are geared to consumption.

So, what do we get out of it...Sewage treatment, improved water supply, a regional rec center.? All of the above?

I have really enjoyed the new extension to the MUP. It is getting well used. Particularly by tourists. They are out numbering locals, easily 4 or 5 to one. And that is great. Particularly if you own a bike rental business. And here is my point. The tourists will make great use of any arena /pool complex and likely out number the locals. It would serve the interests of the tourism sector very well, so.... why shouldn't they contribute directly to it, as well as taxpayers. And it would be a good idea if our regional district and municipal neighbours used the same tool to raise their share of the funds. It is after all called the Municipal and Regional District Tax. Currently 95% of all tax revenues generated by the Tofino Tourism industry leave the area to go to the Provincial and Federal gov't. Approximately \$60,000,000 dollars. Annually. Of the remaining 5%, approximately half of that goes to the Dt and half goes to Tourism Tofino. Tourism Tofino businesses receive as much tax from MRDT as they pay in property tax. Figures taken from Tourism Tofino report, 2019. (See attached)

I think we can do better than this for our community. We must.

So, I encourage you to discuss these ideas. I would be happy to do that with any or all of you. I would encourage you to form a small committee of council and staff, to explore and flesh out these ideas, to engage the public and to involve whomever from the community that might be necessary to enlist support. The focus should be limited and clear. Other subjects such as

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overcapacity concerns, etc. need their own separate attention. Such a committee should have no authority to represent council and should report directly to council. The people we have elected to make such decisions.

Cheers Jack Gillie