

Attachment B

Recent UBCM resolutions related to property taxation.

Year - 2003

Number – B75

Resolution Title

Sources of Revenue Generation

Sponsor

Houston

Resolution Text

WHEREAS the provincial government has created, consulted and announced its intention to provide new legislative powers to local governments in the Community Charter Act;

AND WHEREAS said legislation is intended to allow local governments additional considerations to obtain funding, through revenue generation by use of various taxation schemes;

AND WHEREAS funding sources are a continuing concern for many local governments which are trying to support their communities in a sustainable manner;

AND WHEREAS the provincial government has recently, through an imposed 3.5 cent per litre fuel tax increase, lessened such a revenue consideration, as the Community Charter Act was to provide:

THEREFORE BE IT RESOLVED that the Union of BC Municipalities request that the provincial government stop imposing any further revenue schemes which could become the domain of local governments.

AND BE IT FURTHER RESOLVED that the provincial government deliver on its commitment to provide new revenue sources to local government, as raised during the Community Charter development process.

Provincial Response

Legislation in recent years has made existing local government revenue tools including taxes, charges and fees more flexible. The provincial government continues to review revenue sources for municipalities. Plus, the government remains committed to sharing traffic Fine Revenue with municipalities.

The federal government has recently provided a GST rebate to municipalities and has indicated its intention to enter into discussions with both provincial and local governments

on sharing of gas tax revenues. The provincial government welcomes this federal initiative.

Of particular interest to northern British Columbia is the creation of the Northern Development Initiative and its associated legacy fund of \$135 million as a result of the BC Rail Investment Partnership. This fund will assist in a wide range of development initiatives for Northern communities.

Year - 2003

Number – B79

Resolution Title

Strata vs Fee Simple Residential Tax Rates

Sponsor

Parksville

Resolution Text

WHEREAS local governments face varying demands for levels and types of service across their jurisdictions;

AND WHEREAS the BC Assessment Authority regulations provide for only one municipal residential taxation classification;

AND WHEREAS strata developments are forced to pay taxes at the same rate as do fee simple properties, despite being responsible for operations, maintenance and replacement of their infrastructure:

THEREFORE BE IT RESOLVED that the Union of BC Municipalities, in conjunction with the Province of British Columbia, undertake a comprehensive study, including feasibility and potential impact to changes in the assessment regulations, to allow local governments to set a variety of tax rates within the same classification.

Provincial Response

ON MOTION, was NOT ENDORSED

Year - 2008

Number – B18

Resolution Title

Varying Tax Rates

Sponsor

Lake Cowichan

Resolution Text

WHEREAS the Community Charter allows for the establishment of different tax rates for raising municipal revenue from each property class;

AND WHEREAS there is no legislative provision to allow municipalities to impose separate tax rates for each of land and improvements;

AND WHEREAS the current system of property taxation provides little or no incentive for property owners to make significant improvements to their property or provide municipalities the opportunity to reduce the impact of sudden fluctuations in property values by adjusting the tax rates for either land or improvements:

THEREFORE BE IT RESOLVED that the Province amend Section 197 of the Community Charter to allow municipalities to have the flexibility of levying separate tax rates for each of land and improvements for each property class.

Provincial Response

While the variable tax rate system does not currently allow municipalities to set differing property tax rates for Land and Improvements, there are other mechanisms available through the Community Charter and Regulations. Section 216 of the Community Charter, Local Service Taxes, allows costs to be recovered through taxes imposed on land, on improvements, or on both.

Municipalities may also use tools such as the revitalization tax exemption provisions found in section 226 of the Community Charter, or assessment averaging and phasing as described in the Assessment Averaging and Phasing Regulation, B.C. Reg. 370/2003, to encourage property owners to make significant improvements to their property.

Year - 2008

Number – B126

Resolution Title

New Tax Classification

Sponsor

Kaslo

Resolution Text

WHEREAS small rural municipalities are experiencing significant impacts from resort style development; with decreasing availability and affordability of residential property; and, through increased costs on permanent residents through greater infrastructure and service demands;

AND WHEREAS these small rural municipalities have very limited resources to directly offset these financial impacts directly through revenue generation or taxation:

THEREFORE BE IT RESOLVED that the BC government create a new tax classification: Residential Property – Occupied by Permanent or Full-Time Resident(s).

Provincial Response

ON MOTION, was REFERRED to the UBCM EXECUTIVE

Year - 2010

Number – B75

Resolution Title

Local Government Revenue

Sponsor

Prince Rupert

Resolution Text

WHEREAS BC local governments are facing insurmountable infrastructure deficits, in terms of maintaining their current and aging infrastructure, such as water and waste water systems; transportation systems; transit, solid-waste management, as well as community, recreational, cultural and social infrastructure;

AND WHEREAS local governments' current ability to generate revenue through property taxes, user fees and grants is woefully inadequate to meet the demands being placed on them, which require a reliable and dedicated source of revenue that grows with the economy and can significantly reduce the need for ongoing and unsustainable increases to property taxes, user fees and, water and sewer rates:

THEREFORE BE IT RESOLVED that UBCM call on the federal government to share revenue with BC local governments equivalent to 1% of the HST on an annual basis to help them fund important services and infrastructure to their citizens, as the local government deems is in the best interest of the community.

Provincial Response

ON MOTION, was ENDORSED and REFERRED to FCM

Year - 2011

Number – B24

Resolution Title

Varying Tax Rates

Sponsor

Lake Cowichan

Resolution Text

WHEREAS there is no legislative provision to allow municipalities to impose separate tax rates for each of land and improvements to encourage property owners to make significant improvements to their properties or to reduce the impact of sudden fluctuations in property values;

AND WHEREAS the current legislative mechanisms such as the revitalization tax exemption or the assessment averaging provisions provided under the Community Charter and Assessment Averaging & Phasing Regulation, B.C. Reg. 370/2003, respectively, have not been proven to be useful tools for mitigating the impact of uneven assessment changes on taxation:

THEREFORE BE IT RESOLVED that the Province be lobbied to amend Section 197 of the Community Charter to allow municipalities to have the flexibility of levying separate tax rates for each of land and improvements for each property class.

Provincial Response

Although the variable tax rate system does not currently contain legislative authority to allow municipalities to set differing property tax rates for land and improvements, there are other mechanisms available through the *Community Charter* and Regulations. Section 216 of the *Community Charter*, Local Service Taxes, allows costs to be recovered through taxes imposed on land, on improvements, or on both. Municipalities can use local

service taxes as part of their taxation structure to meet their specific community needs such as to encourage property owners to make significant improvements to their property, or reduce the impact of sudden fluctuations in property values.

Revitalization Tax Exemption provisions were amended in 2007 to broaden their application. Only in the last few years have municipalities actually started to take advantage of this tool which can be used for a wide variety of purposes including providing tax relief for property owners who make significant improvements to their properties.

Year - 2016

Number – B105

Resolution Title

Varied Tax Rates for the Residential Class

Sponsor

Langley City

Resolution Text

Whereas the Province of British Columbia through the BC Assessment Act – Prescribed Classes of Property Regulation B.C. Reg. 438/81 specifies that there is one assessment class for all types of residential properties and the Community Charter outlines that a municipal bylaw to establish the property value taxes each year under section 197(3) specifies there is a single rate for each property class;

And whereas the assessed value of the multifamily strata units are remaining constant and the single family residential properties are increasing at an accelerated rate causing a greater share of the property value taxes generated in the residential class to be borne by the single family residential properties:

Therefore be it resolved that the Province of British Columbia amend the BC Assessment Act and the Community Charter to allow the residential class to be split into two distinct residential classes so that a different rate may be applied to each type of residential property to more equitably share the tax burden between the single family residential properties and the multifamily residential strata properties.

Provincial Response

Not Endorsed

The Resolutions Committee notes that the UBCM membership has consistently defeated resolutions seeking to split the residential assessment class in order to apply different tax rates

to different types of residential property. Members considered but did not endorse resolutions 2003-B79, 2002-B41, 1995-B37 and 1988-A16 on this topic.

The Committee understands the rationale for the resolution, but would suggest that the potential impact is far-reaching and could trigger a proliferation of classes and sub-classes. Past resolutions have requested all manner of special treatment by creating new classes and sub-classes of property.

Year - 2018

Number – B114

Resolution Title

New Municipal Tax Classes

Sponsor

West Vancouver

Resolution Text

Whereas many municipalities in BC are facing a very significant and well-documented housing affordability issue with property prices significantly higher than local residents' ability to pay and in many cases the highest average housing prices in the country;

And whereas currently, municipalities have only nine tax classes that can be used to set property taxes to achieve municipal goals:

Class 1 – Residential;

Class 2 – Utilities;

Class 3 – Supportive Housing;

Class 4 – Major Industry;

Class 5 – Light Industry;

Class 6 – Business Other;

Class 7 – Managed Forest Land;

Class 8 – Recreational Property; Non-Profit Organization; and

Class 9 – Farm;

And whereas there have been minor amendments, the basic structure of this property tax class system has not been substantially amended since the 1980's;

And whereas with the creation of new tax classes each municipality could set different tax rates for each class based on their individual needs and circumstances. As an example, different residential classes could be created to address vacant houses, non-residents ownership, etc:

Therefore be it resolved that the provincial government amend the Community Charter to allow municipalities to create additional tax classes so they can each accomplish their own community goals.

Provincial Response

No Recommendation

The Resolutions Committee advises that the UBCM membership has consistently defeated resolutions seeking to split the residential assessment class in order to apply different tax rates to different types of residential property. Members considered, but did not endorse resolutions 2016-B105, 2008-B126 (Executive endorsed), 2003-B79, 2002-B41 and 1995-B37 on this topic.

The Committee notes that past resolutions have requested all manner of special treatment by creating new classes and sub-classes of property.

However, the Committee notes that in 2016 members endorsed B104, which asked the provincial government to create a new tax class for brownfield sites so that local governments can tax these sites accordingly.