

DATE OF MEETING MAY 17, 2023

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SUBJECT Elimination of School Tax Credit for Industrial Properties

OVERVIEW

Purpose of Report:

To inform Council of Provincial changes made to the industrial property tax credit that will impact industrial properties for 2023 and onwards.

BACKGROUND

The City of Nanaimo is responsible for levying and collecting School Taxes in accordance with the *School Act*.

Prior to 2023, the Province of BC has provided a property tax credit for a portion of School Tax for properties that were assessed in the Class 4 (Major Industry) category. For the 2014 to 2022 taxation years, an owner of Class 4 property would receive a credit equal to 60% of the School Taxes levied, pursuant to section 131.2 of the *School Act*.

This tax credit has been eliminated for 2023 and subsequent taxation years, through the Province's Bill 6 (Budget Measures Implementation Act). As a result of this change, section 131.2 of the *School Act* has been updated accordingly.

This means that property owners that were previously receiving a 60% credit on the amount of School Taxes that they paid will no longer receive this credit, and they will be required to pay regular School Tax amounts. This change will be effective for 2023 and subsequent years.

DISCUSSION

In 2022, the total amount of School Tax levied on Class 4 property owners was \$437,926. The total amount of School Tax Credits granted (60%) was \$262,756, resulting in net School Taxes paid of \$175,171.

In 2022, there were 15 properties that were in Class 4. Many of these properties have common ownership, and a summary of the financial impact to the various property owners is outlined below.

For privacy, specific names of private corporations and non-public entities have been removed.

Owner	2022 School Tax Levy	2022 School Tax Credit	2022 Net School Tax Paid
Private Property Owner 1	\$22,799	(\$13,679)	\$9,120
Private Property Owner 2	\$29,269	(\$17,561)	\$11,708
Private Property Owner 3	\$278,489	(\$167,094)	\$111,396
Private Property Owner 4	\$56,151	(\$33,691)	\$22,460
Crown Provincial	\$4,322	(\$2,593)	\$1,729
Nanaimo Port Authority	\$46,896	(\$28,138)	\$18,758
Total	\$437,926	(\$262,756)	\$175,171

As demonstrated, there will be a financial impact to properties within the Class 4 assessment category.

This report is being provided for information purposes, as this is a legislative change in the administration of School Taxes, and the City of Nanaimo is responsible for the collection of these taxes.

CONCLUSION

The City of Nanaimo is responsible for the levying of School Taxes each year. The City will continue to levy the requisitioned amount of School Taxes as required under legislation in the *School Act*.

SUMMARY POINTS

- The City of Nanaimo is responsible for collecting School Taxes in accordance with the *School Act*
- The *School Act* has been amended and for the 2023 property taxation year the 60% School Tax credit issued for properties included in Class 4 (Major Industry) has been eliminated
- The amount of School Tax Credits issued in 2022 was \$262,756

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