

10. Re: Assessment Basis for Allocation of Greater
Vancouver Regional District Costs

Attached you will find a copy of a letter dated January 4, 1972, from Mr. G. W. Carlisle, Director of Finance and Administration, G.V.R.D. addressed to the Manager regarding the above.

This subject has been discussed with the Assessor who advises that the apportionment of Regional District costs is done on the basis of each municipality's assessments for School Purposes but the actual payment of the levy comes from each municipality's General revenue. As machinery values are included in assessments for School Purposes but are not taxable for General Purposes, inequities are created for those municipalities with a machinery to improvement ratio above or below the average for the District.

Alderman Wild's suggestions for resolving the problem seem reasonable. As indicated in the letter of January 4th, 1972 from G. W. Carlisle, the first suggestion was rejected by the Department of Municipal affairs but apparently the alternative is relatively easy to implement.

As the change will improve the equity of distribution of the costs of the District it would seem reasonable to agree.

If the change is made, the net effect on Burnaby would be minor as our machinery to improvement ratio is about average for the District. (See Schedule 1 attached to Carlisle's letter). Our costs would in fact be reduced slightly.

The Assessor also comments that in his opinion the inclusion, in the discussion, of Business Tax just confuses the issue. This tax is a separate way of obtaining funds and not related to the issue as it is permissive and as it is not a specific tax on machinery. The tax is determined by using the greater of two values of a property - either the Assessed Rental Value or 1/10 of the Machinery Value. In Burnaby the Machinery value does not govern in any instance.

RECOMMENDATION:

THAT Burnaby approve of the deletion of machinery and equipment values in the assessment base for distributing Greater Vancouver Regional District costs.

ITEM 10
MANAGER'S REPORT NO. 3
COUNCIL MEETING Jan. 17/72

17-18-72



Greater Vancouver Regional District

2294 WEST TENTH AVENUE VANCOUVER 9, BRITISH COLUMBIA TELEPHONE 731-1155

Please refer to our file number: 22.00

January 4th, 1972

RECEIVED

JAN - 3 1972

Mr. M. J. Shelley,
Municipal Manager,
District of Burnaby,
Municipal Hall,
4949 Canada Way,
Burnaby 2, B.C.

MUNICIPAL MANAGER'S
OFFICE

Dear Sir:

I am enclosing a copy of a report dated October 13, 1971 regarding the assessment basis for the allocation of Regional District costs which was received at the October 27 meeting of the Board. At that time it was agreed that the Department of Municipal Affairs be requested to amend the Municipal Act to allow a municipality to pass the "machinery" portion of a Regional District levy on to the respective taxpayer.

The Department of Municipal Affairs has indicated that it is not the intention at this time, to make any change to the Act which would allow a municipality to make such a levy on machinery and equipment. It has been pointed out that if the inclusion of machinery and equipment in the assessment base for distributing Regional District costs imposes an unfair burden, it would be a simple matter to delete those values from the sharing formula.

When this matter came before the Board on December 22 the following resolution was passed:

"Moved and Seconded:

That no further action be taken at this time, with regard to the inclusion of machinery and equipment in the assessed value cost sharing formula, but that the matter be referred to the member municipalities with full details, in order to allow comment and report for consideration at the next meeting of the Board.

- Carried."

This question will come before the Board at its next meeting; you may wish to discuss it with your representative(s) before that time.

Yours truly,

G.W. Carlisle,
Director of Finance and Administration.

GWC:evd
Enclosure.

ITEM 10

MANAGER'S REPORT NO. 3

COUNCIL MEETING Jan. 17/72



Greater Vancouver Regional District

2294 WEST TENTH AVENUE VANCOUVER 9, BRITISH COLUMBIA TELEPHONE 731-1155

Please refer to our file number:

October 13, 1971

TO: The Chairman and Executive Committee
FROM: G.W. Carlisle, Director of Finance and Administration
RE: The Assessment Basis for Allocation of Costs and
Alderman Wild's Notice of Motion

Alderman Wild has presented the following notice of motion:

"WHEREAS the assessment base for school purposes, exclusive of Hydro values,
is the accepted base for regional levy purposes,

THEREFORE BE IT RESOLVED:

THAT this District petition the Minister of Municipal Affairs to amend our
Letters Patent to grant members authority to levy on machinery
assessments for all regional purposes; or conversely this District
adopt school purpose assessment exclusive of all machinery values
as the only other alternative for a fair and equitable base for
regional levies."

Alderman Wild's point is that as far as a municipality is concerned,
it cannot directly tax machinery for the portion of the Regional District
charge which is attracted to the municipality by reason of the machinery
assessment included in its total assessment.

Effect of excluding machinery and equipment

Schedule I shows the effect on each municipality of excluding
machinery from the assessment figures. The members which would benefit most
by excluding the machinery assessment are Port Moody and Electoral Area "B".
These areas would pay 24.9% and 39.2% less respectively.

Business Tax

When considering this problem, it must be kept in mind that while
a municipality cannot tax machinery as such, Division 4 or Part IX of the
Municipal Act allows a municipality to levy a business tax if it so wishes.
This tax can be calculated as the greater of:

- (a) up to 10% of the annual rental value of the real property
used in the business, or
- (b) up to 1% of the taxable value of personal property used in
or on real property for the purpose of the business. Personal
property includes landlord and tenant machinery.

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The 1969 edition of B.C. Municipal Statistics shows that the following municipalities collected a business tax.

	1969 Business Tax	Amount of \$1,000,000 GVRD Cost Attributable to Machinery and Equipment (see Schedule 2)
New Westminster	192,738	3,192
Port Moody	75,326	3,581
Vancouver	5,042,018	25,571
Burnaby	1,066,017	8,195
	<u>\$6,376,099</u>	<u>\$40,539</u>

Schedule 2 shows the total assessed values and the portion attributable to machinery and equipment for each municipality.

The Municipal Act does not require a municipality to levy a business tax, the section dealing with this is permissive, but it does provide a method whereby a municipality can if it wishes, charge a portion of its cost to machinery.

Electoral Areas

The provincial government taxes real property in the electoral areas on the basis of net assessed values taxable for school purposes excluding B.C. Hydro. Therefore, in the case of Electoral Area "B", their share of the Regional District levy relative to machinery and equipment assessments is passed on directly to the respective taxpayers. Electoral areas cannot levy a business tax.

Conclusions

If a municipality has a higher than average machinery content in its assessed values, a relatively larger portion of Regional District costs will be attracted to such a municipality.

Alderman Wild's motion recommends two alternatives --

- (a) That our Letters Patent be amended to allow a Municipality to make a levy on machinery assessments for all regional purposes, or
- (b) That machinery assessments be deleted from total assessments for cost distribution purposes.

With respect to (a), it is not our Letters Patent which would have to be amended, as they are silent on how a municipality should distribute our costs to its taxpayers, it is the Municipal Act itself which would have to be changed. I can see no objection to requesting this change in the Act, providing it is permissive. The inclusion or non-inclusion of machinery in assessed values does affect each municipality's share of costs. In most cases the difference is relatively minor. In the case of Port Moody, however, the amount involved is more substantial. However, the Municipal Act does provide a method of offsetting this by giving municipalities the right to levy a business tax.

Schedule 1

GREATER VANCOUVER REGIONAL DISTRICT

Member's share of \$1,000,000 G.V.R.D. cost based on 1970 net taxable assessed values for school purposes excluding B.C. Hydro

Comparison of Total Share

	<u>Including Machinery</u>	<u>Excluding Machinery</u>	<u>Difference Increase (Decrease)</u>	<u>Difference as % of Total Share Including Machinery and Equipment</u>
<u>Cities</u>				
New Westminster	\$ 37,503	\$ 36,407	\$ (1,096)	(2.9)%
North Vancouver	32,689	33,174	485	1.5
Port Coquitlam	12,478	12,812	334	2.7
Port Moody	12,190	9,149	(3,041)	(24.9)
Vancouver	467,481	469,632	2,151	.5
White Rock	7,974	8,431	457	5.7
<u>Districts</u>				
Burnaby	124,167	123,255	(912)	(.7)
Coquitlam	34,075	34,460	385	1.1
Delta	36,487	36,029	(458)	(1.3)
North Vancouver	55,956	56,797	841	1.5
Richmond	57,793	56,200	(1,593)	(2.8)
Surrey	62,250	64,114	1,864	3.0
West Vancouver	47,020	49,822	2,802	6.0
	988,063	990,282	2,219	
<u>Electoral Areas</u>				
A	3,964	4,180	216	5.4
B	6,323	3,846	(2,477)	(39.2)
C	1,650	1,692	42	2.5
	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>Ø</u>	

Schedule 2

GREATER VANCOUVER REGIONAL DISTRICT

Allocation of \$1,000,000 G.V.R.D. Costs Based
 on 1970 Assessed Values - Land 100% Improvements
 75% Taxable for School Purposes Excluding B.C.
 Hydro. Amount Applicable to Machinery and
 Equipment Assessments.

	<u>Total</u> Assessments	<u>M. & E.</u> Assessments	<u>M. & E. as</u> % of Total	<u>Allocation</u> of \$1,000,000 G.V.R.D. Cost on Above Basis	<u>Amount</u> Applicable to M. & E.
<u>Cities</u>					
New Westminster	\$ 103,863,816	\$ 8,833,980	8.51%	\$ 37,503	\$ 3,192
North Vancouver	90,529,917	4,082,069	4.51	32,689	1,474
Port Coquitlam	34,556,524	1,163,580	3.37	12,478	420
Port Moody	33,758,781	9,917,940	29.38	12,190	3,581
Vancouver	1,294,669,828	70,853,602	5.47	467,481	25,571
White Rock	22,082,785	112,050	0.51	7,974	41
<u>Districts</u>					
Burnaby	343,875,682	22,687,180	6.60	124,167	8,195
Coquitlam	94,371,423	4,573,547	48.46	34,075	1,652
Delta	101,052,206	7,163,028	7.09	36,487	2,587
North Vancouver	154,968,830	6,962,507	4.49	55,956	2,512
Richmond	160,054,005	13,602,000	8.50	57,793	4,912
Surrey	172,399,921	5,326,320	3.09	62,250	1,924
West Vancouver	130,222,330	388,522	0.30	47,020	141
	<u>2,736,406.048</u>	<u>155,666,325</u>	5.69 <u>average</u>	988,063	56,202
<u>Electoral Areas</u>					
A				3,964	
B				6,323	
C				1,650	
				<u>\$1,000,000</u>	

Source - Municipalities Final 1970 Statement of Net Taxable Assessed Value of Real Property by Types return pursuant to the provisions of the Assessment Equalization Act.