

ITEM 4  
MANAGER'S REPORT NO. 64  
COUNCIL MEETING 84/10/15

RE: TAXATION OF SCHOOL BOARD PROPERTY

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

\* \* \* \* \*

1984 October 10  
File: S9-1

TO: MUNICIPAL MANAGER  
FROM: DIRECTOR FINANCE  
RE: TAXATION OF SCHOOL BOARD PROPERTY

RECOMMENDATION

1. THAT this report be received for information purposes.

SUMMARY

This report is to provide Council with information regarding the taxation in 1985 of School Board property which is leased, primarily to community groups.

REPORT

BACKGROUND

Over the past few years the Burnaby School Board has closed eight schools. The majority of the space in those schools is leased, with community and volunteer organizations occupying the majority of space. In addition, the Board rents rooms in its fully operational schools to Daycare Centres and other organizations of similar nature. The rental rate charged is designed to recover operating costs.

As this situation is relatively new in the Province the matter of property taxation of the leased school properties has not surfaced. During 1984 however, the B.C. Assessment Authority examined the circumstances and has determined that these lands of properties are properly taxable. As a result, the School Board property which is leased to others has been added to the 1985 Assessment Roll. Assessment notices have recently been mailed by the Assessment Authority to the Board's tenants.

TAX IMPLICATIONS

In total there are about 40 tenants involved. In many cases the tax bill will nearly equal the rental bill. The majority of tenants may not be able to afford to pay the property taxes. A very rough calculation shows that the taxes to be levied in 1985 approximate \$70,000 made up as follows:

Municipal	\$ 32,000
School - Provincial	34,000
Other rate setting bodies	<u>4,000</u>
	\$ 70,000
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If the organizations do not pay the taxes for lack of funds or whatever reason, the municipality may find itself in a position of having to write off the taxes. Since approximately 50% of tax levied is for non-municipal purposes this could cause a direct cash cost to the municipality. We would look to the Province and other rate setting bodies for their share of any tax write-off, but there does not appear to be any legal obligation on their part to pay.

TAX EXEMPTION BY-LAWS

Annually Council passes tax exemption by-laws to exempt from taxation a variety of community organizations, including churches. For purposes of the 1985 Assessment Roll the exemption by-law had to be adopted by 1984 August 31. The leased School Board properties were added to the 1985 Assessment Roll effective 1984 September 30, therefore it was not possible even if Council had so desired, to exempt the rented school properties from taxation in 1985.

Additionally there is a technical problem with the permissive exemption section of the Municipal Act (Sec. 400). The section is inconsistent.

Under Section 400(b) Council could grant tax exemption to an athletic or service club which leased facilities from the School Board, but could not grant tax exemption to certain charitable organizations which are covered under Section 400(c). The reason for the difference is that under 400(b) the property need only be held (i.e. rented or leased) by the organization, where as under 400(c) the property must be owned by the organization.

ACTION TAKEN

We have written to Ministry of Municipal Affairs outlining the problems involved and they have informed us that they will be examining the issue.

The School Board has communicated its concerns to the Ministries of Education, Finance and Municipal Affairs, and all three Burnaby MLA's. In addition the attached letter has been sent to all School Board lessees by the Secretary-Treasurer of the School Board informing them of the circumstances.

ENQUIRIES TO DATE

To date, we have received two enquiries from School Board tenants looking for a suggested course of action. Our response has been:

- . that the existing legislation requires the Assessment Authority to add the leased properties to the 1985 Assessment Roll
- . that the existing legislation prevents Council from exempting from taxation certain charitable organizations
- . that, even if Council wanted to exempt certain organizations from taxation in 1985, the statutory date for doing so has already passed
- . that the various Provincial Ministries involved are aware of the problem through correspondence and meetings with School Board and municipal officials

Our suggestion is that tenants pursue the advice given by the Secretary-Treasurer of the School Board in his letter to all lessees dated 1984 September 25.

Council will be kept informed as the issue evolves.

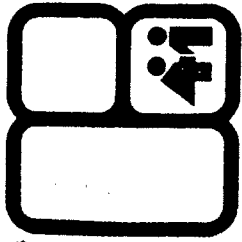
Submitted for the information of Council.



Howard Karras  
DIRECTOR FINANCE

Attach.

cc. Secretary-Treasurer, School District No. 41  
Area Assessor



# School District No. 41 — Burr

5325 KINCAID STREET, BURNABY, B.C. V5G 1W2

TELEPHONE 299-0611

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1984 09 25

We have been informed by the local office of the B.C. Assessment Authority that you may soon receive (or may have received) an assessment notice having to do with your occupancy of leased premises in the school district. (These notices are the first step in preparation for the municipality's levying of 1985 property taxes).

You should know that the assessment is technically required by the laws of the province as presently written, and that, through appeals to and by all three of your local MLA's there are efforts underway to change (or to investigate the change of) legislation to allow municipalities to exercise discretion in levying taxes on this type of property occupancy.

It is our hope that the change occur as early as possible. However, we are not privy to the legislative timetable. Should you have concerns over this matter, it may be appropriately decided to send them to one or both of the Minister of Finance or the Minister of Municipal Affairs.

Yours truly,

PETER S. BOYLE, C.A.  
Secretary-Treasurer

- c.c. Ms. Rosemary Brown, MLA, Burnaby-Edmonds
- Mrs. Eileen Dailly, MLA, Burnaby North
- Mr. Elwood Veitch, MLA, Burnaby-Willingdon
- Mr. Barry Jones, Chairman, Board of School Trustees

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FINANCE  
Date: \_\_\_\_\_ Day: \_\_\_\_\_ ANS

OCT - 2 1984

Elmer E. Froese, B.A., Ed. D. Superintendent of Schools
Peter S. Boyle, C.A. Secretary-Treasurer

Olaf P. Rostad, B.A. Ed. D. Deputy Superintendent of Schools

