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MANAGER'S REPORT NO.	31
COUNCIL MEETING	85/04/29

RE: PROVINCIAL BUDGET ANNOUNCEMENTS OF 1985 MARCH 14 AND 15
OF INTEREST TO LOCAL GOVERNMENTS
(Item 4 a, Correspondence, Page 12, 1985 April 01)

MUNICIPAL MANAGER'S RECOMMENDATION:

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

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TO: MUNICIPAL MANAGER
FROM: DIRECTOR FINANCE

1985 April 17
File: B66-1

RE: PROVINCIAL BUDGET ANNOUNCEMENTS OF
1985 MARCH 14 AND 15 OF INTEREST TO
LOCAL GOVERNMENTS
(CORRESPONDENCE, P. 12, 1985 APRIL 01)

RECOMMENDATION

1. THAT this report be received for information purposes.

SUMMARY

Council at the meeting of April 1st requested additional information on some Provincial Government budget announcements of 1985 March 14 and 15 that affected local governments.

Proposed legislation in Bill 6, if and when enacted, gives the Province the power to make any Expo 86 and B.C. Transit property and improvements exempt from municipal tax on 1985 January 01 and onward. It is not known when this legislation will be enacted. It is also not known if this legislation will supersede the existing agreement between B.C. Transit and the District of Burnaby where B.C. Transit pays grants in lieu of taxes on the maintenance yard. Attachment 01 lists all of the B.C. Transit properties in Burnaby and the potential 1985 municipal tax at the proposed 1985 tax rates.

It is considered by municipal staff and the Area Assessor that the proposed reclassification of certain recreation properties from Class 06 (Business) to Class 08 (Seasonal/Recreational) will not affect many properties and will have minimal impact on the balance of Burnaby taxpayers. Those properties reclassified will pay about half the tax rate under Class 08 compared to Class 06.

The increase in the minimum tax payable after the Provincial Home-owner Grant from \$175 to \$200 in 1986 will have no impact on Burnaby's municipal tax collection. The taxpayers who are affected by this change will have to pay an additional \$25 in municipal tax, and the Province of B.C. will save on the payment of \$25 less of Provincial Home-owner Grant.

INTRODUCTION

On 1985 March 14 the Provincial Budget and related news conference on 1985 March 15 by the Minister of Municipal Affairs contained several major announcements affecting local governments in B.C. On 1985 March 19, the U.B.C.M. issued a summary of these announcements, a copy of which went on the Council agenda of 1985 April 01, see attached. Members of Council requested more information on the following items:

1. ALRT and Expo 86 tax exempt.
 2. Does ALRT tax exemption apply to the guideway and maintenance centre.
 3. Recreation property under Class 06 (Business) to be taxed under Class 08 (Seasonal Resort), e.g. ice skating, water slides, museums, amusement parks, horse racing and riding, marinas, parks and gardens open to the public. Class 08 name is changed to Recreation Property/Non-Profit Organization.
 4. Minimum tax payable in 1986 after deducting Provincial Home-owner Grant raised from \$175 to \$200. The minimum payable after the supplementary Provincial Home-owner Grant to remain \$1.
- A discussion of each follows. Some of the above items appear in Bill 6, Assessment and Taxation (Miscellaneous Amendments) Act, 1985, Ministry of Finance.

1.& 2. ALRT and Expo 86 Tax Exempt and ALRT Application

Bill 6 has several sections that refer to allowance of tax exemption to be conferred with respect to the ALRT system. Section 17 of Bill 6 refers to the British Columbia Transit Act, as follows:

Section 17. Section 19 (of the B.C. Transit Act) is amended by renumbering it as section 19(1) and by adding the following subsection:

(2) The Lieutenant Governor in Council may, notwithstanding subsection (1), exempt a person he specifies from liability under the Assessment Authority Act, the Municipal Finance Authority Act, the Municipal Act, the Vancouver Charter and this Act, to taxation of land and improvements that the Lieutenant Governor in Council designates as owned or used by that person for the purpose of the construction, acquisition or operation of the Advanced Light Rapid Transit system.

Section 21 of Bill 6 authorizes property tax exemption of the Expo 86 site.

Sections 45 and 46 refer to a transitional period, i.e. the sections allow the tax exemption for B.C. Transit and Expo 86 Corporation to be retroactive to 1985 January 01.

Section 45. (1) The Lieutenant Governor in Council may, under section 19(2) of the British Columbia Transit Act as enacted by this Act, grant an exemption from taxation that has effect on and after January 1, 1985 and this section is retroactive to the extent necessary to make the exemption effective on and after that date.

(2) Where an exemption referred to in subsection (1) is granted, the assessment commissioner shall show the land and improvements concerned as exempted by an entry on a supplementary assessment roll.

Section 46. Applies to the Expo 86 Corporation.

Section 48 states that this Act (Bill 6) comes into force by regulation of the Lieutenant Governor in Council, and a regulation may bring a provision into force on different dates for different purposes.

The foregoing legislation, if and when enacted, gives the Province the power to exempt all ALRT properties and improvements from municipal tax, retroactive to 1985 January 01.

A list of B.C. Transit properties is shown in Attachment 01, together with their assessed values and the municipal tax levy at the proposed 1985 annual budget rates.

At the proposed 1985 annual tax rates the total municipal tax that could be collected from B.C. Transit properties, if Bill 6 were not enacted, is \$1,366,841.

If Bill 6 were enacted and the guideway only were made exempt from municipal taxes, some \$779,902 of tax that would have been brought in by the guideway would be shifted onto all other properties on Burnaby's assessment roll.

At this time, we do not know when Bill 6 will be enacted, nor which of the B.C. Transit properties will be made exempt from municipal tax, nor whether or not the exemption will be made retroactive to 1985 January 01. For the 1985 annual operating budget, we have assumed that the guideway only will be made tax exempt, retroactive to 1985 January 01.

It is not known, at this time, whether the proposed legislation in Bill 6 will supersede the Transit Agreement of 1985 October 13 between Burnaby and B.C. Transit with respect to certain lands in the District of Burnaby, namely the maintenance yard.

This pertinent clause 4.01 in the Agreement reads as follows:

4.01 Property Taxes The beneficiary will pay each year, commencing the 1st day of January 1984, grants in lieu of taxes equal to the amount of normal municipal taxation on the lands and intended development that would be payable if the lands were registered in the name of the beneficiary.

The 1985 municipal tax on the maintenance yard at the proposed tax rate of 20.6337 dollars per thousand of assessment is \$414,216.

3. Certain Recreation Property Reclassified from Class 06 (Business) to Class 08 (Seasonal/Recreational)

The Area Assessor is aware of the pending legislation but is uncertain in which year it will apply after it is enacted and what properties are affected. The effect would be to change the assessment classification of some properties currently taxed as Business to Seasonal/Recreational. The change will cause those affected to enjoy a reduced tax rate from about \$12.40 per thousand of assessment to about \$5.90 per thousand in current terms. It appears that not many properties will be reclassified, nor will the reclassifications have any significant tax shifts on the balance of the properties. In addition, the name of the class is to be changed from Seasonal/Recreational to Recreation Property/Non-Profit Organization.

4. Minimum Tax Payable in 1986 Raised from \$175 to \$200 Minimum After Supplementary PHOG to Remain at \$1

In 1985 the minimum tax payable is being increased from \$150 to \$175. The proposed legislation will increase the minimum to \$200 in 1986. There will be no effect on the municipal tax collected by Burnaby. All taxpayers paying the minimum now will pay an additional \$25 in 1985 and \$25 in 1986. It is the Provincial Government who will benefit by paying less from their Provincial Home-owner Grant program. It is not known how many taxpayers will be affected by this proposed legislation.

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The \$1 minimum tax after the supplementary PHOG for 1986 remains unchanged from this year. The supplementary grant is available to those who are 65 years of age or over, handicapped, or receiving war veterans' allowances.

Submitted for the information of Council.



Howard Karras
DIRECTOR FINANCE

Attach.



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ATTACHMENT 01

B.C. TRANSIT - 1985 MUNICIPAL PURPOSE ASSESSMENTS AND PROPOSED MUNICIPAL TAXES

<u>Address and Description</u>	<u>1985 Assessed Value</u> \$	<u>1985 Municipal Tax</u> \$
Residential Properties Class 01		
Proposed Tax Rate 5.8954		
6203 Rumble Street - duplex	\$ 76,200	\$ 449
6205 Rumble Street - duplex	74,450	439
6327 Rumble Street - sewer right-of-way	6,000	35
7586 Twentieth Street	29,150	172
7661 Griffiths Street	19,750	116
	<u>205,550</u>	<u>1,211</u>
Industrial Properties Class 02		
Proposed Tax Rate 20.6337		
Guideway - improvements	37,797,500	779,902
6795 Tenth Avenue - maintenance yard	<u>20,074,750</u>	<u>414,216</u>
	<u>57,872,250</u>	<u>1,194,118</u>
Business Properties Class 06		
Proposed Tax Rate 12.4274		
3843 Kingsway	100	1
6944 Eighteenth Avenue	241,850	3,005
6945 Sixteenth Avenue	143,800	1,787
6918 Stride Avenue	48,850	607
6902 Fifteenth Avenue	34,250	426
6669 Tenth Avenue - 6 1/2 acres vacant	600,000	7,456
2453 Gilmore Avenue - old Dominion Bridge	8,690,800	108,004
7546 Twentieth Street	16,400	204
Edmonds Loop - buildings exempt	407,100	5,059
6556 Sprott Street - Kensington Garage	<u>3,618,050</u>	<u>44,963</u>
	<u>13,801,200</u>	<u>171,512</u>
TOTAL B.C. TRANSIT PROPERTIES	<u>71,879,000</u>	<u>1,366,841</u>

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UNION OF BRITISH COLUMBIA MUNICIPALITIES 109

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313 SIXTH STREET, NEW WESTMINSTER, B.C. V3L 3A7

CORRESPONDENCE AND PETITIONS
Regular Council Meeting
1985 APRIL 01

TO: MAYOR AND COUNCIL/CHAIRMAN AND BOARD
FROM: Executive Director
DATE: March 19, 1985
RE: RECENT PROVINCIAL ANNOUNCEMENTS

INTERNAL DISTRIBUTION
: - AGENDA 1985 APRIL 01
: - COPY - MUNICIPAL MANAGER
: - DIR. FINANCE

This circular highlights the points of interest to local government of two recent announcements by the Provincial Government:
o the Provincial Budget (March 14th) and
o the Announcement of the Provincial-Municipal Partnership Agreements (March 15th).

Background to these announcements and relevant Bills will be circulated in the next Newsletter.

SUMMARY OF PROVINCIAL BUDGET ANNOUNCEMENTS OF INTEREST
TO LOCAL GOVERNMENT

1. Machinery and Equipment

Assessment

- no "new" machinery and equipment will be assessed since Sept. 30, 1984.
- existing machinery and equipment values will be frozen until Jan. 1, 1987 (values can be reduced for demolitions, etc.).
- machinery and equipment will not be assessed (or taxed) after January 1, 1987

Taxation

- non-residential school tax rates on machinery and equipment will be reduced by 1/3rd in 1985 and reduced by 2/3rds in 1986.

(NOTE: the budget does not specify any tax reductions for M&E on other taxes on the "hospital base" in 1985 and 1986 - UBCM will be following-up on this point).

2. Non-Residential School Rate Ratios

The Province will reduce the ratio of commercial and industrial properties to residential rates in this manner:

- to a maximum of 3:1 (Industrial to residential) in 1985
- to a maximum of 2.45:1 in 1986
- to a ratio of 2:1 in 1987

(NOTE: The ratios for other non-municipal taxes - regional district etc.- are not mentioned in the budget and UBCM is pursuing this point).

3. Non-Residential School Tax Relief for New Industry.

The Province will provide a 50% reduction in non-residential school taxes in rural areas from a date to be prescribed until 1990 in non-municipal areas.

Similar non-residential school tax relief will be provided in municipalities that have signed a "partnership agreement" (see following section).

4. Revenue Sharing

- a total of \$235 million is forecast as available.
- \$204 million will be allocated in grants this year (up from \$202 million last year).
- \$31 million is allocated for a Revenue Sharing Stabilization Fund.

(NOTE: regulations will set future deposit and withdrawal formula for the Stabilization account - UBCM is involved in these discussions).

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5. Property tax and Assessment

- permissive tax exemption for non-profit occupiers of school buildings.
- non-conforming residential property (eg. within an industrial area) to enjoy residential assessment if owner-occupied for 10 or more years.
- ALRT and Expo 86 tax exempt.
- In 1986 grazing licences and other short term tenures to be tax exempt.
- In 1986 manure storage to be tax exempt.
- recreation property under class 6 (business) to be taxed under class 8 (eg. ice skating, water slides, museums, amusement parks, horse racing and riding, marinas, parks and gardens open to the public).
- assessment class 8 name changed to Recreation Property/Non-Profit Organization.
- in 1986 minimum tax payable after deducting the Home Owner Grant raised from \$175 to \$200. The minimum payable after the supplementary HOG to remain \$1.
- in 1986 the rural tax rate to be raised from \$1.30 to 1.40 (residential).
- certain crown leases to be taxed in 1986 for the use permitted under the lease rather than market value.
- crown lease restrictions are to be reflected in calculation of a property's actual value.
- provision for appeals of property assessment in the second year of the two year assessment cycle broadened to allow new owners to appeal.
- provision made to appoint specialized Industrial Assessment Appeal Boards.
- legislative power of B.C. Assessment Authority to collect information to be restricted to that required to determine value.
- taxpayers excluded from the requirement to pay the costs of inquiries ordered by Assessment Appeal Board.
- tax exemption restored for B.C. Rail properties where leases expire after close of assessment roll but before commencement of the taxation year.

PROVINCIAL-MUNICIPAL PARTNERSHIP AGREEMENTS

Voluntary Agreements

A Provincial-Municipal Partnership Agreement is a voluntary agreement between the Provincial and a municipality (not regional districts) by which a municipality can override certain legislation and access certain economic development programs.

Tax Relief

A municipality will provide 50% (or more if the municipality so wishes) tax relief to new industry or industrial expansions. Tax relief will run to December 31, 1990. If the municipality provides tax relief the Province will match such relief with 50% relief on non-residential school tax. The tax relief is provided on industrial improvements that fall within the industrial assessment class 5 for new industry, expansions of existing industry or modernizations. The tax relief is on the general, municipal tax.

A municipality may decide at its option to waive or reduce business licence fees on new industrial development up to \$3,000 per business.

Individual Agreements.

Tax relief is a precondition to participation in other elements of the program. A municipality may decide which of the other available programs that it wishes to participate in. These include:

- Economic Development Officers*
 - up to \$25,000 per year to cover 50% of the salary and operating costs of a local economic development office and officer.
- Economic Strategy Plans*
 - 50% of the outside costs (eg. consultants, etc.) incurred while preparing or upgrading a local economic development strategy plan.

- Community Committers*
 - grants to match municipal funding to a maximum of \$1,000 to pay costs of a volunteer economic development committee where a full time officer is not feasible.
- Economic Promotions*
 - grants up to \$5,000 to cover 50% of approved promotional expenses (eg. video or advertising campaign).
- Marketing Municipal Property
 - a municipality may sell industrial or commercial zoned land in industrial parks without providing three months notice when they use a licenced realtor as a marketing agent (overrides s.538 of the Municipal Act).
- Market Research*
 - up to \$5,000, to cover 50% of cost of identifying industries that may be interested in investing in B.C.
- Trade Missions
 - participating municipalities are eligible to participate in trade missions abroad and have promotional literature included in provincial programs.

(NOTE: the funding formulas for several of these programs have yet to be announced).

- * Part of the Community Organization for Economic Development programs (Ministry of Industry and Small Business Development).

Electrical Discounts

Within municipalities that have an agreement, an industry may qualify for an electrical discount. New industrial expansions, industries with operating problems or problems resuming operations may qualify and the discounts are individually negotiated. To qualify, an industry must consume 5 megawatts of power. (NOTE: this mean pulp mills, mines, etc. - about 60-65 customers presently consume this volume of power).

UBCM Executive Recommendation

The UBCM will be fully analyzing these announcements, will be providing additional details to the members and will be making appropriate recommendations to the Government.

With respect to the tax relief provisions, the Executive wishes to convey its recommendation to the member municipalities that are in close proximity to other municipalities to approach the opportunities in a coordinated fashion.

Further Information

Because of the importance of these two recent announcements the UBCM was pleased that a large number of its members availed themselves of the opportunity of hearing first hand these announcements at the Victoria meeting of March 15th. The less than adequate media reports would have only confused many members about these announcements.

We would urge any member that has not received a copy of the Province's announcements to contact the Ministry of Municipal Affairs for further details.

Of course, the UBCM Office is available to assist and will be circulating further details as they become available.

Questions and Answers

The U.B.C.M. is preparing a full listing of all the questions asked and responses given during the Victoria meeting. This, together with answers to a variety of other questions developed by the U.B.C.M. Executive will be circulated shortly.