

ITEM 3
MANAGER'S REPORT NO. 9
COUNCIL MEETING 93/02/09

TO: CITY MANAGER
FROM: DIRECTOR FINANCE
RE: CEMETERY TAX FUND

1993 FEBRUARY 02
File: T5-5-2

PURPOSE: To recommend acceptance of the lump sum pay out from the Province of British Columbia in return for the City's agreement to extinguish the Cemetery Tax Fund.

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RECOMMENDATION:

- 1. THAT Council accept a one time lump sum pay out of \$85,000 in lieu of future annual payments from the Cemetery Tax Fund to Burnaby.

SUMMARY

The Provincial Government is offering a one time lump sum payout of \$85,000 in lieu of future annual payments to Burnaby from the Cemetery Tax Fund.

Staff have compared this offer with the income which would be received by Burnaby through annual payments and have concluded that the investment return the City could get on \$85,000 would exceed current payments by \$1,500 a year and more than match the maximum payments which would ever be received.

Burnaby would also receive a pro rated annual payment from the Cemetery Tax Fund for the period 1992 April 01 to 1993 March 31. We estimate this payment to be in the order of \$3,600.

REPORT

A. BACKGROUND

While most cemeteries are statutorily exempt from property taxation, cemeteries incorporated under the Cemetery Company Act do not have the exemption granted by the Municipal Act. Two of Burnaby's cemeteries, Forest Lawn and Ocean View, are required by the Cemetery Company Act to pay into the Cemetery Tax Fund as burial sites are sold. The amounts are calculated using a formula based on the assessed value and tax rate at the time the land was purchased for cemetery use. (Forest Lawn 1935 and Ocean View 1919).

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Burnaby is paid 4% annually of the fund balance contributed by the two cemeteries located in Burnaby. In 1992, Burnaby received \$4,016 from the Cemetery Tax Fund.

B. CHANGE IN LEGISLATION

In 1989 June, the Cemetery Company Act and other Acts relating to cemetery, cremation and funeral services were consolidated in the Cemetery and Funeral Services Act. The new legislation provides the opportunity for the Province to withdraw from the management of cemetery company tax transfers and to eliminate the use of the Cemetery Tax Fund.

Consistent with this legislation, the Province would like to extinguish the Cemetery Tax Fund and repeal the old legislation.

C. VALUE OF THE CEMETERY TAX FUND TO BURNABY

The Fund currently contains in excess of \$97,000 and paid approximately \$4,000 to Burnaby in 1992. When all burial sites are sold, it is estimated that the fund will contain \$135,000. This would generate annual payments of \$5,400 to Burnaby. It is anticipated that it will be 30 - 40 years before the fund reaches its maximum.

D. PROVINCIAL LUMP SUM OFFER TO BURNABY

The Provincial Registrar of Cemetery and Funeral Services has written to us with a one time lump sum offer of \$85,000 if the City were to agree to forego any future claim on or annual payments from the fund (see letter attached). If Burnaby were to accept, the Province would then repeal the Cemetery Company Act and extinguish the fund. The two cemeteries would no longer be required to make payments to the Province or Burnaby.

In addition to the \$85,000 lump sum pay out, Burnaby would receive the annual 4% payment from the Cemetery Tax fund for the period 1992 April 01 to 1993 March 31, pro rated to when the Province actually transfers the money to Burnaby. We anticipate this payment to be in the order of \$3,600.

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E. STAFF RECOMMENDATION TO ACCEPT THE PROVINCIAL OFFER

The Provincial lump sum payout offer of \$85,000 would enable the City to more than adequately recover the income which would be received now and in the future from the Cemetery Tax Fund. The investment return the City could get on \$85,000 would exceed current payments by \$1,500 per year. In fact, the offer would have the effect of maximizing the fund payments to Burnaby immediately rather than over the 30 - 40 year period it would otherwise take.

If Council accepts the payout offer, the money would be taken into working capital to generate investment income in excess of the funds we would ordinarily receive from the Cemetery Tax Fund.

We recommend that Council accept the one time lump sum payout of \$85,000 from the Province in lieu of future annual payments.


Rick Earle
DIRECTOR FINANCE

RE:vm
Attach.

cc: Director Administrative &
Community Services
City Solicitor



Province of
British Columbia

Ministry of
Labour and
Consumer Services

Cemeteries Branch
1019 Wharf Street
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V8V 1X4
Telephone: (604) 387-1271

Our file #1300/1301

January 20, 1993

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Mr. R. Elligott
Tax & Licence Director
The Corporation of the
District of Burnaby
4949 Canada Way
Burnaby, B.C. V5G 1M2

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Dear Mr. Elligott:

Re: Cemetery Company Act and Cemetery Tax Fund

Under the provisions of the Cemetery Company Act, a fund was required to be established into which two cemeteries in Burnaby, Ocean View and Forest Lawn, are required to make annual payments. Payments into the Fund are based on a formula of number of plots sold annually and fixed by the Act at 1935 land values. As you are aware, the Act further requires that an annual interest payment be made from the Fund to Burnaby at a statutory interest rate of 4%.

The effect of the fixed 1935 land values and fewer plots sold (cremation is now preferred by 70% as a means of disposal) means diminishing contributions in the years ahead. Contributions will come to a stop in about 30 years when all available property is sold.

Ocean View and Forest Lawn are the only two remaining cemeteries that were incorporated and still operate under this archaic legislation.

It is desirable to have this legislation repealed and the fund, which currently contains some \$97,000.00, extinguished. To settle this matter, we propose a lump sum payment from the fund to Burnaby in the amount of \$85,000.00, with the cemetery administration retaining the remaining balance of approximately \$12,000.00 to defray windup and administration costs. The effect of the repeal of the Act means the two cemeteries no longer would be required to make any payments in this matter.

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Mr. R. Elligott

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January 20, 1993

I would appreciate your considering this proposal and advise us of its acceptability at your earliest convenience.

Yours truly,



Paul Snickars
Registrar

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