

REPORT
2001 February 05

CITY OF BURNABY

COMMUNITY HERITAGE COMMISSION

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

RE: FEDERAL TAX INCENTIVES FOR HERITAGE BUILDINGS

RECOMMENDATION:

1. THAT Council send a letter to the Honourable Paul Martin, Minister of Finance, and to the Honourable Sheila Copps, Minister of Canadian Heritage, Parliament Buildings, Ottawa, Ontario requesting that the Federal Government implement a system of tax incentives to support private investment in heritage buildings and also donations of heritage property to the public as outlined in the Federal Budget of February 2000 as soon as possible.

R E P O R T

The Community Heritage Commission, at its "Open" meeting held on January 11, 2001 received the *attached* report supporting an amendment to the Income Tax Act to remove some of the financial/tax disincentives to the preservation of heritage properties. The issues relate to the terminal loss provision which provides a tax write-off for demolished rental buildings, the provision that heritage restoration cannot be written off as a maintenance cost in rental buildings and the removal of the Capital Gains tax that owners have to pay even when they donate a property to a local government or non-profit conservation society.

Copy: City Manager
Director Planning and Building
Director Finance

In considering this report, the Commission amended the original recommendation to include donations of heritage property to the public. This amendment was deemed appropriate in order to reiterate a previous request made by Council to the Federal Government and to the F.C.M. on 1997 July 07 (see attached Appendix "A").

The Community Heritage Commission considers it important that the continued support of the City of Burnaby for these Federal Tax initiatives announced in 2000 be registered with the Federal Government.

Respectfully submitted,

Councillor Celest Redman
Chair

Councillor Dan Johnston
Vice Chair

TO: SECRETARY,
COMMUNITY HERITAGE COMMISSION

2000 January 05

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: FEDERAL TAX INCENTIVES FOR HERITAGE BUILDINGS

RECOMMENDATION:

1. **THAT** Council be requested to send a letter to the Honourable Paul Martin, Minister of Finance, and to Ms. Sheila Copps, Minister of Canadian Heritage, Parliament Buildings, Ottawa, Ontario requesting that the Federal Government implement a system of tax incentives to support private investment in heritage buildings as outlined in the Federal Budget of February 2000 as soon as possible.

REPORT

1. BACKGROUND:

In 1997 July, Council forwarded a resolution to the Federation of Canadian Municipalities requesting that they petition the Federal Government to amend the Income Tax Act to remove some of the financial/tax disincentives to the preservation of heritage properties. The issues related to the terminal loss provision, which provides a tax write-off for demolished rental buildings, the provision that heritage restoration cannot be written off as a maintenance costs in rental buildings, and the removal of the Capital Gains tax that owners have to pay even when they donate a property to a local government or non-profit conservation society (refer *attached* resolution from 1997).

2.0 CURRENT SITUATION:

In the Federal Budget brought forward in February 2000, the Government announced that they would be providing tax relief for heritage buildings in response to the pressures from many local and provincial governments as well as conservation groups. Staff are advised by Heritage Canada Foundation staff, a non-profit heritage organization in Ottawa that there has been progress on this matter but that new legislation has not yet been prepared and it is deemed desirable that those communities such as Burnaby who have raised this issue continue to register their concerns with the Federal Government.

At present there are buildings in the City that are of heritage significance that are used by the owners to generate income that could benefit from a tax program that supports these investments by the private sector.

The review and modification of the existing Federal tax policies towards heritage buildings would reduce the rate of loss of heritage buildings and would stimulate investment in restoration and retention. Upgraded buildings may well produce greater income which will in turn generate some increase in taxes that reflect the increased utility of the buildings. Federal tax incentives for heritage should be viewed as a social investment in nearly every community in Canada.

It is considered important that the support of the City of Burnaby for these Federal Tax initiatives announced in 2000 be registered with the Federal Government.



D. G. Stenson
Director Planning and Building

BR:hr
Attach.

cc: Heritage Canada Foundation
Heritage Society of B.C.
Director Finance

P:\Heritage\CHCRpt-TaxIncentives

Re: Amendments to the Income Tax Act: Heritage Buildings

WHEREAS the terminal loss provision of the Income Tax Act provides an incentive to demolish buildings that, potentially, have heritage value; and,

WHEREAS treating heritage building restoration costs as capital improvements under the Income Tax Act does not provide as much of a financial incentive to do restoration work as would treating them as maintenance costs; and,

WHEREAS the capital gains provisions of the Income Tax Act as they are applied to the donation of heritage buildings (immovable property) provide significantly less incentive for donation than the Income Tax incentives for movable property.

THEREFORE, BE IT RESOLVED that the Federation of Canadian Municipalities be requested to petition the Federal Government to amend the Income Tax Act in order to provide incentives for the retention, restoration and donation of heritage buildings in Canada; and

BE IT FURTHER RESOLVED that a copy of this resolution be forwarded to the City of Victoria.

Council Meeting
1997 JULY 07

