VILLAGE OF SAYWARD
COMMITTEE OF THE WHOLE
AGENDA
MARCH 16, 2020 – 2:00 PM
COUNCIL CHAMBERS

1. **Call to Order**
2. **Introduction of Late Items**
3. **Approval of Agenda**

   Recommended Resolution:

   THAT the agenda for the Committee of the Whole Meeting for March 16, 2020 be approved.
4. **Correspondence**

   Recommended Resolution:

   THAT the following correspondence be received.

   a) Ministry of Municipal Affairs and Housing – Interim Business Property Tax Relief program
5. **Unfinished Business – Website Project**
6. **Staff Reports**
7. **New Business**
8. **In Camera**
9. **Adjournment**

   Recommended Resolution:

   THAT the Committee of the Whole Meeting for March 16, 2020 be adjourned.

BRITISH
COLUMBIA

February 24, 2020

Dear Chief Administrative Officer/Chief Financial Officer:

Subject: Interim Business Property Tax Relief Program

On behalf of the Ministry of Municipal Affairs and Housing, I am providing this material for distribution to municipalities to ascertain which communities might be interested in implementing the proposed property tax exemption for 2020.

Today, the Province tabled legislation to provide immediate, short-term property tax relief for tenants in commercial properties who are disproportionately affected by an increase in property taxes, particularly small businesses, non-profits and arts and culture organizations.

This Interim Business Property Tax Relief program would allow municipal governments to give businesses relief for the current tax year, while the Province continues to work with local governments and key stakeholders to develop a permanent solution that works for everyone. Municipalities would choose whether to use the program, as well as how many properties to exempt, and to what extent.

In anticipation of quick implementation, the Province took the exceptional step of pre-announcing the legislation on January 17th and has been working with interested municipal staff to help them prepare for implementation. Staff in the Ministry of Municipal Affairs and Housing held a number of meetings with a working group of municipalities, primarily from Metro Vancouver. I want to thank them for their input and advice.

As indicated during those conversations, the Ministry has also developed a user guide, a model bylaw and a sample public notice to help municipalities meet the tight implementation deadline for 2020. BC Assessment has also been working with municipalities to provide data to help them identify potential properties for exemption.

To help you in determining if your municipality is interested in using the legislation, I have attached a backgrounder for your consideration. If you have any questions, please feel free to contact Brian Currie at Brian.Currie@gov.bc.ca or (250) 356-6075.

Thank you for support for this interim solution as we continue to work together to find a permanent solution that works for communities of all sizes.

Sincerely,

David Curtis
Assistant Deputy Minister
Ministry of Municipal Affairs and Housing

Ministry of Municipal Affairs and Housing

Assistant Deputy Minister and EFO
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BACKGROUNDER
INTERIM BUSINESS PROPERTY TAX RELIEF

POTENTIAL BENEFITS

- If passed, the legislation would enable municipalities to provide immediate, short-term property tax relief for commercial property tenants who have been struggling for years with unexpected and significant property tax increases, particularly small businesses, non-profits and arts and culture organizations.

- If municipalities choose to use the tool, they would be able to exempt, by bylaw, a portion of the commercial (Class 5 – Light Industry and Class 6 – Business and Other) property value from taxation; this would result in lower property taxes for commercial lessees who are required to pay all or a portion of these taxes under the terms of their leases.

DURATION OF THE INTERIM SOLUTION

- This legislation would allow municipalities to give targeted relief for up to five years (through the 2024 tax year), while the Province continues to work with local governments and key stakeholders on a permanent solution.

- However, we do not think it will take five years to find a permanent solution that works for everyone; once we introduce a longer-term mitigation strategy, this interim solution would be rescinded, and the permanent fix would replace it.

SUPPORT FOR MUNICIPALITIES

- To help municipalities meet the tight timelines for 2020, we pre-announced the legislation and have been engaged in several outreach efforts with interested municipalities under the terms of non-disclosure agreements. We also extended the bylaw adoption deadline and adjusted notification and adoption requirements for 2020, and BC Assessment is providing property data when requested so municipalities can run some preliminary numbers.

- As well, we have prepared a user guide, model bylaw and sample notice to provide further support for implementation.

- If your municipality is interested in implementing the Interim Business Property Tax Relief program for 2020, please contact Brian Currie at Brian.Currie@gov.bc.ca or (250) 356-6075 for more information.

ELIGIBILITY REQUIREMENTS

- The legislation would have a basic framework requiring a property to be assessed as commercial and occupied by at least one commercial tenant responsible for property taxes in whole or in part, the amount of which varies with the amount of tax imposed.

- The legislation would also require a municipality to set certain criteria thresholds properties would have to meet to be eligible for this exemption. This is to ensure municipalities have flexibility and autonomy in addressing their unique community needs, at the local level. These include:
    - Base year (2015 or any year thereafter), to use as comparison to the current tax year;
    - Percentage increase in assessed Class 5/6 land value over base year (e.g., the combined Class 5/6 land value for 2020 must be 50% higher than it was in 2015);
    - Minimum land value percentage of total assessed value (e.g., for the current tax year, the portion of the total assessed value of the property attributable to land must be 80%); and
    - Percentage of the exemption by property, area or kind (e.g., all properties in neighbourhood X receive a 10% exemption).

- This issue looks very different in each community. A top-down, blanket approach from the Province would be moving in the wrong direction; municipalities are in the best position to address the issue in their communities and determine what specific properties need relief.

- It would be up to municipalities to determine annually which properties are eligible and the amount of the exemption.

MUNICIPAL TAX REVENUE IMPLICATIONS

- Municipalities would be able to decide whether to give up the municipal tax revenues those properties would have generated or redistribute the tax burden within or among classes by adjusting tax rates.

INTERIM SOLUTION VS. SUB-CLASS PROPOSAL

- Introducing a new sub-class would have further complicated an already complex assessment system, required a new methodology for valuing "development potential", and was legislatively challenging to implement. Precedent-setting changes to the assessment system need to be done thoughtfully and with great care as they have a significant impact and potential for unintended consequences.

- The UBCM resolution was only endorsed by a small margin (54% Yes, 46% No) and while it reflects a strong desire on the part of municipalities to provide relief to small businesses, it was also clear that there was significant concern about whether that approach would work for all municipalities, not just those in Metro Vancouver.

- This interim solution would allow municipalities to give businesses and organizations immediate relief while the Province continues to work with local governments and key stakeholders to develop a permanent solution that works for everyone.

FLOW-THROUGH TO SCHOOL TAXES

- This exemption would flow through to school taxes.

- Municipalities would be required to raise the same amount of school tax revenue as would have been raised without the exemption by adjusting school tax rates for Class 5 and/or Class 6.