

## The System

Property taxation depends upon two different but interrelated mechanisms:

1. Establishment of property values for land and improvements, which is the exclusive responsibility of the BC Assessment Authority (BC Assessment) – see Fact Sheet #20; and
2. Establishment of a tax rate which, when multiplied by the property value, will raise the appropriate amount of property taxes – see Fact Sheet #11.

## Assessments

Since 1974, BC Assessment has been responsible for preparing assessments for property taxation purposes. The *Assessment Act* describes the methods to be used in valuing and classifying property, the rules for providing assessment notices and assessment rolls to property owners and taxing bodies and a framework for review and appeal of the valuation, classification and exemption of property.

## Valuation

BC Assessment must establish the assessed value for all land and improvements in the province. The *Assessment Act* and its regulations set out the valuation methodology. Assessors must take a number of factors into consideration in establishing the assessed value of a property (e.g., use, selling price of comparable land and improvements, revenue or rental value). In addition, the method of valuation may be different for different types or classes of property. For example, while property in Class 6 (Business and Other) is valued at market value, improvements in Class 4 (Major Industry) are valued on a cost less depreciation basis.

## Classification

BC Assessment classifies properties into one or more of the nine property classes set out in *Assessment Act* regulations. The following table sets out the classes and the total 2018 assessed value (actual value before exemptions) for each of the classes, in BILLIONS:

Class 1. Residential	\$1,445.51
Class 2. Utility	\$29.07
Class 3. Supportive Housing*	\$0.00
Class 4. Major Industry	\$8.88
Class 5. Light Industry	\$24.27
Class 6. Business and Other	\$291.00
Class 7. Managed Forest	\$1.44
Class 8. Recreation/Non profit	\$59.73
Class 9. Farm	\$1.26

\*New class introduced in 2008. Properties in the Supportive Housing

class are regulated at \$1 for land and \$1 for improvements.

Note: The numbers above are from 2018. Please see the BC Assessment website for the most up to date numbers.

As a general rule, the tax rate for all properties within a property class must be the same but tax rates for properties in different classes may be different. Taxing jurisdictions customarily set different tax rates for each of the property classes – see Fact Sheet #11 for more information about setting tax rates for each assessment class.

## Exemptions

Property may be exempted in whole or in part from taxation. Exemption provisions are complex; some of the highlights are:

- A number of mandatory exemptions are provided in Division 6 of Part 7 of the *Community Charter* [s. 220-223]. For example, properties owned by the municipality, buildings used for public worship and property of a public library.
- Properties owned by the Federal and Provincial governments and agencies are also exempt from taxation, although in many cases the government or agency will pay a grant in lieu of taxes.
- Some property owned by a utility company is exempt from general taxation but subject to a 1% utility revenue tax in lieu [LGA s. 644].
- Various other provincial statutes provide exemptions for certain properties, including: \$10,000 for each property in the business class, certain properties are eligible for exemption under the *Tourist Accommodation Relief Act*.
- In addition to these mandatory exemptions, municipalities have the opportunity to exempt certain properties from taxation. These types of exemptions are considered permissive, in that granting of the exemption is at the discretion of individual municipal councils. Authority for permissive exemptions, and the requirements relating to the exemptions, are set out in Division 7 of Part 7 of the *Community Charter* [s. 224-227]. Properties eligible for exemption are generally limited to those owned by not for profit organizations, although exemptions may be provided in very limited circumstances to properties owned by a business (e.g., property owned by a partner providing a municipal service, property within a revitalization area).

## Assessment Rolls

Assessment rolls are produced annually by BC Assessment. The assessor must, before October 31, supply to each municipality a preview roll and estimate of the total assessed value of each property class within the municipality. However, the Assessed Values Estimates Extension Regulation extends that date to January 5. On or before December 31, the assessor must complete a new assessment roll containing a list of each property within a municipality or rural area and mail a notice to each person named on the roll.

**Review and Appeal** The *Assessment Act* provides for a Property Assessment Review Panel (PARP) and a Property Assessment Appeal Board (PAAB). Further avenues of appeal may also be available through the Courts. Notice of a complaint against an assessment (or, in the case of a municipality, against the roll or any individual entry on the roll), must be given by January 31 of the year following the year in which the assessment roll is completed. PARPs must complete their review by March 15, after which the assessor must make the applicable changes to the assessment roll. The assessment roll reflecting the PARP changes becomes the basis for taxation for the year. Further changes to the roll for that year (e.g., changes resulting from a PAAB decision) may occur after taxes have been imposed, in which case the tax liability for those affected by the change will require adjustment.

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