

## PROVINCIAL BUDGET ADDRESS: Points of Interest to Local Government

The Ministry of Community, Aboriginal and Women's Services budget estimates for local government transfers increase slightly from \$158 to \$161 million. The Small Community Protection and traffic fine revenue sharing programs remain at last year's levels and are projected to be maintained again for the two following fiscal years, according to the Ministry's Service Plan. The overall increase can be attributed to funding for the Infrastructure program.

The Ministry's three objectives will be:

- move from provincial control to local autonomy by enacting the Community Charter;
- move from direct delivery of programs and services by provincial government employees, to delivery by communities and third parties; and
- move from prescriptive regulations to objective-based codes and standards.

The budget confirmed many of the decisions unveiled in the Ministry's Core Services review announced on January 17<sup>th</sup> (see UBCM In the House release of January 18) including:

- closure of 24 courthouses (also mentioned is reform of bylaw and traffic offences processes);
- elimination of funding for treaty negotiation advisory processes; (The TNO service plan does target 40 consultation meetings with local government and others in the next year.)
- implementation of a cost-shared forest fire protection model;
- devolving responsibility for non-industrial forest roads and the maintenance of forest recreation sites and trails;
- increasing resources for police service infrastructure (\$28 million over three years); and
- reducing parks service resources where recreational usage is low.

The full Core Services Review Plans for all Ministries and many agencies and Crown corporations were released along with the Budget. The government also released its overall three-year strategic plan. It refers to:

- undertaking a consultation process to review civil liability issues (AG);
- increased local government autonomy to increase the capacity of local governments to make decisions and to fund the services within their jurisdiction. Develop and implement a Community Charter;
- revising provincial safety standard regulations to self-regulation, compliance and outcome-based codes and standards (MCAWS);
- rationalizing regulation of the construction/housing industry and develop a plan to address the leaky condominium situation; and
- giving communities more say in transportation planning priorities by establishing regional transportation committees that will determine priorities.

The government also announced with respect to treaty making, a new Economic Measures Program (\$10 million each year for three years) and a change from comprehensive treaty making to incremental treaty making. The Budget also provides an additional \$3 million for monitoring drinking water quality.

In other matters, the Forests Ministry Budget Plan includes moving to a defined forest area management model; a results-based Forests Practices Code; a market-based pricing system; and increased effectiveness of the Small Business Forest Enterprise Program. The Budget Address also refers to tenure reform. Funding for northern and rural roads will increase by \$10 million.

## Legislation

Three Bills were introduced along with the Budget. Some points of interest include:

- the *Emergency Program Act* is being amended to ensure expenditures from the statutory appropriation are limited to responding to imminent or actual emergencies or disasters.
- dissolves Fisheries Renewal and Forest Renewal BC.
- repeals the Natural Resource Community Service Fund – this fund has been inactive for many years.

## Revenue Measures

### School Tax

#### *School Taxes and Rates*

The average gross residential school property tax will increase by 2%, yielding a net revenue increase of \$11 million (when changes due to new construction and home owner grants are netted out). The increase on individual tax bills will vary depending on the value of individual properties.

Residential school tax rates are set according to the residential school tax formula, which has been used since 1991. Rates will be set in April when authenticated assessment roll data are available.

The eight Non-residential school property tax rates remain unchanged.

#### ***Multiple School Tax Rates Within a School District***

Changes will be made to the *School Act* for residential school property tax to allow the province to set more than one provincial school tax rate within a school district for municipalities that have much higher property values than the rest of the school district. This change is intended to allow the province to address situations where the variation from the average in a school district has become excessive.

The Budget background appendices indicate that these cases will be defined as situations where a municipality meets two tests:

- Average values in the municipality, as measured by the average value in the single-family residential subclass, must be at least twice as high as the average for the rest of the school district; and
- The tax saving from moving from a school district rate to a hypothetical rate for the municipality as its own school district must be greater than 20% of the hypothetical stand-alone rate.

For the 2002 property tax year, Tofino will be the only municipality to qualify for a separate rate.

### Rural Area Tax

The average gross residential rural area property tax will increase by 2%, yielding a revenue increase of \$1 million. Since average rural residential values were essentially unchanged for 2002, the provincial rural residential tax rate will increase from \$1.02 per \$1,000 of assessed value to \$1.04 per \$1,000 of assessed value.

Non-residential rural area property tax rates remain unchanged.

## Home Owner Grant

Confirm existing rules for the disability portion of the home owner grant and initiate a review of options for the future. The *Home Owner Grant Act* will be amended to confirm the use of the supplementary form for the years 1997-2001 inclusive and to confirm the requirement that applicants incur substantial costs for physical assistance or structural modifications in the home. Effective for 2002, regulatory changes will also be introduced to eliminate the supplementary form and replace it and the old Form B with a new simplified form. The home owner, rather than a physician, will verify that costs are incurred for physical assistance or structural modifications to the home. A regulation will also be introduced to ensure that home owners who qualified for a grant in 2001 will qualify for the grant in 2002.

The Budget Estimates documents indicate that about \$504 million was expended toward Home Owner Grants in 2001/02. The 2002/03 estimate is \$519 million.

## Translink Revenues

Under the *Motor Fuel Tax Act*: On behalf of Translink, increase tax rates on clear gasoline and diesel collected in the Greater Vancouver transportation service region by 2 cents per litre, effective April 1, 2002. This increase will yield an additional \$1 million.

Under the *Social Service Tax Act*: Provide authority for Translink to increase its parking tax rate up to 21%, from the current 7% limit, effective June 1, 2002. The tax does not apply to parking sold or leased to residents of residential dwelling units or to metered street parking.

## Taxpayer Exemptions

The *Hospital District Act* and the *Assessment Authority Act* will be amended to ensure that property tax exemptions are consistent among all taxing authorities that use the hospital assessment roll. Changes will be retroactive to December 31, 2001, so that they apply for the 2002 property tax year. No further details were provided on the changes being proposed.

## Other Tax Measures

Introduce a tax exemption under the *Social Service Tax Act* (i.e., provincial sales tax) for boats and travel trailers that are brought into the province by non-residents for non-commercial use, effective February 20, 2002. This change is consistent with a resolution endorsed at the 2000 UBCM convention.

To pay for the nearly \$800 million in compensation increases in the health sector in 2002/03, effective February 20, 2002 the general provincial sales tax rate will rise to 7.5% from 7%; the tobacco tax rate will increase by \$8 per carton of 200; and MSP premiums will increase by 50% on May 1, 2002.

Under the *Income Tax Act*: Income eligible for the small business tax rate will be increased to \$300,000 from \$200,000.