

Economic Incentive and Stabilization Measures

The Minister of Finance and Minister Responsible for the Olympics, the Honourable Colin Hansen, introduced Bill 45, Economic Incentive and Stabilization Statutes Amendment Act on November 20, 2008.

The legislation implements the measures identified in the Premier's Economic statement on October 22, 2008 and other items identified in a speech on November 1, 2008. The main themes in this Bill that impact local government are:

Property Tax Deferment

The legislation permits a property owner to request deferral of property taxes payable for the 2009 or 2010 taxation year, subject to the following conditions:

- The eligible property includes a building used for residential purposes that is the owner's principal residence;
- The owner must have been a BC resident for at least one year;
- The owner must be a Canadian citizen or a permanent resident;
- The owner must declare that they are facing financial hardship related to economic conditions.

With respect to interest on taxes deferred, the interest rate is the simple interest rate prescribed by the Minister. However, the interest rate prescribed by the Minister shall not exceed the prime-lending rate of the principal bankers to the government.

School Tax Credit

For the 2009 and subsequent tax years, an owner of a Class 4 property or Class 5 property is entitled to a credit equal to 50% of the school taxes levied in the taxation year on the Class 4 or Class 5 portion of the property.

For the purposes of calculating the school taxes payable, the collector for the municipality or the Surveyor of Taxes must deduct the amount of the credit from the school taxes otherwise payable under the Act by the owner.

For Class 4 and Class 5 properties, property tax notices will need to identify the amount of school taxes levied, the amount of the credit to which the assessed owner is entitled and the net amount of school taxes payable by the owner after deduction of the credit.

Property Value Assessment

Part 3 of the Bill provides special rules relating to valuation of property for the 2009 taxation year. It states that the actual value of most assessed properties for the 2009 taxation year is the lesser of:

- the 2007 value of the property, as described below, and
- the 2008 value of the property, determined in

accordance with the usual rules in the Assessment Act.

In determining the 2007 value, the valuation date is July 1, 2007. For properties with changes in physical condition or permitted uses subsequent to the 2008 roll but prior to October 31, 2008, the change will be included using a July 1, 2007 valuation date.

The Bill provides for special valuation rules for major industrial improvements, various utility improvements, designated ski hill properties, railway properties, ports lands and managed forest land for the 2009 taxation year. These valuation rules are intended to result in valuations on the same basis as those properties were valued for the 2008 taxation year.

The Bill provides authority for Cabinet to make regulations, as follows:

- for items not provided for in the changes in respect of the 2009 taxation year;
- for the purpose of more effectively bringing these changes into operation;
- for changes appropriate for the purpose of preventing, minimizing or addressing transitional difficulties and resolving errors, inconsistencies or ambiguities in the changes

These regulations may only be made until January 1, 2010, and can be retroactive to the extent necessary to apply to the 2009 taxation year.

In addition, Cabinet may, by order, establish the actual value of certain properties for the 2009 taxation year, and despite the Assessment Act, these orders may not be the subject of a complaint or an appeal under that Act.

An order can only be made if Cabinet finds that

unfairness to an owner of a property has occurred or is likely to occur and it is in the public interest to make the order. The power is applicable to any property, or parts of properties, that are not valued under section 19 of the Assessment Act (i.e., orders may be made in relation to: major industrial improvements; dams, power plants and substations; designated ski hill properties; designated port land; supportive housing property; certain utility and railway improvements; railway property; farm land and improvements on that land; managed forest land).

In determining the actual value of a property, Cabinet may:

- specify the actual value of the property, or
- establish rates, formulas, rules or principles for determining the actual value of a property, and
- determine actual value differently for different properties, different categories of properties, different areas or categories of properties, or different property classes.

These orders may only be made until March 31, 2009, and may be retroactive to the extent necessary for the purposes of the 2009 taxation year.

Commencement and Repeal

If the Bill receives Royal Assent, the School Tax Credit and Property Value Assessment changes noted above will take effect upon Royal Assent, and the Tax Deferment provisions will take effect on January 1, 2009.

The Bill also provides for the repeal of the Property Value Assessment changes on January 1, 2010.

REMINDER:

The LGLA Elected Officials Seminars, previously known as the UBCM Newly Elected Officials Seminars, will be offered once again in January and February 2009.

For a printable info sheet on the seminars, including how to register go to the website: www.lgla.ca