

February 28, 2020

The Honourable Selina Robinson
Minister of Municipal Affairs and Housing
PO Box 9056 Stn Prov Govt
Victoria, BC
V8W 9E2

Dear Minister Robinson:

Re: Bill 10 – *Municipal Affairs and Housing Statutes Amendment Act, 2020*

On behalf of the Union of BC Municipalities, I am writing to express concerns about Bill 10 introduced by your government on February 24, 2020. While UBCM agrees that there is a need to address the property tax challenges facing small businesses and arts, culture and non-profit groups, we do not agree on the proposed solution, as outlined within Bill 10.

As you are aware, our membership recommended a different path forward with the endorsement of resolution *B78 Support for Small Business and Creation of a non-Residential Sub Class in Property Tax Assessment* at the 2019 UBCM Convention. The enactment clause of B78 is as follows:

Therefore be it resolved the Province of British Columbia work with municipalities to make the necessary legislative and regulatory changes to enable implementation of the “Split Assessment through a New Commercial Sub-Class” approach in time for 2020 to enable municipalities to lower commercial property tax rate on properties where development potential has made it difficult to operate and provide the much needed relief for smaller businesses and the arts, culture and non-profit sectors.

Instead of asking for a property tax exemption, our members sought the establishment of a new commercial sub class that would provide for a split assessment. This process would allow municipalities to tax the existing use differently from the development potential or “highest and best use”. This split assessment approach was also recommended in May 2019 as the proposed solution by the Intergovernmental Working Group (IWG) that was established to work with provincial staff on this file.

Member municipalities involved in that IWG have recently advised that they do not support the interim permissive property tax exemption legislation. As UBCM President, I agreed to become a signatory to their February 27, 2020 letter recognizing that this is not the solution that BC local governments requested.

While we appreciate the Province's desire to act quickly and find a solution for the 2020 tax year, the proposed interim property tax relief legislation is fraught with many challenges, as outlined in the Appendix to the February 27th letter from metro mayors. And upon closer review of the legislation UBCM has flagged the obligations to keep school taxation whole; and other negative consequences that may result if one community adopts the enabling legislation and another doesn't or if it is implemented differently in one municipality compared to another.

UBCM is also concerned about the lack of consultation and engagement on Bill 10. At a meeting earlier this year, UBCM was advised of the approach that would be taken by the Province, but were not consulted. And, while UBCM is very supportive of the extensive work that has been undertaken by the IWG members, this group is not representative of all BC local governments.

On behalf of UBCM, we would encourage the Province to take direction from endorsed resolution 2019-B78 and the recommendations from the IWG and continue to work to find a permanent fix to this problem by fully exploring the option of establishing a new commercial sub class.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maja Tait', with a stylized, cursive script.

Mayor Maja Tait
UBCM President