

MOTION

12. A Proposed Alternative to Provincial Encroachment on the City of Vancouver's Municipal Tax Base

At the Regular Council meeting on December 4, 2018, Vancouver City Council referred the following Motion to the Standing Committee on City Finance and Services meeting on December 5, 2018, in order to hear from speakers.

SUBMITTED BY: Councillor Bligh

WHEREAS

1. Property taxes are the main source of tax revenue for the City of Vancouver and other British Columbia municipalities;
2. In addition to municipal property taxes, the City of Vancouver also collects school taxes on behalf of the Province and remits these revenues to the Province;
3. Starting in 2019, the Province of British Columbia plans to apply a controversial surcharge on the provincial school tax, the proceeds of which will flow to the Province's general tax revenues;
<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/school-tax>
4. The Province's surcharge on school taxes will apply to most "high-valued residential properties in the province", specifically those assessed at \$3 million or more;
5. The Province's school tax surtax rate will be an additional 0.2 percent on the residential portion of properties assessed between \$3 million and \$4 million (i.e., an additional \$2,000 surtax), and 0.4 percent on the residential portion of properties assessed over \$4 million (i.e., an additional \$4,000 surtax per million of assessed value);
6. Unlike the provincial school tax, and municipal property taxes, the Province's new surtax is not based on an equitable mill rate – it is based on a straight percentage of assessed value and assumed wealth, and it sets a controversial precedent;
7. There is an inequitable collection of the tax from those municipalities that have a higher distribution of homes valued over \$3 million, including the City of Vancouver;
8. The Province's surcharge on the provincial school tax represents an encroachment on the City of Vancouver's municipal tax base. Residents could perceive the increase on their property tax bill is a result of municipal financial mismanagement and thus could 'revolt' against City of Vancouver property tax increases.

THEREFORE BE IT RESOLVED

THAT the Mayor of Vancouver on behalf of City Council send a letter to the Premier, BC Minister of Finance, Leader of the Opposition and Leader of the BC Green Party requesting that the Province withdraw the proposed surcharge on the provincial school tax and recommend that the Province use other tax-generating options available to the Province, such as the progressive income tax system, to fund the BC budget; and

FURTHER THAT it be noted in the letter to the BC Minister of Finance that the Province's progressive income tax base could more equitably generate the \$250 million in revenue that the surtax is expected to raise toward the provincial budget – e.g., a 0.25-per-cent increase applied to the top income tax bracket would mean that a taxpayer with a net income of less than \$150,000 per year would pay no additional income tax while someone earning a net income of \$250,000 per year would only pay \$250 in additional income tax.

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