

TAXATION OF BC HYDRO

The Comox Valley Regional District board, on occasion, elects to support province-wide concerns and issues in the form of a board resolution. These resolutions are normally forwarded first to the Association of Vancouver Island Coastal Communities (AVICC) for consideration but may also be forwarded directly to the Union of British Columbia Municipalities (UBCM). Based on the nature of the concerns, UBCM will either endorse or not endorse the recommendation and if endorsed, will present the concerns to the provincial or federal government on behalf of all BC municipalities and regional districts.

Date of Board meeting: May 10, 2011

Board Resolution:

WHEREAS crown corporations are expected to pay their fair share of property taxes by providing a grant-in-lieu;

AND WHEREAS private utilities pay property taxes to municipalities and regional districts on property including rights-of-way for distribution and transmission lines, and private utilities and BC Hydro provide municipalities a 1 percent tax on gross sales revenues within their jurisdictions;

THEREFORE BE IT RESOLVED Union of British Columbia Municipalities lobby the Province of British Columbia to explore the taxation of BC Hydro and implement a fair and equitable method of compensation to all local governments for the provision of local and regional services.

This resolution was referred to UBCM on, May 10, 2011

A response was received on October 4, 2011

Response from UBCM :

CONVENTION DECISION: NOT ADMITTED FOR DEBATE
Refer to resolution B23.

On motion, was ENDORSED at annual convention:

The Resolutions Committee notes that the UBCM membership has consistently endorsed resolutions relating to Crown Corporation assets and the payment of either grants in lieu of property taxes, or full property taxes based on assessed property values (2009-B44; 2005-B96; 2001-B21; 2001-B24; 1995-A6).

Further, UBCM General Policy 1.8 states that “property taxation distribution...should be based on actual value assessments and grants in lieu of taxes paid by other governments and their agencies should be paid on the same basis as the ordinary taxpayer.”

In response to resolution 2001-B21, the BC Ministry of Finance stated that “[s]ome provincial investments are so massive that full grants would be out of all proportion to the services that communities provide these Crown investments and would completely distort the tax bases of these communities by comparison with other communities.

The BC Hydro dams on the Columbia and Peace rivers are examples of such massive investments.” The provincial government in 2009 indicated that it had reviewed its grants-in-lieu policy and made a decision to create a more transparent policy rationale for calculating the grants for generating facilities to provide additional funds to communities which host and/or are impacted by power generating facilities, and for adjusting these grants into the future and to enhance payments already made to regional districts.

The Province also indicated that it had decided not to provide additional grants on other provincial facilities in regional districts. Under the Community Charter s. 220(1)(a), Crown Corporations are exempt from paying property taxes. See also resolutions C11, C12, C13 and C14.

Additionally this resolution was referred to:

The response from the Ministry of Finance was:

Ministry of Finance

Government announced a revised grants-in-lieu policy in 2006 that created a transparent basis for calculating the grants that BC Hydro pays in respect of its generating facilities. The revised policy also increased the grants paid to communities that host and/or impacted by those facilities.

Government also decided to not provide grants to regional districts for BC Hydro transmission and distribution lines. However, given the length of time since the last review, the issue of grants-in-lieu paid by BC Hydro with respect to its transmission and distribution assets, the Minister of Finance agreed to consider this resolution during the preparation of Budget 2012.