

Fire Service Charge

UBC Neighbourhoods
Taxation Working Group
Presentation to UNA Board
January 10, 2017

Background

- 2014: Internal government discussions
- August 2014: Direction from Cabinet Working Group for Core Review to recover the cost of fire protection for UBC's market properties
- May 2015: CSCD staff informed UBC staff of plan to recover fire service costs
- September-November 2015: UBC worked with CSCD staff on implementation

Background (cont'd)

- December 2015: UBC staff briefed UNA directors on confidential basis
- February 2016: CSCD staff briefed UNA directors
- March 2016: UNA informed residents of the fire service charge

Background (cont'd)

- Sample page from FOI request

Burns, Susan G AVED:EX

From: Burns, Susan G AVED:EX
Sent: Tuesday, October 21, 2014 9:40 AM
To: Brewster, Kevin AVED:EX; Porter, Donna A AVED:EX
Cc: Loughran, Tony D AVED:EX
Subject: Confidential - background for mtg today at 2:00 with CSCD

UBC Neighbourhoods Taxation Working Group

- Initially, George Mackie, Ying Zhou and Bill Holmes, later joined by Laura Cottle
- Used all avenues to oppose the fire service charge
- Sent letters to Ministers Fassbender (CSCD) and de Jong (Finance)
- Encouraged residents to write emails to the Ministers

UBC Neighbourhoods Taxation Working Group (cont'd)

- Met with UBC staff two or three times to obtain background
- FOI requests to the provincial government
- Met with David Eby in September
- Met with Minister Fassbender in October
- Website: www.ubcresidents.ca

CSCD Rationale for Fire Service Charge

- UEL funds its share of fire protection costs through a higher general rural tax rate
- Other unincorporated areas that have fire protection services pay a fire levy, which is in addition to the general rural property tax

Comparison with UEL

- According to CSCD:

The province recovers a portion of fire protection service costs from UEL residents via a general 'rural' tax rate that is higher than that paid by UBC neighbourhood residents (e.g. in 2015, the Class 1 residential rural rate for UEL is 0.8682 per \$1,000 assessed value and for the UNA it is 0.5700 per \$1,000 assessed value).

- This statement contains an error and is highly misleading

Comparison with UEL (cont'd)

- UEL residents do not pay the general rural property tax; they pay tax at a UEL-specific rate determined pursuant to the University Endowment Land Act.
- The UEL rate is based on costs to run their community, including an amount for fire protection service, i.e., similar to the tax rate in a municipality.
- *All* the tax collected from UEL residents and businesses is applied to run their community (UEL administration staff, services, maintenance, capital improvements, etc.).

Comparison with UEL (cont'd)

- The general rural property tax collected from UBC residents and businesses goes into the CRF; *none* is returned to fund community expenses. For 2015, the amount was nearly \$2 million.
- For 2016, the UEL residential tax rate was 0.7980; the UBC neighbourhoods rate (general rural property tax plus services levy) was 1.455470.

Comparison with Other Unincorporated Areas

- The problems with this rationale are discussed in detail in the attachment to our May 23, 2016 letter to the Minister of Finance
- In brief, the purpose for paying the general rural property tax is not applicable to the UBC neighbourhoods. Even if that purpose were applicable, it would justify only a small portion of the tax.

Comparison with Other Unincorporated Areas (cont'd)

- Bottom line: we get nothing, or almost nothing, in return for the general rural property tax (\$2 million in 2015)

What the UNA Can Do

- The fire services charge imposes a substantial financial burden on the community, with negative impacts for the UNA, its services and its residents
- The UNA has not made a strong, public statement opposing the charge:
 - March 10, 2016 letter from UNA Board Chair to the Deputy Minister accepted the charge
 - September Board resolution is perceived by our MLA, David Eby, as supporting the charge

What the UNA Can Do (cont'd)

- We are asking the UNA to express its opposition to the fire service charge in a letter to Minister Fassbender
 - We have prepared a letter that we suggest be used
- This issue needs to be kept alive in the lead-up to the provincial election
- We also ask the UNA to remove the government's rationale for the charge from its website

What the UNA Can Do (cont'd)

- The UNA should *not* ask the provincial government for information on the use of the general rural property tax:
 - The tax is not earmarked or applied for specific purposes
 - The government has made numerous statements about the purpose of this tax in the past—see our May 23, 2015 letter to the Minister of Finance
 - A request to the government would invite a self-serving response that may be inconsistent with those past statements and cannot be refuted

Questions?