

Mayor's Report

The Inexplicable Provincial Property Tax

The residential 'Provincial Property Tax' (PPT), commonly referred to as the "School Tax", is a property tax that home owners must pay to the Province alongside the property taxes paid to local governments and other taxing authorities. However, given that the PPT is not directly related to school financing, the use of the term "School Tax" instead of "Provincial Property Tax" is misleading and lacks transparency. The PPT is a source of general government revenue; that is, the PPT goes directly to the provincial treasury where it is consolidated with the general revenue fund. From there the PPT is allocated towards all provincial programs, which include healthcare, education, and social assistance.

Currently, the Province applies a different tax rate for each of the Province's 60 school districts. (Why are the Province's school districts used? Why not use the 29 regional districts in B.C?) The PPT tax rate (the amount of tax per \$1000 of property value) is highest in districts where average property values are low, and lowest in districts where average property values are high. Application of a single PPT tax rate to a single school district implies that two conditions exist: first, homes having higher assessed values within a given school district must pay higher PPT relative to lower assessed homes; and second, homes of equal value must pay equal amounts of tax. However, this is not true when you compare homes across school districts. A 1988 GVRD report notes that "the inequities in school financing which existed prior to 1982 under the uniform mill rate [tax rate] have been perpetuated under the present funding arrangements".

The details of the current PPT formula are complex, arbitrary and inequitable. The Province sets a tax revenue target for residential properties equal to 10% of school expenditures. (Where did that percentage come from?) The Province then divides this amount into two equal portions. (Why?) It calculates a provincial per-household amount that will raise half of this portion, and a uniform provincial tax rate to raise the other half. (Again, why?) The Province multiplies this provincial per-household amount by the number of households in a school district, and applies the uniform tax rate to the school district's assessed residential property value. The sum of these two calculations is the amount of tax revenue each school district must provide to the Province, and the Province calculates a district-specific tax rate to realize the targeted district PPT revenue. (The formula for calculating the PPT needs to be based on a clear set of principles, including fairness and equity, that reflect the fact that the PPT goes to the Provincial general revenue fund.)

The PPT imposes significant financial inequity on [Metro Vancouver](#) property owners, both compared to the rest of the Province and between municipalities within Metro Vancouver. An examination of Local Government statistics compiled by the [Ministry of Community, Sport and Cultural Development](#) clearly show inconsistencies regarding PPT, both between regions of B.C. and within Metro Vancouver. For example, on average in 2014, property owners within Metro Vancouver paid more than double the PPT (\$1,351) compared to Northern and Rural Areas (\$632) — see attached summary data. Since the [Home Owner Grant](#) is primarily deducted from the "School Tax", Northern and Rural Areas paid almost no PPT in 2014, which means that Metro Vancouver property owners effectively subsidize property owners in the rest of the Province to the extent of the total value of the "School Tax".

Metro Vancouver's decreasing [Home Owner Grant](#) levels have caused net residential-class PPT to increase faster than it would have otherwise. In Metro Vancouver, the 5-year average annual growth in net residential-class PPT was 6%; compared to 0% for the rest of the Province. The 5-year average annual growth of gross residential-class PPT revenue in Metro Vancouver was 3.8%, compared to 0.6% for the rest of the Province. This difference between the annual growth of gross versus net residential-class PPT is due to declining [Home Owner Grant](#) levels within Metro Vancouver.

Inexplicably, the Province exacerbated the inequity regarding the [Home Owner Grant](#) program with the introduction in 2011 of the [Northern and Rural Home Owner Grant](#) which provides an additional \$200 for eligible homes in Northern and Rural Areas; that is, those areas outside of Greater Vancouver, Fraser Valley, and Capital Regional Districts. **What is the Province's rationale for providing this discriminatory \$200 grant to Northern and Rural Areas?**

An examination of Local Government statistics for Metro Vancouver municipalities also show disturbing anomalies. Comparison of the PPT tax rate applied in 2014 to Belcarra versus Lions Bay shows a rate of 1.7796 for Belcarra and a rate of 1.1804 for Lions Bay. Notwithstanding that the average assessed values of single family dwellings (SFD) are quite comparable between the two municipalities, the average home owner in Belcarra paid \$1,672 in PPT in 2014 versus \$1,115 in Lions Bay, a difference of \$557.

Similarly, a comparison between West Vancouver and North Vancouver show a PPT tax rate of 1.1804 applied to West Vancouver in 2014 versus 1.4918 applied to North Vancouver. In other words, a house assessed at \$1.5 million in West Vancouver paid \$1,770 in PPT in 2014, whereas the same house in North Vancouver paid \$2,238, a difference of \$468. **What is the Province's rationale for applying significantly different PPT tax rates to neighbouring municipalities within Metro Vancouver?**

Belcarra Council believes that the foregoing issues warrant corrective action by the Provincial Government, and has asked our MLA, [Linda Reimer](#), for a comprehensive response regarding the foregoing.

**Ralph Drew
Mayor**

MINISTRY OF COMMUNITY, SPORT AND CULTURAL DEVELOPMENT

LOCAL GOVERNMENT STATISTICS

SCHOOL TAX IMPACT ON A REPRESENTATIVE HOUSE – 2014

MUNICIPALITY	RD	GENERAL PURPOSES RESIDENTIAL ASSESSED VALUE	TOTAL NUMBER OF HOG GRANTS	AVERAGE SFD VALUE	SCHOOL TAX RATE	SCHOOL TAX ON AVERAGE HOUSE VALUE
Total Fraser Valley Regional District		29,269,318,930	66,426	\$ 440,630		\$ 818
Total Capital Regional District		62,181,385,354	90,039	\$ 690,605		\$ 1,016
Total Greater Vancouver Reg. District		525,663,318,278	499,277	\$ 1,052,849		\$ 1,351
Total Northern and Rural Areas		136,519,792,454	303,049	\$ 450,488		\$ 632

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MUNICIPALITY	RD	GENERAL PURPOSES RESIDENTIAL ASSESSED VALUE	TOTAL NUMBER OF HOG GRANTS	AVERAGE SFD VALUE	SCHOOL TAX RATE	SCHOOL TAX ON AVERAGE HOUSE VALUE
Anmore	GVR	833,598,811	294	\$ 1,133,382	1.7796	\$ 2,017
Belcarra	GVR	408,657,700	122	\$ 939,683	1.7796	\$ 1,672
Bowen Island	GVR	1,417,838,071	1,042	\$ 686,533	1.1804	\$ 810
Burnaby	GVR	45,986,194,731	49,333	\$ 931,527	1.6069	\$ 1,497
Coquitlam	GVR	24,379,594,937	33,016	\$ 700,656	1.7796	\$ 1,247
Delta	GVR	17,721,237,234	26,034	\$ 603,054	1.7536	\$ 1,058
Langley	GVR	3,022,887,403	6,983	\$ 462,426	1.9622	\$ 907
Langley	GVR	19,251,386,198	30,496	\$ 524,021	1.9622	\$ 1,028
Lions Bay	GVR	539,122,400	387	\$ 978,295	1.1804	\$ 1,155
Maple Ridge	GVR	11,553,748,331	21,562	\$ 457,278	2.0544	\$ 939
New Westminster	GVR	10,405,912,943	16,429	\$ 675,166	1.8921	\$ 1,277
North Vancouver	GVR	11,170,128,027	11,401	\$ 902,181	1.4918	\$ 1,346
North Vancouver	GVR	24,284,012,917	19,955	\$ 1,017,997	1.4918	\$ 1,519
Pitt Meadows	GVR	2,593,230,388	5,108	\$ 457,596	2.0544	\$ 940
Port Coquitlam	GVR	8,306,232,429	15,581	\$ 527,408	1.7796	\$ 939
Port Moody	GVR	6,413,598,522	9,126	\$ 759,343	1.7796	\$ 1,351
Richmond	GVR	44,464,212,240	46,634	\$ 939,311	1.6247	\$ 1,526
Surrey	GVR	73,428,064,000	104,990	\$ 647,911	1.7829	\$ 1,155
Vancouver	GVR	184,853,304,652	91,416	\$ 1,374,170	1.3781	\$ 1,894
West Vancouver	GVR	29,504,449,532	3,637	\$ 2,121,146	1.1804	\$ 2,504
White Rock	GVR	5,125,906,812	5,731	\$ 890,514	1.7829	\$ 1,588
Total Greater Vancouver Reg. District		525,663,318,278	499,277	\$ 1,052,849		\$ 1,351