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Sent: August-20-16 5:24 PM
To: 'M. White C+CP' (michael.white@ubc.ca)
Cc: George Mackie (george.mackie@ubc.ca); ying zhou (zhouying7199@hotmail.com); Laura Cottle; Fay, Christopher (chrisfay@mail.ubc.ca); Richard Alexander (board.chair@myuna.ca)
Subject: July 26 Letter from Jacquie Dawes to Richard Alexander

Hi Michael,

In our last meeting, you commented that the letter from Deputy Minister Jacquie Dawes to Richard Alexander provides, at last, an explanation of the purpose of the rural property tax. I would point out that there is nothing new in the letter on that score. The government has made many statements regarding the rural property tax over the years. In fact, Heather Brazier made such a statement to you in her email of August 4, 2015.

The letter must be read critically, as it is intended to sell a position, not present facts. Here are some observations:

Rural Property Tax

1. The letter states that revenue from the general rural property tax is fully allocated towards the cost of delivering certain local services such as policing and roads. That statement is untrue. The revenue is not earmarked for any specific purpose. It goes into the consolidated revenue fund like other tax revenue and is no more allocated than is, say, income tax. This has been confirmed by a Finance Ministry official.
2. I asked the Finance Ministry official how the rural property tax rate is determined. He said that an inflation increase is added each year. I responded that that there had to have been a time in the past when a starting amount was determined. He offered to do some research but thought that it would not turn up anything useful, so I said not to bother. The important point is that the tax rate is not based on any government costs.
3. A 1994 government discussion paper stated: "There is no formal policy regarding the use of the funds raised" from the rural property tax.
4. With no tie between the rural property tax and government expenditures, it is open for the government to say whatever suits its purpose when asked about the use of the rural property tax revenue.
5. The statement that the rural property tax is used, in part, to fund policing, contradicts other government statements (see section F of the attachment to the Tax Working Group's May 23 letter to the Minister of Finance). With the introduction of the police tax in 2007, the government stopped connecting the rural property tax with the cost of police services.
6. To now claim that the rural property tax funds police services goes completely against the rationale for introducing the police tax. That tax was introduced to create equity between unincorporated areas and municipalities under 5,000 population in the funding of police services. Prior to the introduction of the tax, municipalities under 5,000 population did not pay anything towards the cost of policing. The

separate tax meant that unincorporated areas and municipalities under 5,000 population would be taxed the same to fund police services.

7. In her August 4, 2015 email to you, Heather Brazier said the following about the general rural levy (as she called it):

In terms of how the general rural levy is used by the Province, the tax is collected from BC's unincorporated areas and deposited into the Province's consolidated revenue fund. This revenue is generally considered to help fund rural services that are the responsibility of the Province such as maintenance for public secondary roads (does not include highways or private roads).

This statement is followed by material that has been redacted.

Taxation in the UEL vs. Taxation in the UBC Neighbourhoods

8. Regarding the inequity between property taxation in the UEL and property taxation in the UBC neighbourhoods, the letter states: "The difference in service levels and governance structures makes it challenging to compare the two tax environments." That is nonsense. It takes just a few minutes of explanation to see the inequity. There is nothing complicated about it.

9. As I said to Richard, CSCD had no problem comparing taxation in the UEL with taxation in the UBC neighbourhoods when they thought that supported their case. Now that their error has been pointed out, it has become "challenging to compare the two tax environments".

Further Observation

10. I don't believe that anyone has pointed out yet that, not only do residents of the UBC neighbourhoods pay to maintain the roads in their neighbourhoods, they also help fund the maintenance and expansion of the major road network throughout the Metro Vancouver region and the bridges that are the responsibility of TransLink (in particular, the Pattullo Bridge, the Knight Street Bridge, and the Golden Ears Bridge). The costs are a significant portion of TransLink's expenditures, both on a gross basis and especially after netting transit fare revenue against transit costs.

11. The ways in which UBC residents contribute to these costs are: the TransLink property tax, fuel tax payable on the purchase of gasoline, the parking tax, and the TransLink levy on BC Hydro bills.

12. This is one of several important differences between our area and other unincorporated areas (except the UEL). I note that government documents prepared in connection with the UEL's request for an incorporation study and obtained through an FOI request mention this contribution of UEL residents to TransLink's costs.

I'm happy to discuss this matter further, if you wish.

Cheers,
Bill