

BC Ports Property Tax Act Discussion Paper

BACKGROUND

The *BC Ports Property Tax Act* was assented to on March 31, 2004 as part of the BC Ports Competitiveness Initiative, which was initially introduced as a 5-year temporary program. In 2007, the program was extended for ten years. In 2014, the program was made permanent by the Liberal government.

Port terminals saw their property taxes increase as high as 12:1 compared with residential taxes in some municipalities. The *Act* responded to concerns of the marine industry about the competitiveness of BC ports versus U.S. West Coast ports, and the impact that property taxes have on marine terminals operating in BC municipalities as a significant disincentive to investment and job creation. The *Act* caps the property tax rate municipalities can charge port terminal operators and provides compensation to the municipalities to mitigate the cost impacts on local governments.¹

Between 2008 and 2017, the terminals have invested more than \$3.2 billion in capital projects with an additional \$2 billion planned between now and 2022. In addition, another \$2.5 billion worth of investments have been funded in partnerships between industry and the Federal Government under the Asia Pacific Gateway and Corridors Fund since 2006 in related marine and road/rail projects connecting the terminals providing significant employment, public safety and environmental benefits to local communities.

THREATS

The BC Ministry of Finance is currently undertaking an internal review of the ports competitiveness initiative because of pressure by a few municipalities. The review appears to be gaining momentum with the District of North Vancouver (DNV) and Prince Rupert (PR) leading the charge. This stems largely from the significant increase in assessed values of industrial land, which in the case of the DNV has led to 375%+ increases in the taxation of non-regulated Class 4 (Major Industry) facilities. In the case of PR, an infrastructure deficit reported to be \$290 million has developed over a number of years and the City says it does not have the resources to support the servicing needs required by the rapidly growing port sector.

The municipalities seek to:

- Repeal the PPTA based on the belief that it has accomplished its objectives (i.e., investments have been made);
- Change the asset value methodology and reset mill rate caps which would substantially increase the taxable amount of assets at port sites;
- Eliminate historical berth corridor exemptions.

¹ The municipalities included in the initial *Act* were Delta, District of North Vancouver, City of North Vancouver, City of Vancouver, District of West Vancouver, City of Port Moody, City of Surrey, City of Prince Rupert and the District of Squamish.