

March 5, 2014

City calls on TimberWest to drop its tax challenge

The City of Campbell River is calling on TimberWest to withdraw a petition filed in Supreme Court on February 27 that asks for City of Campbell River tax increases on managed forest lands to be denied.

"It is unfortunate that TimberWest, as a corporate taxpayer, has taken this action against Council policy, which aims to set an equitable tax rate for managed forest lands, phased in over three years," says City Manager Andy Laidlaw. "If they pursue this in the courts, the City will end up paying legal fees, funded by taxpayers, just to set a taxation rate that is in line with other BC communities. We hope that TimberWest, as a good corporate citizen, will do the right thing and withdraw their petition to the Court."

During the 2014 financial planning meetings in January, Council approved tax rate increases for managed forest lands and utilities tax classes over the next three years that would bring rates in line with the provincial average for these property classes.

"Our understanding is that TimberWest is trying to use what they believe to be a loophole to delay fair payment of taxes. The petition suggests that Campbell River City Council does not have the authority to set a tax rate for Class 7 Managed Forest Lands that differs from the rural rate charged to Merrill and Ring properties as established by Provincial Order in Council," Laidlaw explains. "The City's legal opinion says legislation does not support their position, and it's up to the Courts to determine the correct interpretation."

Council approved the City's 2014 to 2018 financial plan in January. *"The City of Campbell River is moving forward with increasing the tax rate for managed forest land within City boundaries that will be on par with average rates across British Columbia," Laidlaw confirms. "This increase will be incorporated into the budget bylaw to go before Council and be tabled with the Province by May 15. This increase would affect all Class 7 (managed forest land) properties in the city except for the Merrill and Ring lands, which are charged a rural rate according to a Provincial order set when this property became part of the city."*

"The increase would restore tax levels for TimberWest properties classified as managed forest lands to rate they were paying in 2008, and it will be phased in over three years," adds the City's financial consultant Al Kenning. "Residential property owners in Campbell River have borne the brunt of the recent shifting of the tax burden from the shrinking industrial class. While it is reasonable for residential, business and industry properties to pay their fair share, there needs to be equity and fairness between the classes. We're seeing a situation where Cumberland is charging \$11 per \$1,000 of assessed value on managed forest land, and Campbell River has been charging \$2.50. Clearly, that's a big difference. A more reasonable tax rate would be comparable to that set by other BC municipalities."

"Based on costs for current service levels, the City does not generate enough revenue to sustain core infrastructure such as roads and storm drains as well as necessary building and facility maintenance over the long term. The policy to increase taxation on these two classes helps address long-term funding needs while minimizing the increase in residential property taxes," adds Laidlaw. "The City has been respectful and open about these taxation increases, giving advance notice to the property owners affected and following correct procedures to ensure they had an opportunity to present their concerns. TimberWest's concerns were heard by Council before this decision was finalized."

###

Contact: Andy Laidlaw, City Manager

250-286-5740



Background:

- 96 per cent of all property taxes in Campbell River are currently paid by residential and business property owners, at rates similar to taxes in other BC communities offering similar levels of service.
 - Campbell River has significant property in the Managed Forest Lands and Utility class, and property taxation on these properties are among the lowest in the province.
 - Campbell River has much more Managed Forest Lands than any other municipality in BC, and has one of the lowest tax rates and raises less money from this property tax class than other island communities.
 - The proposed rate increase for Managed Forest Lands would effectively restore 2008 taxation levels, with incremental increases for the five years during which property tax rates for this class were substantially reduced.
-