

November 22, 2013

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## **Council could consider property tax increases for Managed Forest Lands and Utilities**

A report by a financial consultant recommends that Campbell River City Council consider tax increases over the next three years that would bring rates in line with the provincial average for properties classified as Managed Forest Lands and Utilities.

A financial consultant's report assessed the current tax rates for these classes against rates for other property tax classes in Campbell River and against the rates charged in other BC communities.

*"Residential properties have borne the brunt of the recent shifting of the tax burden from the shrinking industrial class, and 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,"* says financial consultant Al Kenning. *"Since there is no strong economic development argument supporting the current very low tax rates for Managed Forest Lands and Utilities tax classes – at least no stronger argument than could be made for other property classes – this report recommends that a more reasonable tax rate would be comparable to that set by other BC municipalities."*

According to Kenning's report, 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.

*"In an effort to continue to meet the demand for services, and recognizing that residential property owners want Council to do what we can to reduce any increase in residential property taxes, Council will review all options available during its December budget meetings,"* says Councillor Andy Adams, who holds the financial portfolio for Council.

City staff have contacted the major property owners potentially affected and advised them that they are invited to provide input on the proposed change during Council's December 9 budget meeting.

### **Highlights of the financial consultant's report:**

- 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 increase revenue by approximately \$34,000 per year over the next three years, effectively restoring 2008 taxation levels, with incremental increases for the five years during which property tax rates for this class were substantially reduced.
- Campbell River residents pay the same rates that utility companies charge elsewhere in British Columbia and on Vancouver Island. The proposed rate increase for the seven properties in the Utilities class would be closer to the provincial cap – the rate taxed by most BC municipalities.
- Additional revenue generated based on proposed increases to both property classes is approximately \$600,000 per year after the three-year transition phase is complete.

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