

January 26, 2015

Supreme Court supports Campbell River's property tax rates for Managed Forest Lands

On Jan. 23, the Supreme Court of British Columbia announced its support of the City of Campbell River's property tax rates for Managed Forest Lands.

The Court supported the City's position that provincial legislation, including section 14 of the *Local Government Act* and other taxing legislation, provides specific authority to local governments to set separate tax rates within the same property class where, as in this case, there is a municipal boundary extension approved through the operation of that legislation.

"We are pleased that the Supreme Court supports the policy set by Council during last year's financial planning meetings. The goal of that policy was to set a taxation rate comparable to rates in other communities, and we look forward to establishing an equitable tax rate for managed forest lands," says Mayor Andy Adams.

The court reviewed the legislation, the circumstances surrounding the City's intent to set tax rates through bylaw, and the precise wording of the statutes and legislation, in reaching its decision and found that the lower tax limit applied by the Province was intended only for the newly incorporated lands and not the property already within the municipal boundary at the time of the extension.

"The ruling in this case is of interest to local governments throughout the province as there are examples of many other municipalities that have similarly set differential tax rates through a municipal boundary extension that would also be in jeopardy if the City of Campbell River's Tax Rates Bylaw was not upheld," says Ron Bowles, the City's chief financial officer and general manager of corporate services.

The City will now take steps to recover the approximately \$55,000 in disputed taxation that TimberWest placed in trust with the Court and court costs as awarded.

TimberWest has 30 days to file an appeal of the decision.

###

Contact: Mayor Andy Adams 250-286-5708
Ron Bowles, General Manager Corporate Services 250-286-5759

Background:

- During the January 2014 financial planning meetings, Campbell River City Council approved tax rate increases for managed forest lands and utilities tax classes to be phased in over multiple years that would bring rates in line with the provincial average for these property classes.
- The policy to increase taxation on these two classes aimed to address long-term funding needs while minimizing residential property taxes increases.
- Council provided advance notice to companies affected by the increase.
- The 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 these properties were incorporated into the city.
- The increase would restore tax levels for TimberWest properties classified as managed forest lands to a rate similar to what the company was paying in 2008, phased in over three years.
- TimberWest filed a petition in Supreme Court on February 27, 2014 asking for City of Campbell River tax increases on managed forest lands to be denied.



- The petition suggested 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.