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February 19, 2020

Louise Walker, Executive Director
Squamish Chamber of Commerce
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Dear Ms. Walker:

Thank you for your submission and communication with the Province regarding the Ports Competitiveness Initiative.

The Ministry of Finance (the Ministry) began a standard review of the Ports Competitiveness Initiative (the initiative) in May. The purpose of the review was to ensure that the initiative continues to work as intended and is still meeting the needs of British Columbians. The Ministry received valued input from port operators, port authorities, municipalities, industry, and other related parties such as workers unions and business organizations.

A considerable amount of the input and feedback from stakeholders was around broad concerns with competitiveness, global trends, employment and the economic impact of the port industry. While this feedback is valued and has been given consideration, the Ministry wrote stakeholders in the fall to inform them of three components of the initiative that the review would focus on: land value appreciation linked to BC Consumer Price Index (CPI), capped tax rates and depreciation of improvements. These components were further analyzed in conjunction with key stakeholders to determine if any changes to the *Ports Property Tax Act* or *Assessment Act* were needed to ensure the initiative continues to work as intended.

The Ministry has concluded the review of the initiative, and considering stakeholder feedback, we have identified two changes, both of which will be made as part of Budget 2020:

- Land value appreciation linked to CPI: Effective for the 2021 property tax year, the Port Land Valuation Regulation under the *Assessment Act* will be amended to

increase the annual land valuation of designated port land from CPI to CPI plus one percentage point.

- Capped tax rates: Beginning in the 2020 tax year, municipalities will have the ability to impose a distinct municipal tax rate for designated ports when the class four tax rate is below the designated port tax rate cap. Currently, municipalities may only have a distinct tax rate for ports when the class four rate is above the cap. This change allows municipalities to lower the tax rate on class four property to below the cap in response to increasing property values, without also being required to lower the tax rate on ports. Designated port properties are still subject to the existing caps. The new rate for ports cannot be higher than the class four rate that was set for the 2017 tax year. This change preserves the tax rate security for ports by keeping the existing caps in place but prevents the unintended benefit of reduced tax rates due to non-designated land value increases.

These changes help address the most pressing issues that arose through the course of the review. With respect to the broader, long-term issues and concerns identified by stakeholders, we will continue to monitor these issues and work with our counterparts in various Ministries and other levels of Government to ensure the port industry remains strong and continues to meet the needs of British Columbians and the rest of Canada.

Sincerely,



Tara Richards
Assistant Deputy Minister
Policy and Legislation Division
Ministry of Finance