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REPORT TO ELECTORAL AREAS COMMITTEE MEETING OF WEDNESDAY, MARCH 11, 2020

SUBJECT Home Owner Grant Program in Electoral Areas

ISSUE SUMMARY

The Salt Spring Island Community Economic Development Commission has requested the CRD Board to consider lobbying the province to designate the CRD Electoral Areas as 'rural' for the purposes of the Rural Home Owner Grant to address an eligibility inequity.

BACKGROUND

Both the Salt Spring Island Community Economic Development Commission and Southern Gulf Islands Community Economic Sustainability Commission recently passed the following motion:

Whereas the BC Home Owner Grant related to property tax is larger if a person(s) lives in a rural area. Unfortunately, the five Southern Gulf Islands do not receive the 'rural' grant because the CRD is excluded from the rural grant. This is another example of the rural Southern Gulf islands being penalized by the Province for being incorrectly designated urban due to CRD inclusion.

Whereas all taxpayers, especially seniors, over 30% residing in the rural Electoral Areas of Salt Spring and Galiano, Mayne, Pender, Saturna, receive less Home Owner Grants than similar rural areas because of the CRD-urban designation. This is unfair and inequitable.

Therefore, be it resolved that the Salt Spring Island Community Economic Development Commission call upon the Electoral Area Directors to move forward a resolution for the CRD Board to lobby the Minister of Finance and Premier Horgan specifically to officially designate the CRD Electoral Areas as 'rural' for the purposes of the provincial Home Owners Grant; further it is called upon the CRD Board to submit a motion to UBCM for September 2020 to correct this inequity.

The provincial homeowner grant reduces the amount of property tax on a principle residence a person pays each year to a municipality or to the Province for people who live in a rural area.

The current provincial homeowner grant amounts are:

- up to \$570 for the basic homeowner grant.
- up to \$770 if the home is located in a northern or rural area. A "northern or rural area" means outside the Metro Vancouver, Fraser Valley and Capital Regional districts.
- up to \$845 for homeowners who are 65 years or older, or if the homeowner is a person with a disability or lives with a relative who has a disability.
- up to \$1,045 for homes in northern or rural areas where the homeowner is 65 years or older, or the homeowner is a person with a disability.

The CRD electoral areas are excluded from the additional \$200 grant amount provided for northern and rural areas.

Section 5.1 of the provincial Home Owner Grant Manual explains, “*the grant available for a residence located within the northern and rural area is up to \$200 higher than a grant for a residence located outside that area. The higher amount is provided through the northern and rural home owner benefit, which is funded by the revenue neutral carbon tax.*”(p.10) ¹

Revenue neutrality simply means that the amount of revenue the government generates through the carbon tax is used to implement new reductions in other taxes that are equal to the revenue generated by the carbon tax (p.5)².

In researching the background to this policy the following information may inform the rationale for the policy. Staff made an inquiry to the provincial department Home Owner Grant Administration as to the rationale for the policy, however staff have not received a response at the time of writing this report.

The carbon tax may disproportionately affect areas of the province where alternatives to fossil fuel use is particularly challenging³.

The revenue neutral requirements that were established by the government mean that every dollar collected in carbon taxes is returned to businesses and households via cuts to corporate and personal income taxes. Revenue is also returned through transfers to people with low incomes and in rural and northern communities⁴.

An increasing share of the offsets is composed of targeted tax measures in the form of tax credits for particular individuals and businesses. The group of new offsetting tax measures includes the Northern and Rural Homeowner Credit. The rationale for the government policy may form part of the measures to address the “...equity and financial considerations for British Columbians who live in the north and rural areas, and who consume a disproportionate amount of carbon dioxide emitting goods (p.15)¹.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends the Capital Regional District Board submit the following resolution to Union of British Columbia Municipalities for consideration:

WHEREAS the British Columbia Home Owner Grant related to property tax is larger if a person(s) lives in a rural area.

WHEREAS the five Southern Gulf Islands of Salt Spring, Galiano, Mayne, Saturna, and North and South Pender Islands do not receive the ‘rural’ grant because the Capital Regional District (CRD) is excluded from the rural grant. This is unfair and inequitable for the taxpayers of the Southern Gulf Islands whose living conditions are no different than those in neighboring jurisdictions such as the electoral areas of the Cowichan Valley and Nanaimo Regional Districts who are eligible for the rural grant.

THEREFORE BE IT RESOLVED that UBCM request the province officially designate the Capital Regional District electoral areas as ‘rural’ for the purposes of the British Columbia Home Owner Grant.

¹ Ministry of Finance. 2018, August 20. *Home Owner Grant Administration Manual for Municipalities*. <https://www2.gov.bc.ca/assets/gov/taxes/property-taxes/annual-property-tax/municipality-regional-district-resources/municipalities/home-owner-grant-administration-manual-municipalities.pdf>

² Lamman, Charles and Jackson, Taylor. 2017 February. *Examining the Revenue Neutrality of British Columbia's Carbon Tax*. Fraser Institute. <https://www.fraserinstitute.org/sites/default/files/examining-the-revenue-neutrality-of-bcs-carbon-tax.pdf>

³ 2020 United Nations Framework Convention on Climate Change. *Revenue-Neutral Carbon Tax | Canada*. <https://unfccc.int/climate-action/momentum-for-change/financing-for-climate-friendly/revenue-neutral-carbon-tax>

⁴ British Columbia Climate Leadership Team: 2015, October 31. *Recommendations to Government*. https://www2.gov.bc.ca/assets/gov/environment/climate-change/action/clp/clt-recommendations-to-government_final.pdf

Alternative 2

The Electoral Areas Committee recommend not lobbying the province to amend the eligibility requirements for the Home Owner Grant program.

Alternative 3

That this report be referred back to staff for additional information.

CONCLUSION

The rural designation eligibility requirement for the additional \$200 home owner grant creates an inequity for the CRD's electoral areas no different than neighbouring jurisdictions such as the Cowichan Valley and Nanaimo Regional Districts.

RECOMMENDATION

The Electoral Areas Committee recommends the Capital Regional District Board submit the following resolution to Union of British Columbia Municipalities for consideration:

WHEREAS the British Columbia Home Owner Grant related to property tax is larger if a person(s) lives in a rural area.

WHEREAS the five Southern Gulf Islands of Salt Spring, Galiano, Mayne, Saturna, and North and South Pender Islands do not receive the 'rural' grant because the Capital Regional District (CRD) is excluded from the rural grant. This is unfair and inequitable for the taxpayers of the Southern Gulf Islands whose living conditions are no different than those in neighboring jurisdictions such as the electoral areas of the Cowichan Valley and Nanaimo Regional Districts who are eligible for the rural grant.

THEREFORE BE IT RESOLVED that UBCM request the province officially designate the Capital Regional District electoral areas as 'rural' for the purposes of the British Columbia Home Owner Grant.

Submitted by:	Karla Campbell, BPA, Senior Manager, Salt Spring Island Electoral Area
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer