



BACKGROUND

Proposed UBCM Resolution: School Tax Exemption

Proposed Resolution:

WHEREAS the *School Act* exempts 50% of the assessed value of a parcel of land in the Agricultural Land Reserve (ALR) from school taxation if the land is vacant and unused, or used only for a residential purpose;

AND WHEREAS to encourage farming in the ALR to ensure local food security, school tax exemptions should only apply to ALR land that is being used for a farm purpose;

THEREFORE BE IT RESOLVED that UBCM call upon the Province of BC to amend the *School Act* to remove the 50% school tax exemption for vacant and unused land, and residential purpose land in the ALR.

The City of Pitt Meadows' recently-completed Agricultural Viability Strategy identifies farm property tax reform, including changes to the school tax exemption, as a key action for stimulating a productive agricultural land base. This resolution on the school tax exemption was informed by the background information in the 2016 Metro Vancouver White Paper on [Encouraging Agricultural Production Through Farm Property Tax Reform in Metro Vancouver](#). The following are excerpts from that White Paper:

"The policy option under consideration is to eliminate the 50% school tax exemption for properties classed as "Residential" in the ALR. This change would ensure that residential uses of land are treated equitably throughout the region, whether in or outside the ALR. Removing the exemption is also justifiable because these residential properties are not farming or leasing their land and therefore are not providing the public benefits recognized for farms."

"The school tax exemption is an inequitable property tax policy as the main beneficiaries of the policy are residential landowners in the ALR who are not farming. Reforming this policy would provide a financial incentive to farm or lease agricultural land, as farm class would be required to receive the school tax exemption. Land classified as farm should retain the benefit because it supports active farming and the cost to society for providing this exemption to farmers is small. The elimination of residential classification from the School Act (Section 130) requires a change in provincial legislation, and would automatically apply to other agency fees defined under the Act."

"Data analysis was conducted to determine the actual amount of the annual school tax exemption in Metro Vancouver. The results reveal that in the 2015 tax year, the exemption amounted to just over \$4 million. Residential land uses (Class 1) receive the

majority (78%) of the financial benefits from the school tax exemption, calculated to be \$3,176,000. Properties assessed as farm (Class 9) receive 16% of the tax benefit at \$669,241. Some other business uses (Class 6) and recreational uses such as outdoor riding arenas (Class 8), also receive the school tax exemption. Overall, properties that are not used for farming purposes account for 84% of the total amount of the school tax exemption, even though they comprise only 59% of the parcels.”

The BC Chamber of Commerce also recommends reforming the school tax exemption to apply strictly to land classified as farm (refer to [Using Property Tax Reform to Support Agriculture Production](#)). The following is an excerpt from the BC Chamber of Commerce policy:

“All land in the ALR, regardless of classification, receives a 50% exemption on School taxes. The 50% exemption also includes other taxes in Metro Vancouver such as TransLink, Hospitals, etc. An analysis completed by Metro Vancouver found that properties not used for farming accounted for 84% of the total amount of school tax exemptions for the region, despite accounting for only 59% of parcels. In particular, small properties (under two acres), not necessarily subject to ALR restrictions, received school tax exemptions.”