



## BACKGROUNDER

### Proposed UBCM Resolution: Minimum Income Requirements for Farm Classification

Proposed Resolution:

WHEREAS the *Classification of Land as a Farm Regulation* establishes minimum gross income requirements for farm operations to be classified as Farm under the *Assessment Act* that were last increased in 1993;

AND WHEREAS farm property tax reform, including the introduction of a tiered tax benefit system that confers greater levels of tax benefits to farm operations with greater farm income, would help to encourage farming and support local food security;

THEREFORE BE IT RESOLVED that UBCM call upon the Province of BC to review the income thresholds to achieve Farm classification, and give consideration to a tiered tax benefit system for farm land;

AND BE IT FURTHER RESOLVED that UBCM call upon the Province of BC to review the income thresholds at least every five years.

The City of Pitt Meadows' recently-completed Agricultural Viability Strategy identifies farm property tax reform, including updates to the income thresholds, as a key action for stimulating a productive agricultural land base. The 2015 Metro Vancouver report on [Farm Tax Class Income Threshold Investigation](#) investigated whether the income thresholds to qualify for BC Assessment's Farm class status warrant adjustment to ensure that farmers and the public interest are benefitting from the policy to support the longterm viability of agriculture. The following are excerpts from that report:

*"Across Canada, and indeed across the world, different jurisdictions use various measuring sticks and associated incentives for farmers. It is worth noting that BC has one of the lowest income thresholds both within Canada and abroad."*

*"Raising the threshold will discourage those who are using farmland primarily for lifestyle reasons and are obtaining Farm class status for solely the tax benefit. It will help ensure that the tax benefit is offered only to hobby and commercial farming operations."*

*"Other jurisdictions, such as the Province of Quebec, offer greater tax benefits to those farms who can provide evidence of higher levels of production. In Quebec, a greater tax discount (77% off of the municipal rate) is provided to operators who make more than \$10,000 per year. Those who make less than \$10,000 receive a 50% discount."*

*A similar system could be brought in for Metro Vancouver, whereby hobby farms (e.g. gross farm income between the base threshold of \$3,700 and \$7,500) receive one level of Farm class (e.g. Farm class 9a – hobby farm) and commercial farms (e.g. gross farm income > \$7,500) could be classified as another level of Farm class (e.g. Farm class 9b – commercial farm). These different Farm classes would then be assigned different mil rates or tax discounts. The goal of this*

*recommendation is not to discourage hobby farming, but rather to distinguish the overall societal benefits being conferred by the differing levels of agricultural production. Differing mil rates would therefore reflect the differences in these overall societal benefits being provided by each of these types of agricultural land use."*

The 2016 Metro Vancouver White Paper on [Encouraging Agricultural Production Through Farm Property Tax Reform in Metro Vancouver](#) also informed the proposed resolution on the Minimum Income Requirements for Farm Classification. The following is an excerpt from that White Paper:

*"Currently all land classified as Farm receives the same tax benefits (i.e. a lower tax assessment on land and a tax exemption on farm buildings). A two-tier benefits system would differentiate between small, part-time or hobby farms and the more profitable commercial farm operations that run their farm business to make a living. For example, if a farmer made \$3,500 a year, they would achieve a certain level of tax benefits, while a farmer who made \$10,000 a year would be eligible for a greater set of benefits, subject to more stringent requirements. Additional requirements could include proof of income from the Canada Revenue Agency and an increase in the requirement for leases to at least three years. The determination of the appropriate income levels and benefits associated with a two-tier system requires more analysis and consultation."*

*"A concern raised was that increasing farm income thresholds could make it more difficult for new, hobby, or part-time farmers to obtain farm class status, and therefore may dissuade them from continuing to farm. This would be an undesirable outcome and could be prevented by implementing a two tier farm classification benefits system(...). Monitoring the impact of a change in the classification of farm policy over time is easily done using BC Assessment farm class data."*