



System of municipal taxation needs to be thoroughly rethought

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BY VANCOUVER SUN FEBRUARY 22, 2014

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And, given that businesses were contributing just 6.8 per cent of the City of Vancouver's revenue and just 0.9 per cent of Coquitlam's when this recommendation was made, it sounds like a good idea. Businesses, in my view, clearly were not paying enough.

Of course, this recommendation was made 38 years ago when Hamilton, now a professor emeritus, was a young faculty member at UBC. But this was the last time, to my knowledge, the province sought out a thorough study of municipal taxation in the province.

Given that businesses now get dinged for about a quarter of Vancouver's total revenue (or 43 per cent of its property tax revenue) and 15 per cent of fast-growing Coquitlam's (38 per cent of its property tax revenues), maybe Hamilton's idea is still worth considering.

Or maybe there is a better option that no one is talking about. But there is definitely a problem in need of an innovative solution, because business property tax rates in B.C. are all over the map. Some are equal to the residential rate, and some are as much as four or five times higher. No matter what you think the proper ratio should be, it's evident that, with a range this large, some of these tax rates are most certainly unfairly high or low. The 1976 report, printed in an old-fashioned typewriter font, is an intriguing read. Some of its recommendations seem irrelevant today - in some cases because circumstances have changed, but in several instances because the policy advocated, or one very similar to it, is now well established.

But what strikes today's reader is how widely this report ranges. It introduced and chewed on dozens of ideas that were cutting-edge at the time - and a few still are.

Contrast this with the narrowness of tax commissioner Hamilton's latest report - the one released this week that he and a different group of colleagues did for Vancouver council. It has depth, but not much breadth. Neither his commission nor the city itself, which is kept on a tight leash by provincial restrictions, has the authority to explore more than the most tried and true - and overused -

moneyraising tools.

Look at the related issue of TransLink financing to see just how controlling the province can be. On one hand, it prods the regional mayors to come up with a workable plan for building and paying for future transit infrastructure. This seems reasonable - heaven knows the region needs a co-ordinated, sustainable transportation plan. But it is the province that holds the cards when it comes to payment options, and, so far at least, it seems determined to deny the mayors the one they favour - a regional road pricing system.

Whether or not you like road pricing - in other words, a comprehensive regional system of tolls - isn't the point. The issue is that when cities or regions are denied a reasonable range of tax options, including those that may be most creative and/or most sensible, they are forced to fall back on the few over-used tools they have.

This happens with property tax. The city gets the lion's share of it, and usually takes the blame when taxpayers find it too high. This may be well deserved, but many others - the province with its school tax, Metro Vancouver, Trans-Link and more - also pile on.

The immediate TransLink issue will have to be solved with the mechanism now in place - the mayors proposing from the limited range of options open to them, and the province saying yea or nay.

But similar problems are certain to recur time and again at both the city and the regional level. Regional entities have evolved into big players in what once was the domain of individual municipalities, and the municipalities themselves now face challenges different in nature and larger in scope.

That 38-year-old report typed in a funny font was no doubt valuable in dealing with the issues of the day. But that day is done. It is time for the province to commission a new group of experts to do an upto-date, broadly based study on municipal and regional tax options. They shouldn't be limited in scope or in geography, as the city tax commissioners were. And the province shouldn't dictate which revenue sources they can recommend and which they can't.

We need the best ideas we can get, not merely more tinkering.

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