



*Southern Interior Local
Government Association*

Sept 3, 2019

by email minister@pwgsc.gc.ca

Office of the Minister of Public Services and Procurement Canada
The Honourable Carla Qualtrough
Place du Portage, Phase III, Room 18A1
11 Laurier Street
Gatineau, Quebec
K1A 0S5

Dear Honorable Qualtrough,

Re: Payment in Lieu of Taxes program

The Southern Interior Local Government Association executive would like to bring to your attention issues around the Payment in Lieu of Taxes program for federal properties.

To set their budgets, local governments must honor the statutory deadlines outlined in the Local Government Act. Additionally, they utilize BC Assessment valuations to set their tax rates. These valuations are also used to set hospital, school, and regional district budgets as well. To make this system work, everyone must work together in terms of deadlines and assessment rates in order to properly collect taxes for these important services.

Federal agencies, however, may disagree and unilaterally change the BC Assessment valuations without communication to local governments. For example, in 2019 the RCMP lowered the assessed value of their Village of Keremeos detachment from \$1,416,000 to \$992,000. This drop of over 1/3 of its value meant the Village (including all the subsequent agencies funded) experienced a \$7,574 shortfall of tax revenue. Furthermore, this change was not communicated to the Village until after the payment was made.

All the above mentioned local governments and agencies work very hard to prepare their budgets and to ensure that their services are fairly taxed across all users. When a situation occurs as outlined in the previous paragraph, the local government has two options - issue revised tax bills to try to recoup the lost revenue or dip into reserves, which under BC law is only allowed in certain emergency situations. Neither options are appropriate.

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Timely communication with local governments is of the utmost importance on potential assessment changes in the Payment in Lieu of Taxes program on federal properties. In that regard, we request you review your current policy to ensure that municipalities and regional districts are informed of your decisions prior to the adoption of their budgets so that they may plan and tax accordingly. Regional Districts adopt their budgets by March 15th of each year; confirmation of assessments should be in their hands by the end of January. For municipalities, the budget deadline is May 15th and confirmation of assessments should be received by the end of March.

We also request that the process of self assessment be reviewed to ensure that the valuation of federal properties continues to be fair and equitable.

We appreciate your attention to these issues as these changes make a big impact to our members. I look forward to hearing back from you.

Yours sincerely,

Lori Mindnich

Lori Mindnich
SILGA President

cc: Manfred Bauer, Mayor of Keremeos
Dan Albas, MP Central Okanagan-Similkameen-Nicola
Stephen Fuhr, MP Kelowna-Lake Country
Cathy McLeod, MP Kamloops-Thompson-Cariboo
Mel Arnold, MP North Okanagan-Shuswap
Wayne Stetski, MP Kootenay-Columbia
Richard Cannings, MP South Okanagan-West Kootenay