



December 22, 2011

INFORMATION BULLETIN

BC Carbon Tax Reduction Measures and Impact on First Nation Property Tax - UPDATE

In January 2011, the BC Government introduced several measures aimed at reducing the burden of carbon tax on certain BC property taxpayers:

- Northern and Rural Homeowner Benefit of up to \$200 for homeowners outside of the Capital Regional District, Greater Vancouver Regional District and Fraser Valley Regional District starting in the 2011 tax year.
- Industrial Property Tax Credit of 50% of school property taxes payable by light and major industrial businesses starting in the 2009 tax year and rising to 60% in 2011.
- School property taxes for farm land cut by 50% starting in 2011.

Currently these carbon tax relief measures are not available for any of these taxpayers situated on First Nation lands. The FNTC estimates that taxpayers from 35 taxing First Nations are affected.

First Nation tax authorities expressed concern on the impact of these measures, particularly in relation to the Home Owner Grant Program. Under the carbon tax changes, the basic homeowner grant for affected homeowners off reserve increased by \$200 to \$770 and the additional grant to \$1045.

The Industrial Property Tax Credit and Farm Property Tax reduction are aimed at businesses. The measures are intended to ensure that businesses do not experience a net increase in taxes that would simply make them less competitive. However, businesses located on First Nation lands which pay the carbon tax do not receive this same compensation.

The FNTC recognized the fiscal impact that these measures placed on many First Nation tax administrations in the BC Interior and elsewhere. The FNTC met with provincial officials on several occasions in order to extend the tax relief measures to affected taxpayers on First Nations lands. In late September 2011,

BC Minister of Finance Kevin Falcon advised in a letter to the FNTC Chief Commissioner that the province was not prepared to extend the Northern and Rural Benefit Program to affected residential taxpayers on reserve lands.

Notwithstanding the BC Government's position, the FNTC remains concerned over the program's impact on taxing First Nations and their taxpayers. This was communicated to the Minister of Finance in a FNTC response to the Finance Minister's letter. Further, residential taxpayers living on First Nations land also expressed their opposition to the current policy by writing directly to Minister Falcon. In the Commission's view, the measures treat British Columbia on-reserve carbon tax-payers differently, and result in unnecessary artificial barriers to trade and investment on First Nation lands. The Commission is committed to seeking a fair resolution to this matter, and will continue to raise the carbon tax issue with BC provincial officials in the new year.

For more information regarding this bulletin, please contact us at:

**First Nations Tax Commission
321 – 345 Yellowhead Highway
Kamloops, BC
V2H 1H1**

Telephone: (250) 828-9857