

Forest firms demand property-tax reduction

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B.C.'s struggling coastal forest companies want lower property taxes and are calling for an end to the disproportionately high rates charged by some municipalities.

The most vocal of these companies has been NorskeCanada, which paid a total of \$31.3 million in 2005 property taxes for its five divisions and head office.

This kind of payment is sky-high compared to what residential taxpayers contribute and what other North American jurisdictions are charging, according to a report funded by NorskeCanada and written by University of Victoria economist Robert Bish for the Fraser Institute.

"We are simply keeping the reality of a competitive marketplace in front of our governments," Lyn Brown, vice-president of corporate affairs and social responsibility at NorskeCanada, said in an interview. "We have no illusions about how quickly or how immediately action can be taken, but I believe it's important we consider that we are in a competitive marketplace on this continent. This industry has faced a particularly difficult period for the past three years."

"It's a problem for all players," Rick Jeffery, president and CEO of Coast Forest Products Association, said in an interview. "The municipal taxes levied are disproportionate to the residential tax level and to us, this is not fair."

The Bish report showed that in some B.C. municipalities, major industry is being charged high rates to subsidize low residential ones. At the very extreme, it showed nine B.C. municipalities with industry rates from 10 to 19 times more than residential ones. While the average ratio in B.C. is 4:1, by comparison, in Alberta, it is only 1.5:1; and, in Saskatchewan, it is 1.4:1.

Brown said NorskeCanada would like to see that ratio at around 3:1. "We don't have a specific number in mind" in terms of reducing our property tax bill, but we would like to see a more simplified tax system, like the one in Alberta, that bundles more businesses together with fewer classes. There are nine different tax classes in B.C., so it is a fairly complicated structure."

The report also highlights how B.C. municipalities have more discretion to set different property tax rates on different classes of property than any other jurisdiction in Canada. "We would like to see some level playing ground and reasonable negotiation," Jeffery said.

"One of the curiosities of the system is that every municipality is different."

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