

## COMMERCIAL PROPERTY TAXATION

By **Paul Sullivan, BCS Property TaxCo Ltd.**, Chair of BOMA's Property Tax Committee, and Co-Chair of the Vancouver Fair Tax Coalition Technical Sub-Committee

### Vancouver Fair Tax Coalition

The volunteer executive of the Vancouver Fair Tax Coalition (VFTC) is into their third year of lobbying municipal government to create a fair distribution between residential and commercial taxpayers in the City of Vancouver. We have obtained shifts over the past two years, resulting in \$24,632,000 in tax relief for the commercial taxpayer. The NPA-dominated Council has committed to a further shift of 1% for 2008 taxation, increasing our overall savings to approximately \$30,000,000 in taxes.

#### **What does this mean for a typical tenant?**

Downtown Triple A (3,000 sq.ft.):	\$1,264 in tax savings (\$0.42/sq.ft.)
Downtown A (3,000 sq.ft.):	\$972 in tax savings (\$0.32/sq.ft.)
West Side – Retail (1,500 sq.ft.):	\$1,500 in tax savings (\$1.00/sq.ft.)
Robson Street – Retail (1,500 sq.ft.):	\$4,538 in tax savings (\$3.00/sq.ft.)

Council is presently committed to continuing shifting taxes from the commercial tax base at a rate of approximately 1% per annum. The VFTC is working on other initiatives such as **property tax topography** which adjusts the tax base to account for the change of commercial property to residential class. It is intended that the tax topography model will incorporate consumption of municipal services by property class in determining the allocation of the amount of property taxes to be paid by each class.

The VFTC executive is also preparing an analysis of the cost of delivery of municipal services by each department. The services are compared to other municipalities to assist in determining where efficiencies or inefficiencies can be identified by department. A further refinement of the consumption-based analysis will be incorporated into this study.

Continued support of the VFTC will be required as there will be several years ahead to obtain our goals.

It should be noted that municipalities throughout the region are closely monitoring the VFTC activity with the City of Vancouver and considering the policies being adopted in other jurisdictions as a result of our lobbying effort.

### **TransLink**

The rescinding legislation for parking tax called for a new tax titled "Replacement Tax". Replacement Tax was an advalorem tax (based on value) which had the impact of doubling the amount of parking tax paid by property owners in the City of Vancouver, as their values were higher.

With the introduction of the replacement tax, we lobbied hard to have Class 1 Residential share in this new tax rather than the full amount being collected from commercial properties. Class 1 Residential has now been placed in the Replacement Tax legislation. As a compromise for 2008, TransLink slashed the Replacement Tax collection by some \$8,000,000, which is a savings for commercial taxpayers across the entire Metro Vancouver region. For Vancouver commercial taxpayers, this is a tax savings of just over \$3,000,000.

BOMA continues to be involved in the "TransLink 2040 & 10 Years Strategy Committee". A variety of initiatives are being dealt with in this stakeholder committee relating to the future growth of transportation infrastructure and associated funding.