

February 24, 2015

TimberWest appeals BC Supreme Court decision on Managed Forest Lands taxation

On Feb. 20, TimberWest filed a notice of appeal to the BC Court of Appeal, looking to overturn a decision made by the BC Supreme Court in favour of the City's 2014 property tax rates on Managed Forest Lands.

The Supreme Court supported the City's position that the Province, through section 14 of the *Local Government Act* and other taxing legislation, provides specific authority to local governments to set separate tax rates within the same property class where, as in this case, there is a municipal boundary extension approved through legislation.

"We are disappointed to hear that TimberWest is seeking to overturn the ruling delivered by the BC Supreme Court on this issue," says Mayor Andy Adams. "The decision to raise property taxes on Managed Forest lands simply brings the tax rates on TimberWest's properties in Campbell River to the Provincial average over a three-year phase-in period. Prior to 2009, TimberWest paid a rate similar to the proposed increase without any protest."

The Supreme Court reviewed the applicable legislation, the circumstances surrounding the City's intent to set tax rates through bylaw, and the precise wording of the statutes and legislation, and in reaching its decision found that the lower tax limit applied by the Province was intended only for the newly incorporated lands and not the property already within the municipal boundary at the time of the extension.

"The appeal being made in this case is of interest to local governments throughout the province as there are examples of many other municipalities that have similarly set differential tax rates through a municipal boundary extension that will be in jeopardy if TimberWest's appeal is allowed," says Ron Bowles, the City's General Manager of Corporate Service and Chief Financial Officer. "As such, we will be seeking to partner with the UBCM (Union of BC Municipalities) for financial assistance in the appeal as this really is a Province wide issue that Campbell River finds itself defending in the courts."

Background:

- During the January 2014 financial planning meetings, Campbell River City Council approved tax rate increases for managed forest lands and utilities tax classes to be phased in over multiple years that would bring rates in line with the provincial average for these property classes.
- The policy to increase taxation on these two classes aimed to address long-term funding needs while minimizing residential property taxes increases.
- Council provided advance notice to companies affected by the increase.
- The increase would affect all Class 7 (managed forest land) properties in the city except for the Merrill and Ring lands, which are charged a rural rate according to a Provincial order set when these properties were incorporated into the city.



- The increase restores tax levels for TimberWest properties classified as managed forest lands to a rate similar to what the company was paying in 2008, without protest, phased in over three years.
- The BC Supreme Court announced its support of the City's position on January 23, 2015.
- On February 20, 2015 TimberWest filed a Notice of Appeal to the BC Court of Appeal seeking to overturn the BC Supreme Court ruling in favour of the City.

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