

**SCHOOL ACT**  
**SCHOOL TAX SURTAX ON EXPENSIVE HOMES**

s.13

**I. ISSUE**

Whether to create a surtax on expensive homes through the provincial School Tax.

**II. BACKGROUND**

The Province is estimated to receive approximately \$1.7 billion in residential school property tax in 2016/17, before the cost of home owner grants.

Residential school tax applies to all residential folios in B.C., and uses the assessed value of each folio as the tax base. School tax rates varying by school district, according to a tax rate formula. The formula results in higher-valued school districts having a lower tax rate, but paying more tax due to higher assessed values.

The Province has limited increases in school property tax per residential folio to the rate of inflation since 2003. Hence Provincial revenues have grown at the rate of inflation plus revenue from any new residential construction. Municipalities have as a rule also limited increases to their property taxes on residential properties.

Roughly half of residential school property taxes, or around \$800 million, are returned to homeowners through home owner grants. To be eligible for a home owner grant, you must be a Canadian citizen or permanent resident who owns and lives in their home as a principal residence in B.C. The basic grant is worth \$570, with additional amounts available to seniors, disabled persons, veteran's spouses and those in rural areas. The grant is phased out for homes valued above \$1.6 million. Foreign residents are not eligible for the grant

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**III.**

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The following charts show the rapid growth in expensive homes in B.C. in recent years:

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*SCHOOL ACT*  
SECTIONS 89 – 101

## **Provision as amended**

### **Definitions for the Division**

**117.1** (1) In this Division:

**“additional school tax”** means tax imposed under section 120.1;

**“assessor”** means an assessor appointed under the *Assessment Authority Act*;

**“class 1 property”** means property that is assessed as property in the class 1 property class under the *Assessment Act*;

**“class 9 property”** means land that is assessed as property in the class 9 property class under the *Assessment Act*;

**“dwelling property”** *Note to Minister: for definition and description turn page*

**“general school tax”** means tax imposed under section 119;

**“property”** means property as defined in the *Assessment Act*;

**“property class”** means a class of property prescribed by the Lieutenant Governor in Council under section 19 (14) of the *Assessment Act*;

**“threshold amount”** means an applicable amount under section 120.1 (4) (a) or (b) or (5) [*determination of taxable amounts and threshold amounts*].

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117.1 (1) In this Division:

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**“dwelling property”** means the following class 1 property:

- (a) land that is outside an agricultural land reserve as defined in section 1 (1) of the *Agricultural Land Commission Act* and that is determined by the assessor to have no present use;
- (b) improvements on land that is not class 1 property if the improvements are used or intended to be used as a residence;
- (c) land and improvements on the land, if
  - (i) any of the improvements are used or intended to be used as a residence for 3 or fewer families, and
  - (ii) the improvements do not consist of a strata lot;
- (d) land and improvements that consist of a strata lot that is used or intended to be used as a residence,

but does not include the following:

- (e) property referred to in paragraph (b), (c) or (d) of this definition if the property includes a living accommodation described in section 4 (a), (b), (f) or (g) [what the Act does not apply to] of the *Residential Tenancy Act*;
- (f) a prescribed type or class of property;
- (g) property used for a prescribed purpose;
- (h) property owned by a person in a prescribed class of persons;

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...Definitions for the Division

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- (2) The Lieutenant Governor in Council may make regulations respecting any matter for which regulations are contemplated by the definition of "dwelling property" in subsection (1).
- (3) Despite section 74 (5) [*order or regulation affecting the assessment roll*] of the *Assessment Act*, regulations made under subsection (2) of this section may be made retroactive to the extent necessary to apply for the 2019 or 2020 taxation year, as applicable, if the regulation is made on or before December 31 of the applicable taxation year.

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