


Land Procedure Tenure Administration – Grants-in- Lieu

NAME OF LAND PROCEDURE:	Grants-in-Lieu
APPLICATION:	Applies to Crown land properties within municipalities that are developed and for sale
ISSUANCE:	Assistant Deputy Minister, Tenures, Competitiveness and Innovation
IMPLEMENTATION:	Ministry of Forests, Lands and Natural Resource Operations
REFERENCES:	<i>Land Act</i> (Ch. 245, R.S.B.C, 1996) <i>Ministry of Lands, Parks and Housing Act</i> (Ch.307, R.S.B.C, 1996) <i>Municipal Aid Act</i> (Ch. 324, R.S.B.C, 1996)
RELATIONSHIP TO PREVIOUS LAND PROCEDURE:	These procedures replace the previous Grants-in-Lieu procedures dated August 16, 2004



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Date:

APPROVED AMENDMENTS:		
Effective Date	Briefing Note /Approval	Summary of Changes:
June 1, 2011	BN 175892	Policy and Procedure update to reflect reorganization of resource ministries April 2011

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1. PURPOSE

To establish the Authorizing Agency's policy with regard to payment of taxes on Crown land.

To identify the various types of properties and the circumstances and manner that payment of taxes are made.

Under the *Municipal Aid Act* Section 2, the Minister of Finance is empowered to pay a grant-in-lieu to Municipalities for properties designated for use or used for a specific purpose by the Province. The *Municipal Aid Act* is administered by the Ministry of Community Services and payments are authorized by that Ministry. Historically, payments made under the *Municipal Aid Act* are for properties actually used for the operation of government, i.e. courthouse sites, government parking lots, etc.

The Authorizing Agency has agreed to make a similar grant.

This procedural statement complies with the provisions of the *Ministry of Lands, Parks and Housing Act* and *Land Act*. The procedure applies to properties held under the *Ministry of Lands, Parks and Housing Act* that are: unimproved and undeveloped; developed and marketing is in progress.

The Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch is responsible for designating the properties within Municipalities that a grant-in-lieu will be paid on. The regional director or the Director of the Crown Land Opportunities Branch is responsible for coordinating the grant-in-lieu assessments and payments.

1.1 Definitions

Authorizing Agency means the provincial ministry responsible for the specific land use authorization.

Exempt means not subject to taxation by the local government under authority of the *Community Charter*, Section 220 and the *Taxation (Rural Area) Act*, Section 15 for land and/or improvements vested in or held by the Crown.

Grant-in-Lieu means the payment of a grant equivalent to the amount identified as Municipal and Regional District Levies but does not include Assessment Authority, Hospital, Municipal Finance Authority, Transit, Local Improvements, School Levies, Frontage taxes or Parcel Levies.

1.2 Eligibility

A Grant-in-Lieu will only be paid for properties within municipalities. The principle of eligibility is that properties within Municipalities that are developed and for sale by the Authorizing Agency utilize the same local services as comparable private sector developments and should provide a contribution to local tax revenues. Payment for properties within Municipalities is consistent with the provisions of the *Municipal Aid Act*.

Properties within Municipalities or Regional Districts which are unimproved, undeveloped or unused have a minimal draw on services provided by local-governments and hence entail little or no cost to those authorities.

Tenure holders under the *Land Act* are obligated to pay property taxes as a condition of tenure.

The tenure and assessment/tax status of a property is generally determined by BC Assessment (BCA) as at December 31 of the year prior to levy and therefore, tenure holders are responsible for the whole year's taxes notwithstanding that their lease/licence may have expired part way through the year. All arrears of taxes are the responsibility of the former lessee/licensee. Structural improvements that are left on Crown land after the expiration of leases/licences are exempt from taxation except where illegally occupied, and are then the responsibility of the illegal occupier.

The Authorizing Agency will pay a grant in lieu on:

- Lots in subdivisions within Municipalities, developed by the Authorizing Agency for sale and where cost recoveries are expected.
- Scattered properties within Municipalities, received from other ministries, and for sale and where cost recovery is expected.

1.2.1 Adjustment of Taxes or Properties Subject to a Grant-in-lieu

In most situations, the amount of tax to be recovered would not justify the administration costs involved in establishing and collecting the tax. However, when a property with a market value in excess of \$100,000 sells, the Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch is to arrange for the purchaser to pay his portion of the tax as set out in a statement of adjustments.

When improved properties, subject to a grant-in-lieu, are transferred to a Provincial or Federal Government Agency, the Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch at the time of transfer will arrange for the agency to pay the grant-in-lieu, or if already paid to reimburse the Authorizing Agency.

1.2.2 Adjustment of Taxes on Properties Acquired from the Private Sector

When the Authorizing Agency purchases property that is subject to full property taxes, the taxes must be pro-rated with the vendor by way of the Statement of Adjustments.

1.2.3 Properties that the Authorizing Agency Considers Exempt from Taxation

- Parklands
- Unimproved land which is land-banked for future use is to be exempt from taxes until such time as the land is developed and marketing is in progress and cost recovery is expected. At that point, the Authorizing Agency would expect to pay a grant-in-lieu for the subsequent year, to the applicable Municipality.
- Lands not alienated and held under the *Land Act*, *Greenbelt Act*, *Provincial Park Act*, and *West Coast National Park Act* are exempt from taxation, except where individual exceptions are authorized by Executive. The Authorizing Agency's

share of taxes as shown on the Statement of Adjustments will be paid during the year of acquisition only.

- Properties acquired by the Authorizing Agency from a Municipality under the Loan Repayment Termination Program 1987/88.
- Forfeited lands until further alienation.
- Abandoned railway rights-of-way and their structures are exempt until alienation.
- Properties that are unimproved, undeveloped or unused within Municipalities or unorganized areas.
- Properties that the Authorizing Agency does not expect cost recovery from.

1.3 Identification of Properties

The Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch is responsible for designating use and change of use in properties.

Each regional office supplies a list of properties within Municipalities to BCA by February 15th. BCA uses this list to produce the Grant-in-Lieu Roll which is distributed to Municipalities for inclusion in their budget and tax collection process. As a general rule, property assessment/tax status is determined by the BCA at December 31 of the year prior to levy. The completed roll is issued as of December 31 and the revised roll is issued as of the end of March, following completion of the first level of appeal.

1.4 Assessment and Appeals

Notices of assessments are received by the Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch who is responsible for initiating an appeal, where required. Appeals are to be initiated when the assessed value significantly exceeds market value.

It should be recognized, that in most cases assessment notices will show the properties as totally exempt, and in many cases, where no taxes are to be paid, the assessed value is not of great concern. Prior to appealing, the Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch should determine the tax status and the significance of the assessment.

Appeals must be submitted within the time constraints established by the *Assessment Act*. Assessment notices are usually received during the early part of January and an appeal must be submitted to the Property Assessment Review Panel for review deadline of January 31.

In some cases if the Assessor is approached prior to January it may be possible to have the assessment changed without appealing.

1.5 Payment

Payment of taxes are made as a "grant-in-lieu". Arrangements have been made with the BCA to code properties designated by the Province as being eligible for a grant-in-lieu. The BCA also provides a copy of the Grant-in-Lieu Assessment Roll to Municipalities so they are aware of the properties we have designated.

Municipalities prepare an invoice for grant-in-lieu, and forward to the Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch for payment. The invoice is compared to the list of properties eligible for grant-in-lieu. If the property is eligible for grant-in-lieu, the Authorizing Agency will voucher for a cheque. All such payments made from the Crown Land Account are categorized as property holding costs.

No frontage taxes, dyking charges or special parcel levies will be paid.

The Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch is responsible to ensure that all property taxes or grants-in-lieu for properties under the administration and control of the Authorizing Agency, are paid.

When requesting payment of the taxes, the Authorizing Agency's regional director or the Director of the Crown Land Opportunities Branch will provide Finance and Administration with the Municipal billing. The objective is to obtain tax notices for properties subject to full taxes, and pay the levy prior to the penalty dates. If a payment is late and a penalty is correctly levied, payment will be made. Penalty payments will not be paid on grants-in-lieu.