

Understanding Farm Taxes

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In December, Rick Thorpe, Minister of Small Business and Revenue, ordered a review of farm property tax assessment policy. The policy review is aimed to protect small farms, and in particular small suburban-area farms. The ministry's initiative, in response to growing popular support for green-based action, climate-change adaptation, and eat-local movements, was welcomed by farmers as an opportunity to give needed help to local food producers and to lend an environmental perspective to outdated assessment criteria.

The review involves property tax assessment on farmland not in the Agricultural Land Reserve (ALR). Its objective is to ensure that farm assessment rules are clear and that small-scale farms in BC will not only survive but thrive. Historically, tax assessments for farms have been lower than residential assessments. This has been to assist farmers in their pursuit of food production and agriculture in general. However qualifying yearly for the lower taxes has been onerous. The ministry's review was triggered by a public outcry after a BC Assessment Authority (BCAA) re-assessment of 204 Saanich properties classified as farms, during 2007.

Split Designations

According to John Wilcox, Past President of Island Growers on Salt Spring Island and of 'District A' Farmers Institutes, to qualify currently in BC Assessment's terms 'food must be produced on every square inch of your small farm by people allowed to work at nothing else.' All land not being 'actively' farmed is now being considered residential by BCAA. This has led to many reassessed farms falling into a split farm/ residential designation. Some Saanich farmers' taxes have risen as much as 260%. The BC Assessment formula used to qualify for farm tax status also uses a minimum gross revenue of \$2,500 for parcels of land between two and ten acres. However, farms under two acres must produce \$10,000 of gross revenue to qualify for farm status.

Case Study in Coping

In a quirky situation, following a new split assessment, on a small farm of 2.78 acres (where eggs are the main product) only one acre is now classified as farm. This means that this farmer must now make \$10,000 gross income from the sale of the eggs. He is left with three options:

- he would have to increase his flock from 45 to 180 to meet this revenue requirement; (impossible as supply management law prevents more than 99 layers without quota);

- he could fence off another acre of property which means cutting down the trees to qualify the acre as farmland; or
- he could discontinue his egg production business.

Meeting in Saanich

On January 18, the Peninsula Agricultural Commission (PAC) met at Prospect Lake School in Saanich. Lana Popham, in her welcome to the participants, noted that the issues that arise from the farm status assessment review will impact the foundation of agriculture in BC. She went on to say that she supports looking at farm status assessments and she encourages farmers participating in the process. She called for a moratorium on BCAA's farm reassessments until the review has been completed.

Many issues relevant to farm assessment criteria were brought up at the meeting:

- The capital cost of farmland now exceeds its ability to produce. Without the farm tax designation there would be no incentive to lease land for farming—Alastaire Bryson, Central Saanich Council Liaison on PAC.
- Although perhaps unintentional, the current BCAA policies seem to discourage food production. We have to keep a viable, rural Saanich. We need a review and we need a moratorium—Vic Derman, Saanich Councillor.
- The BC Agricultural Strategy initiated by PAC in 1997 focuses on the future of farming on the peninsula and indicates a 34% increase in population by 2020—how are we going to feed these people? Split assessments will not work—Bob Gillespie, Saanich Councillor.
- BCAA needs to be rethink what agriculture is about today; they should be working with the Ministry of Agriculture and Lands on this—Barb Grimmer, Director Islands Farmers Alliance.

Coming from the meeting is the idea that many issues, some of them new, need to be included in the review.

Another Category Needed

Farmers who raise poultry for meat and eggs, farmers whose property is covered by water at certain times of the year, farmers with parts of their land that cannot sustain agriculture because of rocky or wooded acres, farmers with stands of Gary Oak and other protected species, all have had their land assessed at split tax rates. There are currently only two rates: residential and farm tax.

There is no rate applying to ecological protection, wildlife habitat, watershed or forest buffer areas.

The Land Conservancy (TLC) has a stewardship and conservation partners program in operation that recognizes and helps farmers who observe good environmental farm practices. There are no tax assessment mechanisms by which to recognize these management practices and environmental practices in the local area plans and the official community plans. The BCAA is working in a vacuum, says Ramona Scott of The Land Conservancy.

Minister of Small Business and Revenue's Review Panel

On January 31, Saanich Mayor Frank Leonard and Blair Lekstrom, Peace River South MLA and Parliamentary Secretary for Rural Development, were appointed panel co-chairs for the farm status assessment review. At the Saanich January 18 meeting, Murray Coell MLA for Saanich and the Islands submitted a statement from Minister Thorpe which stated that the review panel will consist of farmers, local elected officials, and provincial representatives.

Farmers' Institute Steps Up

District A Farmers Institutes, in its General Meeting of January 26 in Comox, came up with the following resolution:

'That District A Farmers Institutes, representing the Farmers Institutes of Vancouver Island, the Gulf Islands, Powell River and the Inter-Island Sheep Breeders Association, agree that there are serious problems with current taxation systems on farmland.

'We therefore direct 'District A FI' to apply for a position on Minister Thorpe's Committee for Farm Tax Assessment Review and we also direct District A FI to take a leadership role within District A to develop a position on the issues associated with farm taxation.'

Encouraging Farmers & Agriculture?

John Wilcox writes about what it takes to qualify as a farmer:

'Despite the fact that a farmer may have been educated in agriculture or horticulture all his or her life, farm people must apply to BC Assessment (BCAA) each year to be defined as farmers.

'In addition to that, 60 or so acts of legislation govern this vocation, of particular note are the regulations of: provincial Ministry of Agriculture and Lands, federal Ministry of Agriculture and Agri Food, Agricultural Land Commission, provincial Ministry of Health, Canadian Food Inspection Agency, provincial and federal Ministries of Environment, bylaws of the local

government, and supply management quota giants. All of these agencies step in to 'encourage agriculture' despite the cross-jurisdictional confusion that their overlapping jurisdictional authority creates.'

Marathon Appeal Session

Meanwhile tax appeals to 2008 Saanich farm assessments will be heard by Provincial Assessment Review Panel # 631 at the Shady Creek United Church Hall between February 11 and March 14.

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