



Community. Leadership. Pride.



**WESTBANK
FIRST NATION**

PROPERTY TAXATION



**WFN Economic Development and
Community Governance Conference**

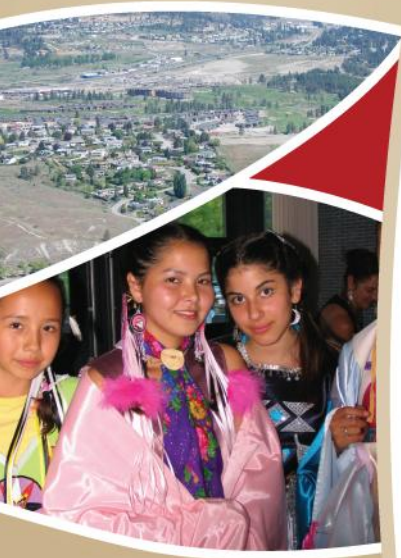
Coast Capri Hotel
Kelowna, BC

2011
October 13th-14th 2011

PROPERTY TAXATION

WESTBANK FIRST NATION

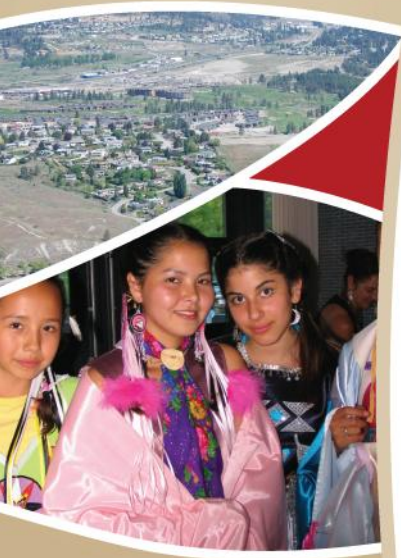
1. History

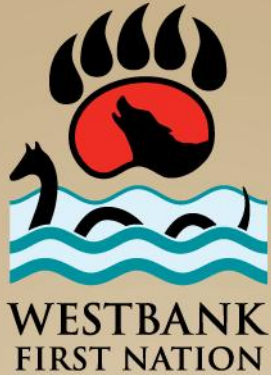




Bill C-115

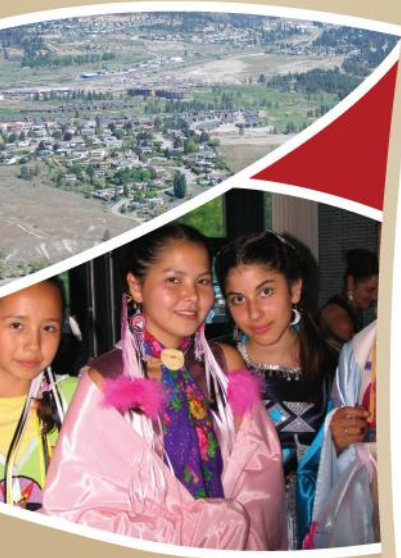
- 1988 – Section 83 of the Indian Act was amended by Bill C-115.
- This Bill broadened the taxation authority of First Nations under the Indian Act to include surrendered (designated) lands.
- It clarified that leased lands remained part of reserve lands so First Nations were able to enact property tax by-laws on those lands.





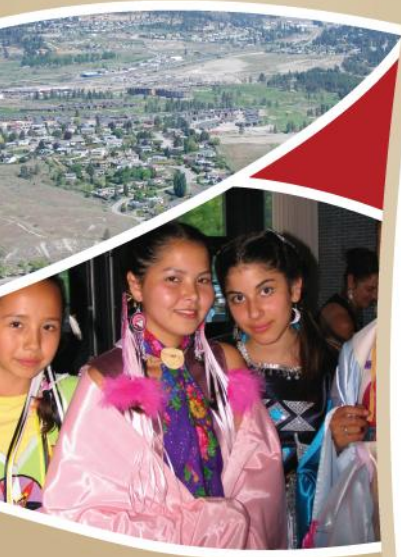
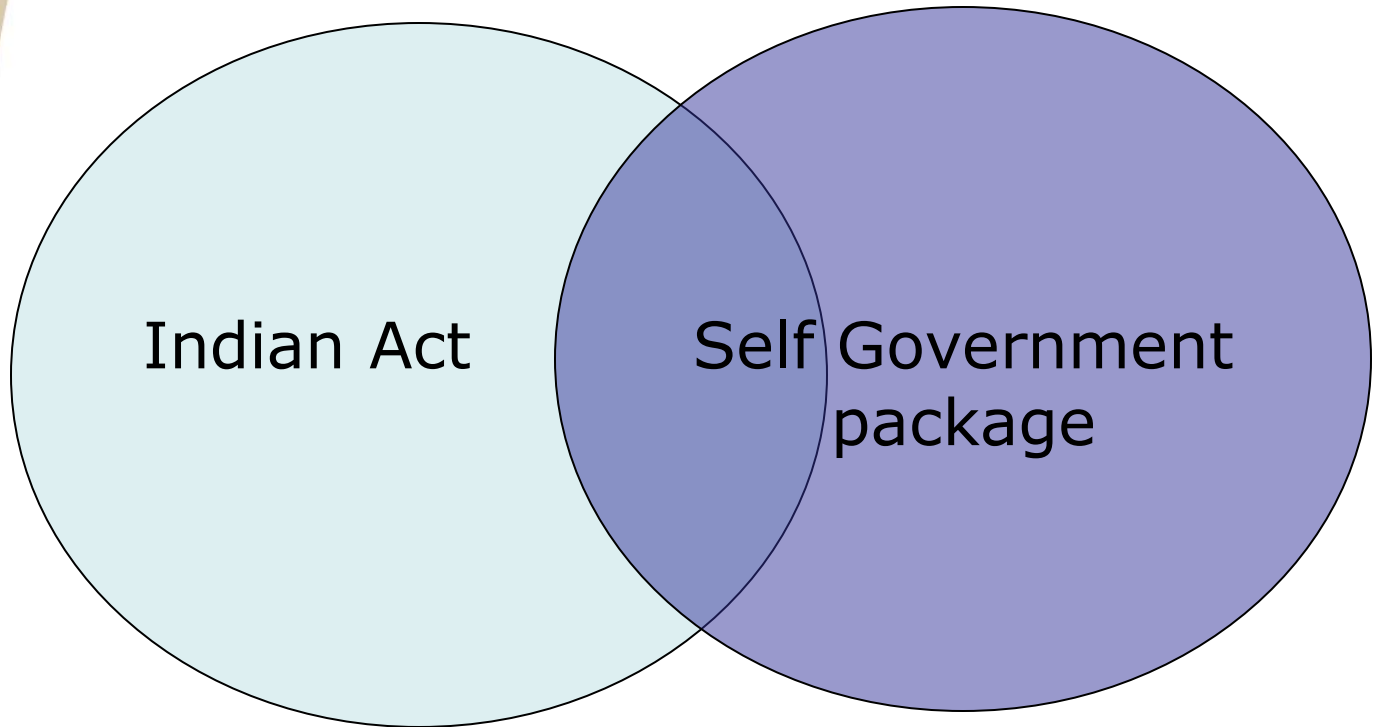
WFN and Property Taxes

- Westbank First Nation has administered and collected property taxation over its lands since 1990
- Prior to 1990, taxation was imposed on our lands and collected by the Province of BC. The province supplied basic services but did not develop infrastructure on Westbank First Nation lands.





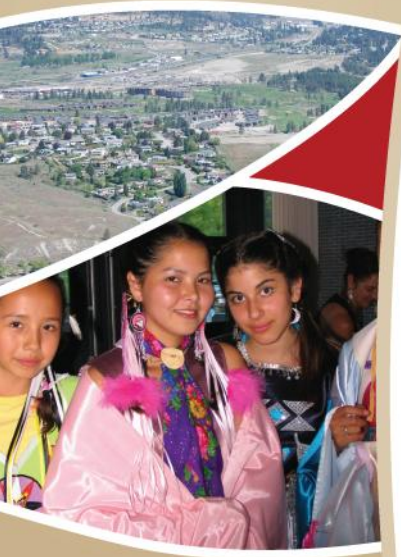
Self-Government & the *Indian Act*





Indian Self-Government Enabling Act

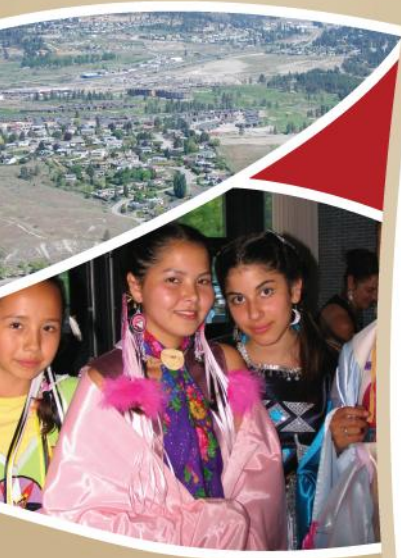
Assists Bands, Municipalities and Government to participate in the implementation of systems of concurrent real property taxation under both Indian Land Taxation Laws and Provincial Law.





Canada enacts the Westbank First Nation Self-Government Act in 2004

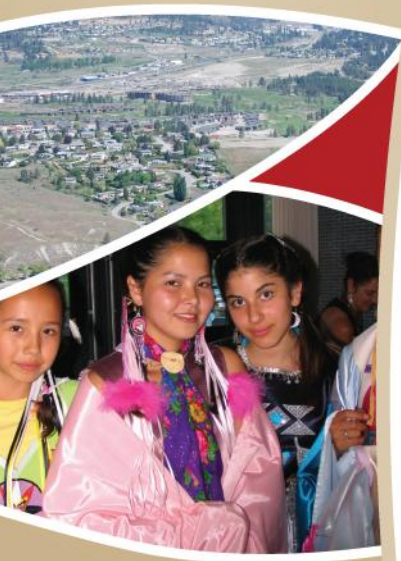
- At this juncture it is important to note the impact that WFN Self-Government Act has on Property Taxation.
- Why keep section 83?
- Stable system with recognized National Standards and approaches work to support economic development.
- Ratepayer familiarity with and support for Ministerial oversight. This alone was important in obtaining **non-Member resident** support of the Westbank First Nation self-government package.
- Charter of Rights and Freedom Issues.





Support and Approval of Taxation Laws

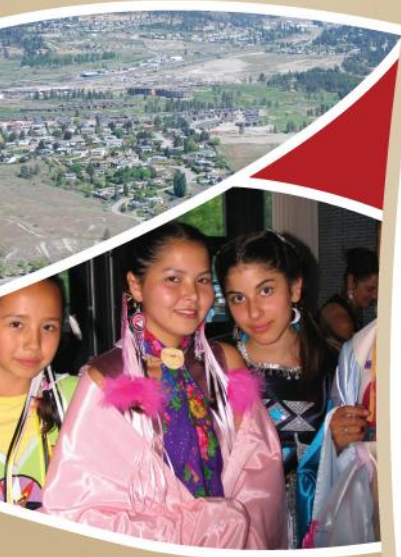
When a First Nation decides to exercise property taxation jurisdiction under the **Indian Act** or the **First Nations Fiscal and Statistical Management Act (FSMA)** the First Nations Tax Commission (FNTC) is the body that provides institutional and regulatory support to First Nation property taxation.





Tax payers Representation

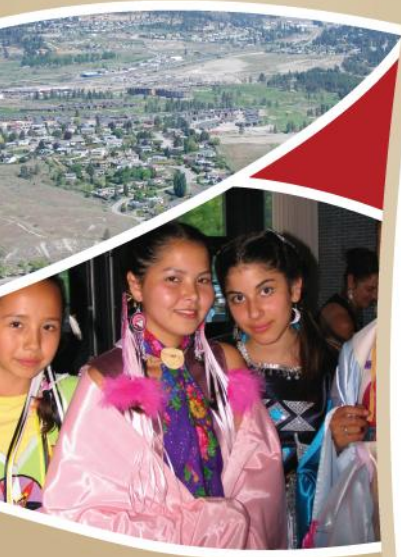
- The WFN Self-Government Agreement requires that those having an interest in WFN Lands shall have input into proposed Westbank Law that significantly affect them.
- Post self-government, WFN's first law implemented established the Advisory Council.
- A five member advisory council is elected every three years from five districts.
- They meet regularly with the WFN Government.





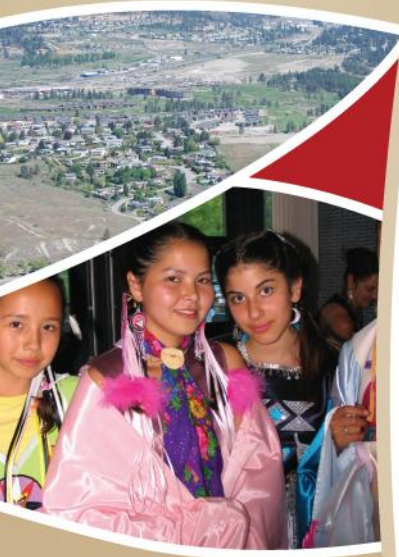
Why Property tax?

- Property taxes are used for services and facilities that benefit the community.
- Taxes pay for services and infrastructure and a healthy community. This includes roads, snow removal, fire protection, bylaws enforcement, engineering, planning, recreational facilities.
- Prior to WFN property tax, the BC Rural Property tax moved local tax revenues to Victoria.
- WFN property taxes circulate in the local economy.

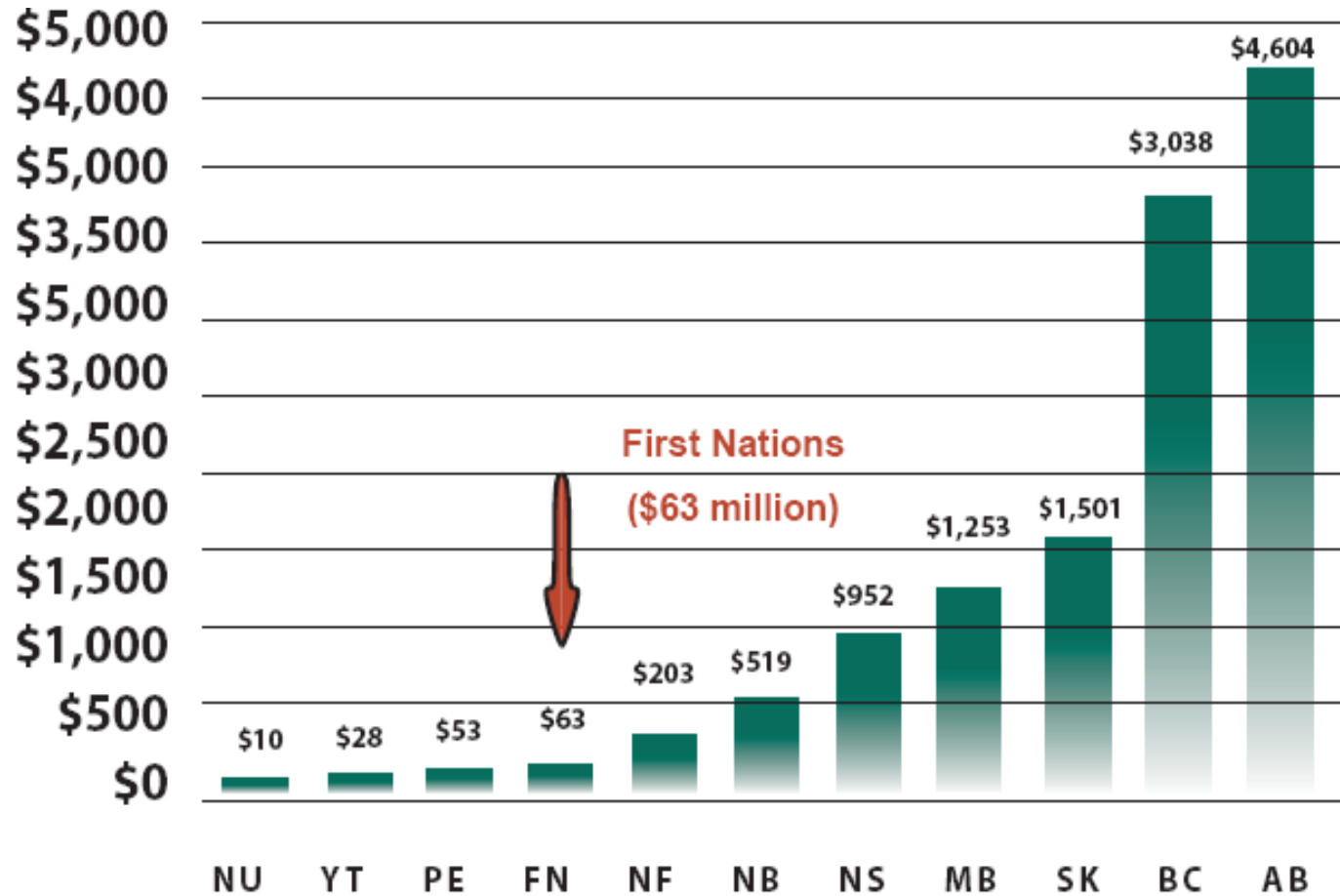




Real Property Tax Revenues – 2009 First Nations ("FN") and Selected Provinces and Territories

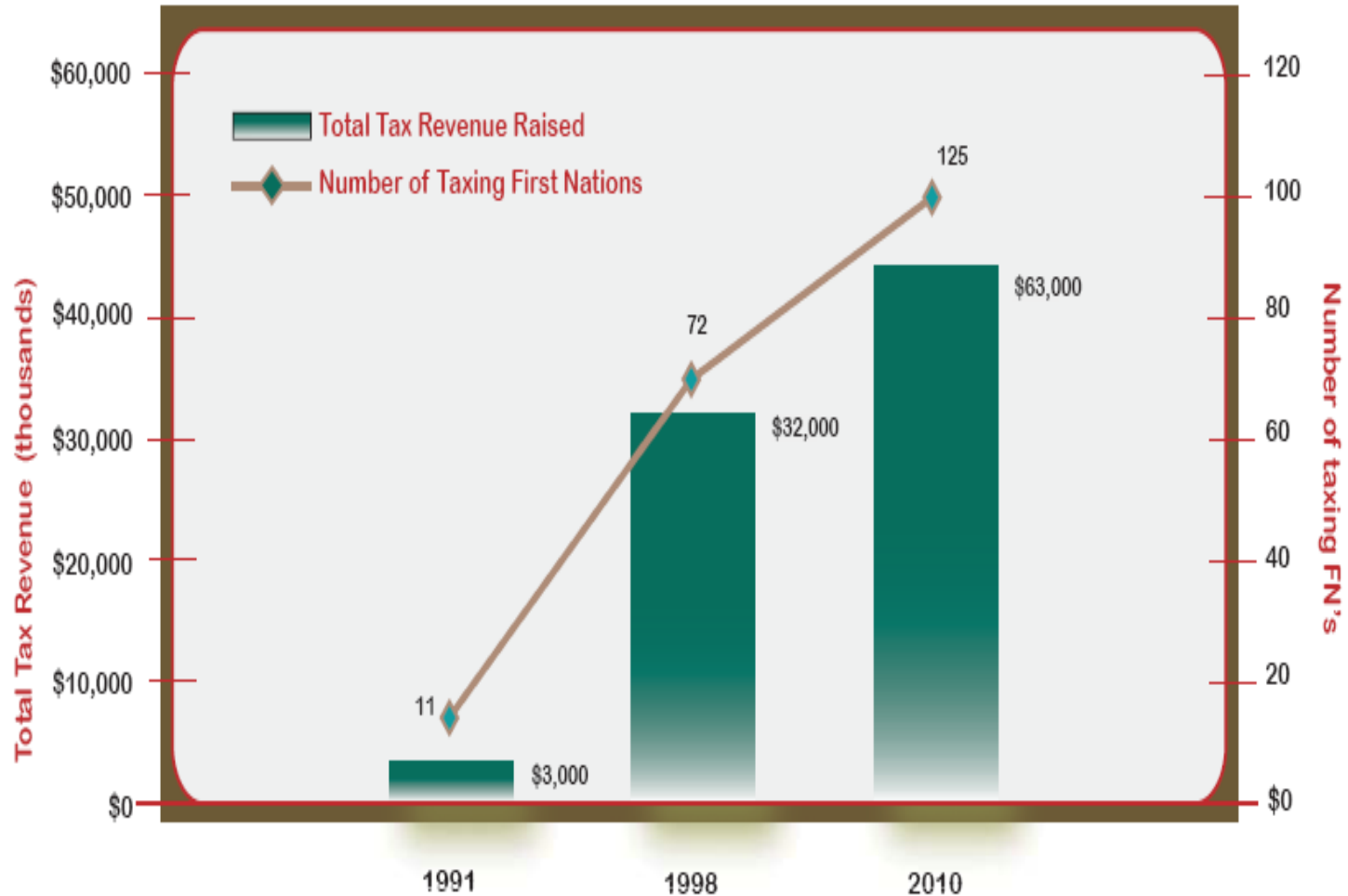
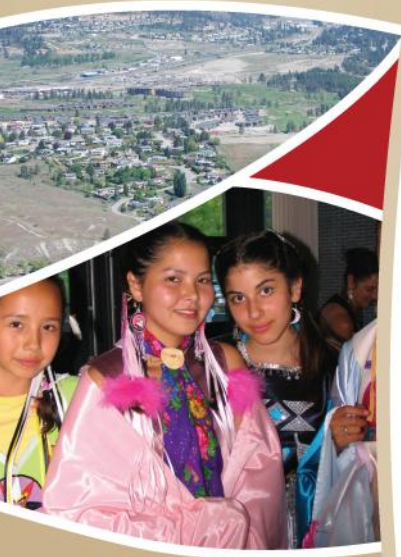


Millions





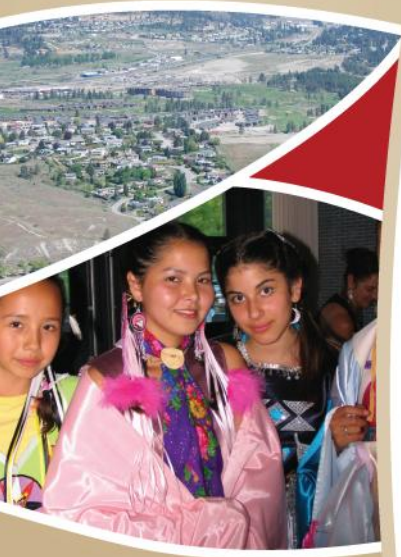
First Nations and Growth in Property Taxation





How to apply for FN Property taxation

- BCR and request in writing to the **Minister of Finance** as legislated under the [Indian Self Government Enabling Act](#),
- Receive acknowledgement and a Taxation Certificate
- The band develops property assessment and taxation by-laws in consultation with the [First Nations Tax Commission](#)
- The band must contract for local services such as sewer and water systems.
- The band notifies residents and taxpayers on the reserve
- The band implements the required property tax administration.
- The Property Taxation Branch will notify the affected government organizations etc.
- The Taxation Certificate will be published in the B.C. Gazette.
- The final step is completed by the Property Taxation Branch by submitting a copy of the B.C. Gazette to the requestor.

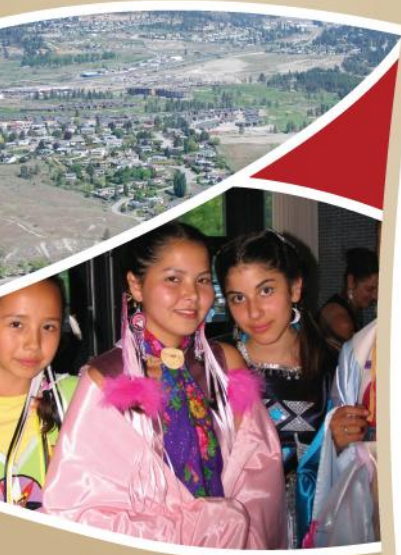




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2. Context

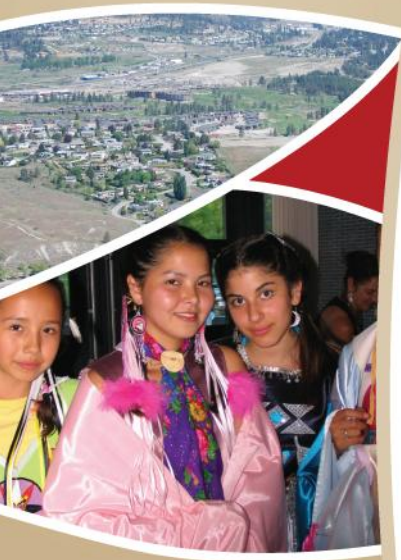


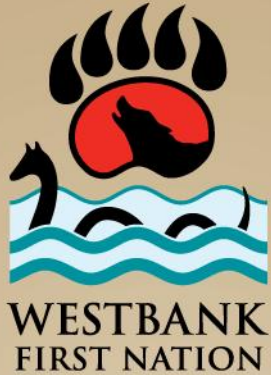
Property Tax By-Laws

By-laws under section 83 (1) of the Indian Act:

(Not laws under SGA)

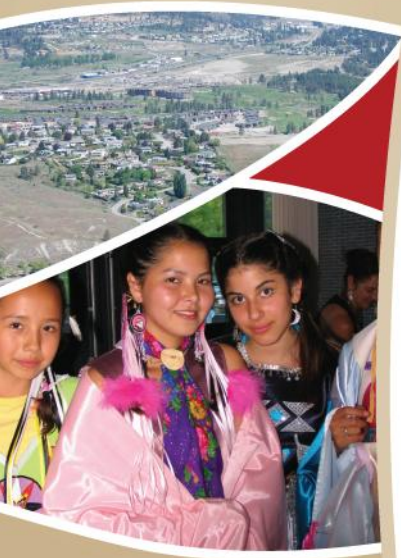
- Property Assessment by-law;
- Property Tax Expenditure by-law
- Property Taxation by-law





Property Assessments

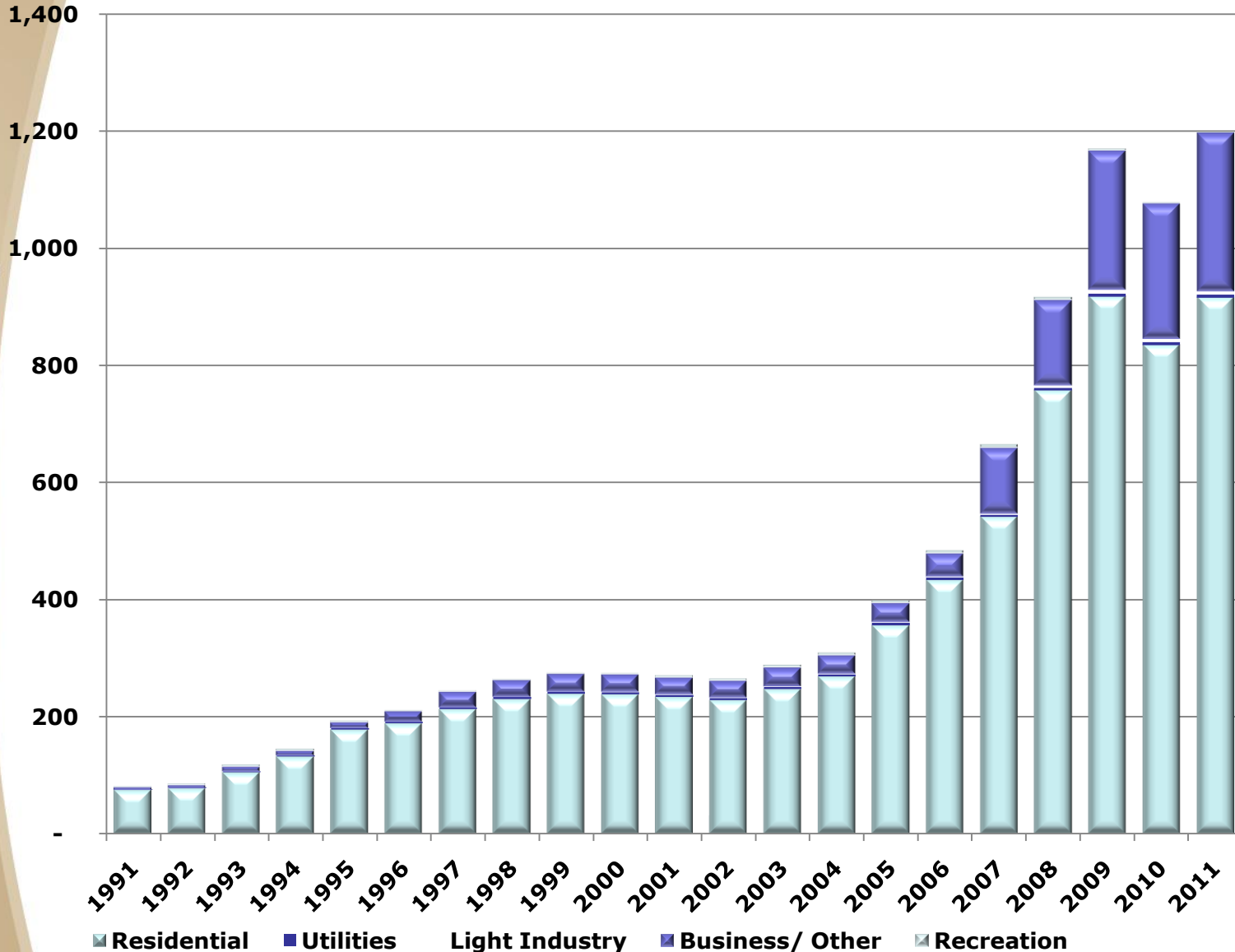
- BC Assessment / Contract.
- Same Cycle as Municipal and BC Rural Assessments.
- Values tied to benchmarked off-reserve (equivalent) properties.
- Appeals: Same process as off reserve.
- Data uploaded to WFN Tax software.





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Total Assessed Property Values, 1991-2011 (\$000's)





Tax System: Objectives

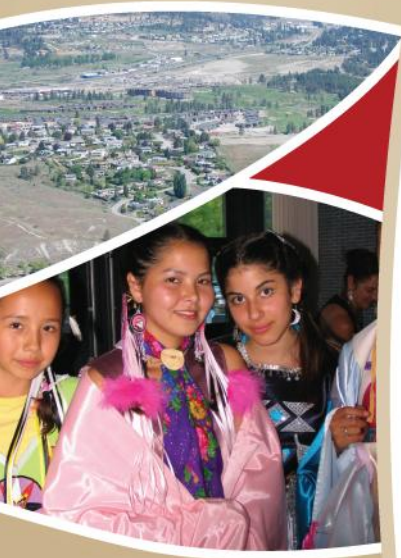
- Self Sufficiency and Economic Development for the First Nation.
- Expand FN Governance and Capacity. (Jobs!)
- Keep the money in the Community and Region (vs. BC rural Tax)
- With modernized Lands Management, WFN lands can be developed similarly to BC Municipalities.
- Fair and objective tax system, transparent to businesses, residents, and developers.





WFN Property Tax System is not..

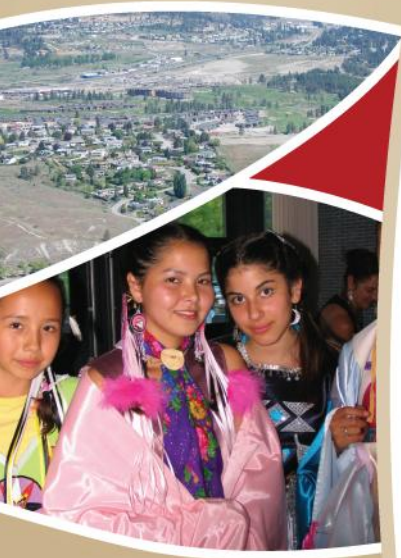
- Not intended to be an exact replica of the BC Local Government system..
 - Similar; not an exact copy
- Not a flow through or collection agent for local provincial authorities (School, hospital).
- Not under provincial jurisdiction: not subject to the Local Government Act or Community Charter.
- Not party to Provincial and Federal Municipal grants.





Some more unique feature of WFN Tax By Laws

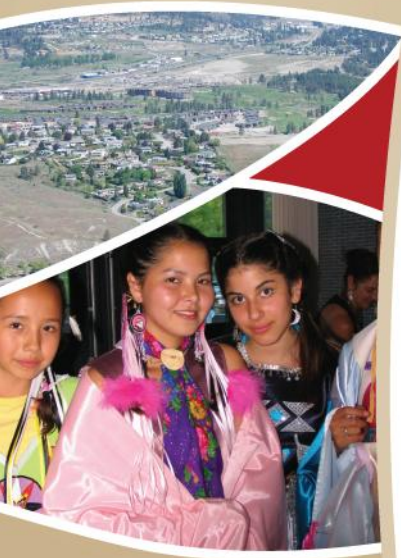
- 10% of Gross tax is set aside to capital project reserve.
- A further 10% of Gross tax is set aside to contingency reserve
- Any deficit must be covered by next years budget (or covered by the stabilization fund)
- Any surplus must be set aside in the stabilization reserve, to be used to cover future deficits or capital cost overruns





Restrictions on Tax Expenditures

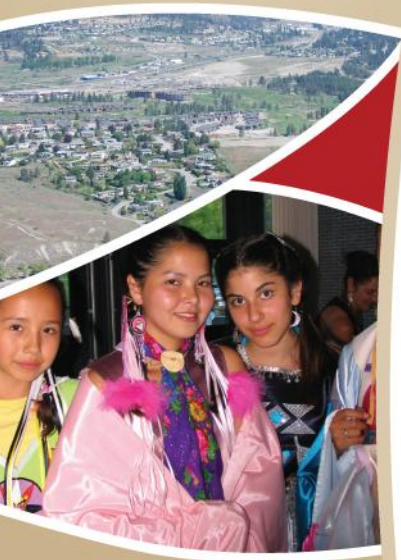
- Limited by WFN Law and FNTC process...May only collect for specific expenditure categories:
 - General Government
 - Protective Services
 - Transportation Services
 - Recreation and Culture
 - Community Development (Eng, Planning)
 - Environmental Health
 - Fiscal Services
 - Taxes for Other governments



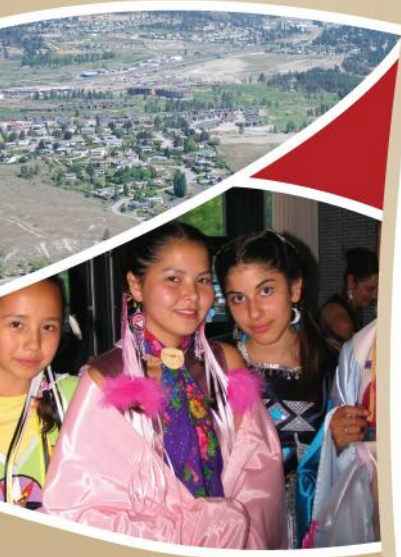


Some more legal restrictions on WFN Tax Funds

- Separate funds and banks for
 - Taxation operating fund
 - Contingency Fund
 - Capital Projects Fund
 - Stabilization fund
- Any expenditure from any of these funds must be:
 - Written into a Local Revenue Law,
 - Approved by the Advisory Council
 - Passed by Council
 - Approved by the Minister of Indian Affairs



Tax Process

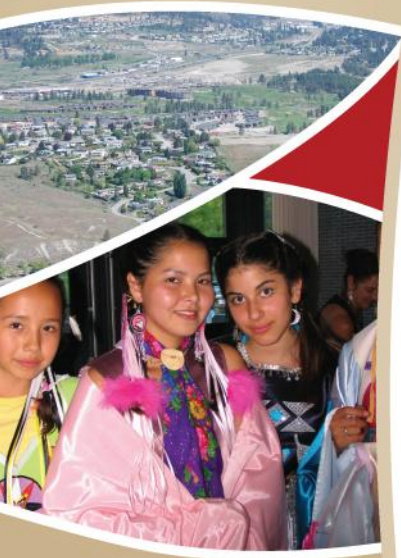


- Budget Driven tax system to create a “tax requisition”.
- Ground up process driven by managers through work plans.
- Tied to the WFN strategic plan and community plans.
- 5 year financial plan is included for capital, borrowing, fund projections.
- Provisional budget. Deadline Dec 15.



Budget and Tax Rate approval

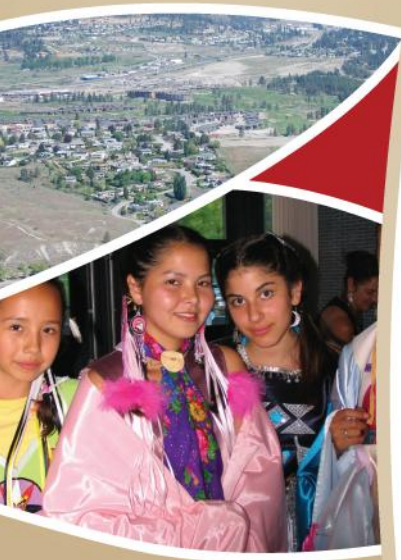
- March 31. Deadline for final budget.
- Final budget and rates are supported by a motion of the Advisory Council to WFN Council.
- WFN Chief and Council have final approval
- Tax By-laws are then reviewed by the First Nation Tax Commission (FNTC) .
- Tax Rates are compared to and **must be equitable to neighboring communities.**
- Final approval is given by the Minister of Indian Affairs and Northern Development based on the recommendation of the FNTC



Home Owner Grant



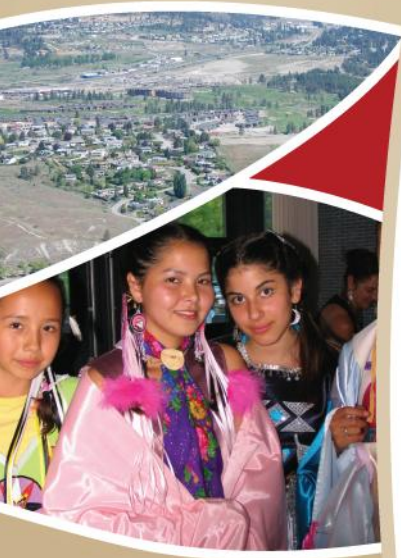
- Equivalent to the BC Homeowner Grant.
 - \$570: primary residence
 - \$275: Additional Grant
- HOG is from own source funds. (Not reimbursed by BC) School tax offset.
- \$200 NRHB for carbon tax: BC has refused.

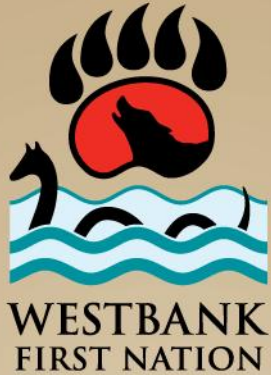




WFN Property Tax revenues 2011 after HOG

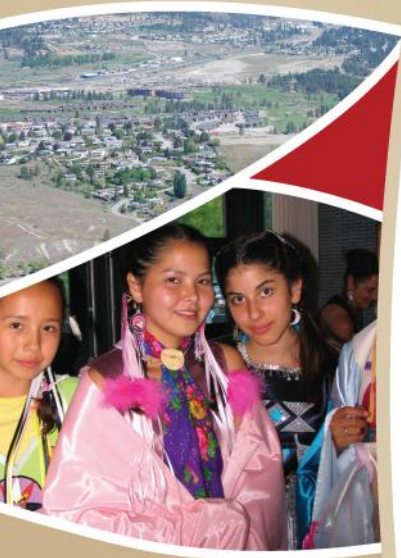
- Budget: \$9.1 million:
- Gross Taxes \$10,481,794
- Less HOG \$1,350,000
- **Net** **\$9,131,794**





WFN Property Tax expenditures: 2011

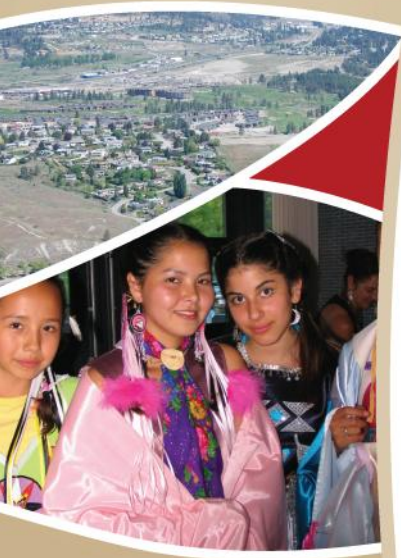
• Protective Services	\$1,210,474
• Local Services	\$1,806,388
• Community Devel.	\$1,240,000
• Parks & Recreation	\$415,000
• Fiscal /Reserves	\$1,461,000
• Govt Services	<u>\$2,998,932</u>
	\$9,131,794





Local Service Agreements

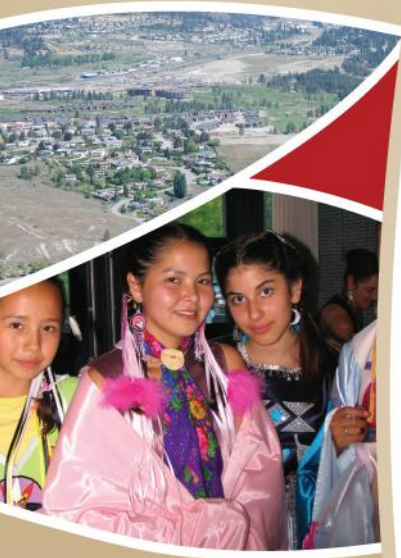
- **Regional District of Central Okanagan**
 - **Transit**
 - **Westside Transit**
 - **Handi Dart**
 - **Regional**
 - **Regional Parks**
 - **Okanagan Basin Water Board**
 - **Sewage Treatment**
 - **Other Protective and Emergency Services**
 - **Regional Rescue Services**
 - **911**
 - **Crime Stoppers and Victims Services**
 - **Westside Transfer Station**
- **District of West Kelowna**
 - **Westside Fire Protection**
 - **Mt. Boucherie Centre**
 - **Westside Senior Centre**
- **ORLB...Library Services!**



Service Agreements \$



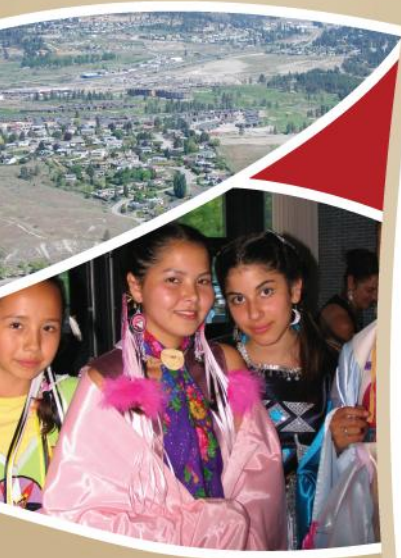
- Regional District of Central Okanagan
\$ 1,076,238
- District of West Kelowna
\$1,315,180 (Fire = \$980,474)
- ORLB...Library Service
\$219,108





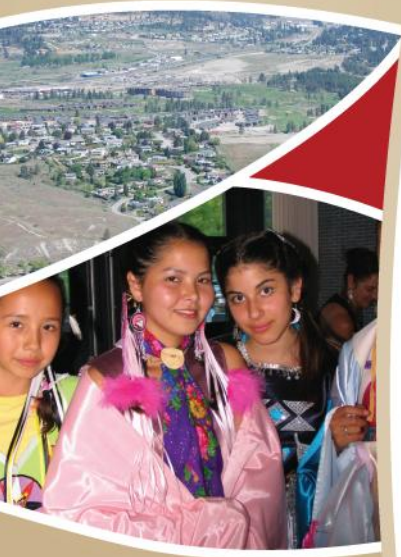
Property tax: future direction

1. Move from Indian Act to FSMA jurisdiction.
 - Similar oversight: FNTC, minister
2. Move to Self Government Act jurisdiction?
3. Modernize and consolidate bylaws.
 - Update language and wording
 - Recognize evolution of WFN governance.





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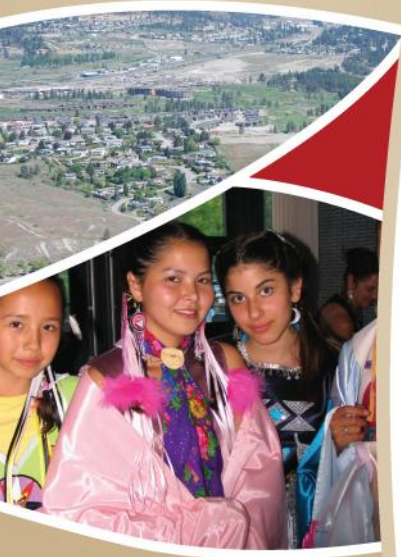
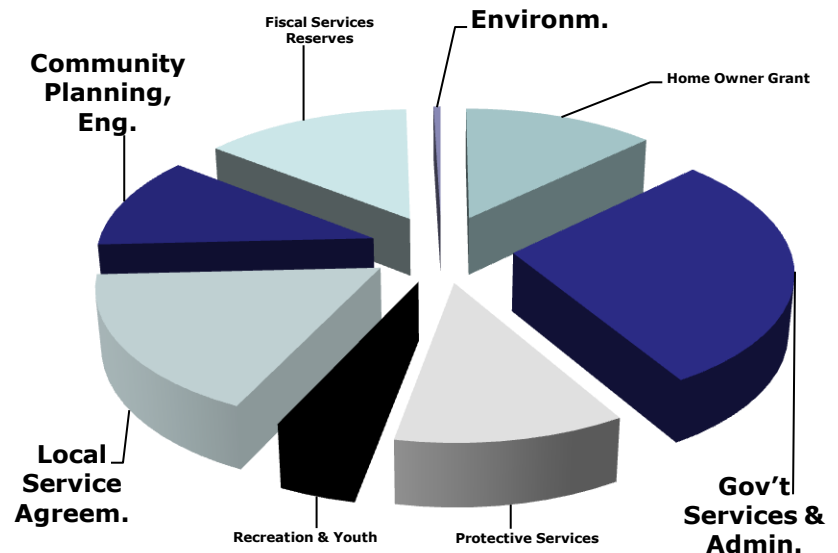
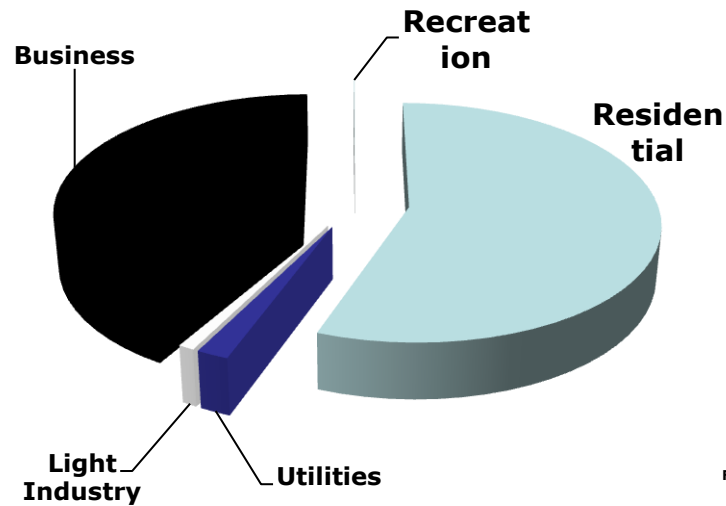
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3. Process



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Preparing FN Property Tax Budget

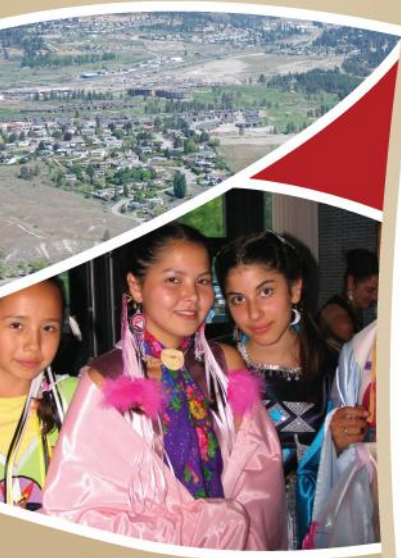


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Getting Started



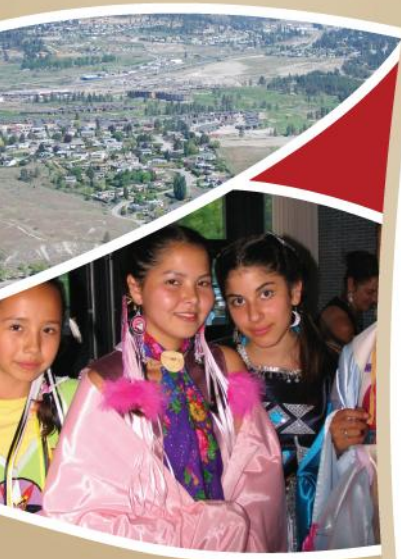
- Strategic Plan
- Workplans
- Overall WFN Budget
- Allowable Expenditures





General Government Services

- Chief and Council
- Board of Review
- General Administration
- Advisory Council
- Financial Services
- IT – Information Technology
- Human Resources
- Legislative Services
- Intergovernmental Services

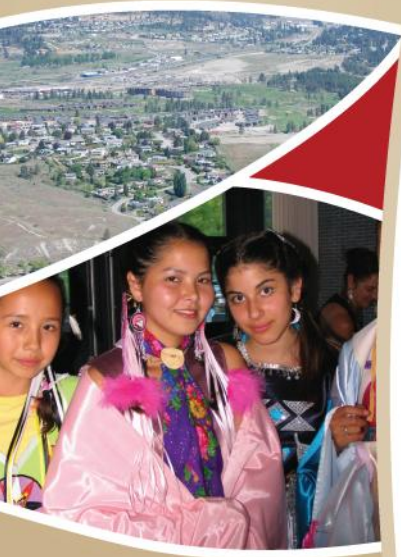


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Protective Services:

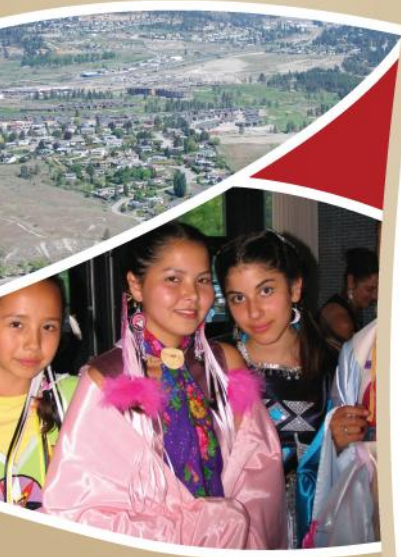
- Westside Fire Protection
- Law Development
- Law Enforcement
- Residential Tenancy





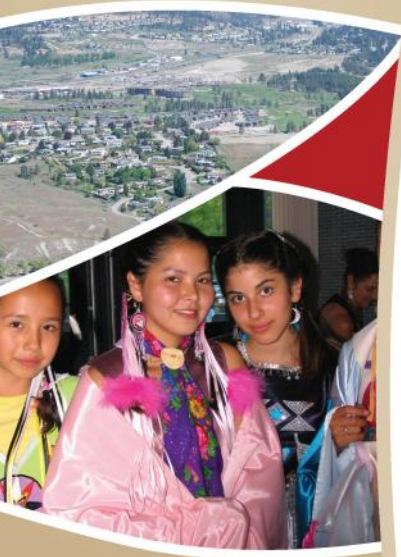
Recreation Services

- Parks & Ball fields
- Multi Purpose Facility
- Youth Programs
- Camps
 - Kids Camp
 - Culture Camp
 - All sorts of Sports Camp
 - Art Camp
 - Fishing and Camping Camp
 - Science Camp
 - Spring Break Camp
- Golf Tournament
- Basketball
- Floor Hockey
- Youth Sports- Drop-In
- Youth Works
- Snow Board Team
- Children's programs

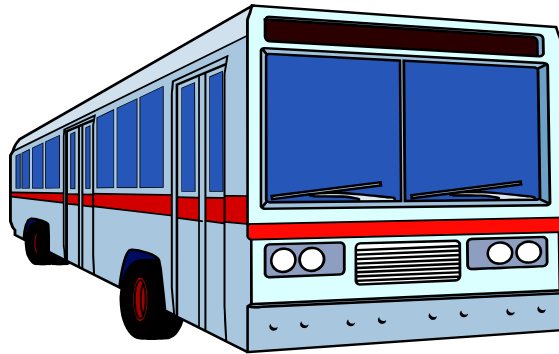


Local Services

(Collections for other Governments)



- JB Aquatic Centre
- Mt Boucherie Arena
- Westside Seniors Centre
- Westside Transit
- Handi-Dart Transit
- Regional Rescue Service
- 911
- Fire prevention
- Crime Stoppers
- Victims Services
- Library Services



- Regional Parks
- OK Basin Water Board
- Westside Transfer Stn.
- Tourism West Kelowna

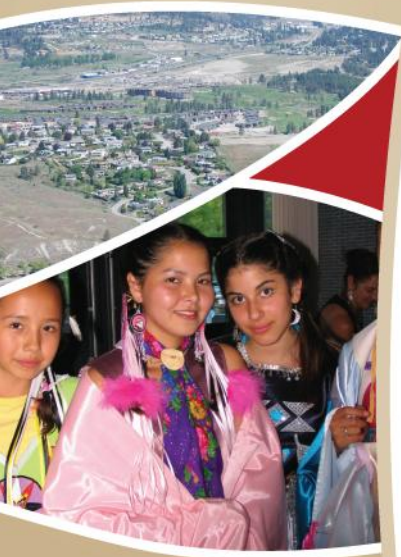


Community Development

- Economic Development
 - Communities in Bloom



- Planning and Development
- Engineering
- Public Works
- Maintenance Services
- Capital Asset Mgmt



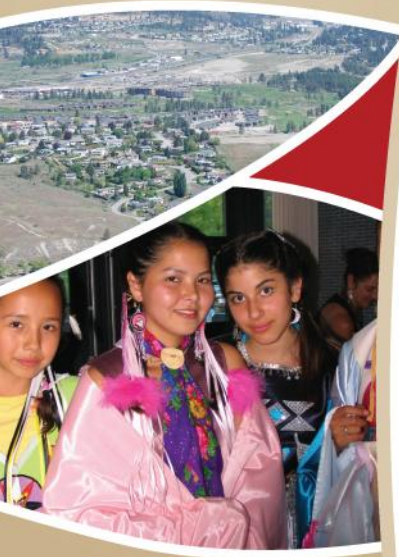


Fiscal services / Reserves

- Required to be set aside each year under WFN law:
- Reserve for Capital Projects



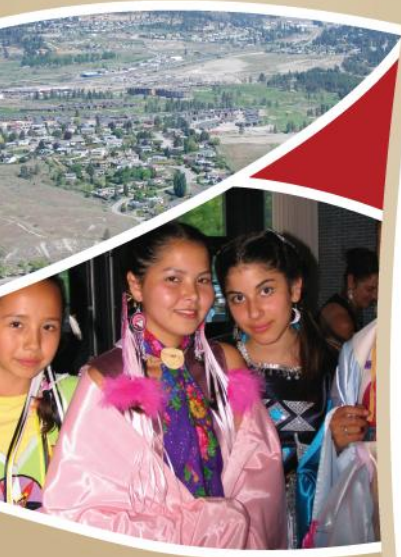
- Reserve for Contingency





Home Owner Grants

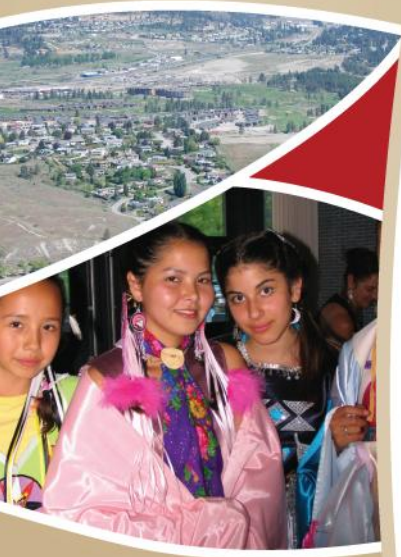
- Basic Home Owner Grants
- Additional Home Owner Grants
- Northern and Rural Homeowner Benefit





Setting the Budget and Tax Rate

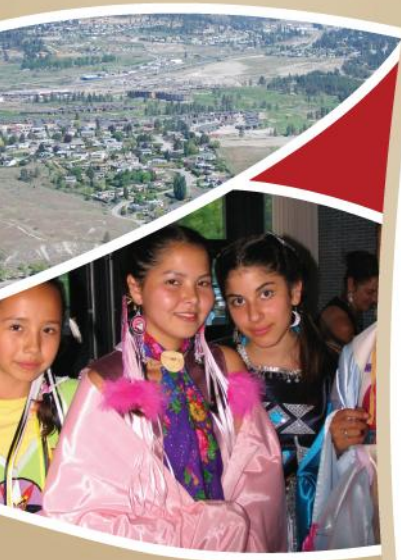
- Meetings with Managers and Council regarding projects and services.
- Explore funding sources
- Calculate needed funding.
- Establish a fair split





Setting the Budget and Tax Rate - cont...

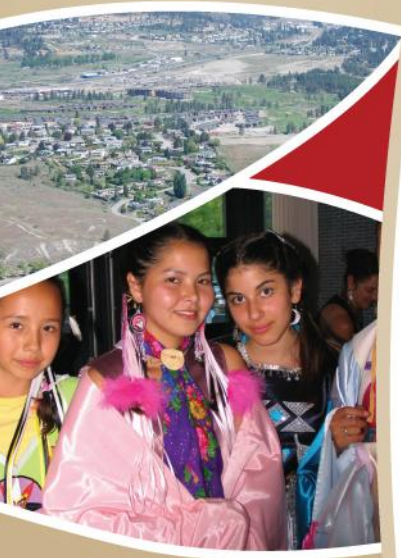
- Preliminary Information
 - from BC Assessment - December
- Non Market Change
 - From this info we will have an idea of Assessment increase/decrease plus how much additional development has been created
- Receive final Information from BC Assessment





Setting the Budget and Tax Rate - cont...

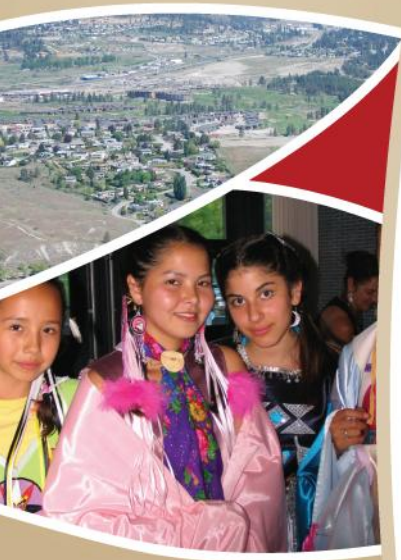
- Review with Advisory Council, WFN staff and Council.
- Motion of Support by the Advisory Council to WFN Council.
- Review Law by the First Nation Tax Commission (FNTC).
- Final approval by the Minister of Indian Affairs and Northern Development.





Setting the Budget and Tax Rate - cont...

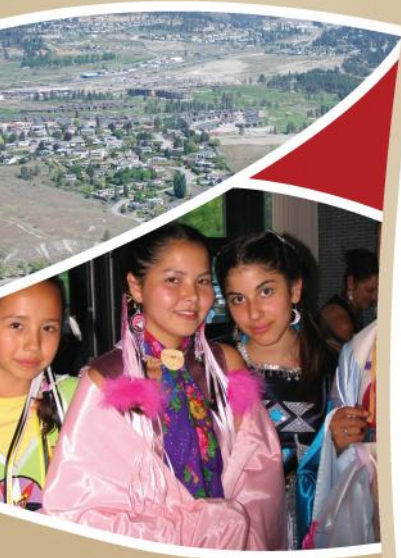
- **Tax Rate:**
 - If the tax rate for residential property is 6.3776 this means that taxes on a residential property valued at \$100,000 the taxes would be \$637.76
- **Multipliers:**
 - For Assessment Classes such as Utilities, Light Industry, Business, Recreation etc. a multiplier will be used to set the rate.
- **Additional Charges:**
 - Also included on the Tax Notice could be additional Local Improvement Charges or Parcel Taxes for Sewer etc.





Assessed Value

● Residential	915,387,506
● Utilities	5,443,353
● Light	4,591,101
● Business	270,515,900
● <u>Recreation</u>	<u>1,017,200</u>
● Total	1,196,955,060



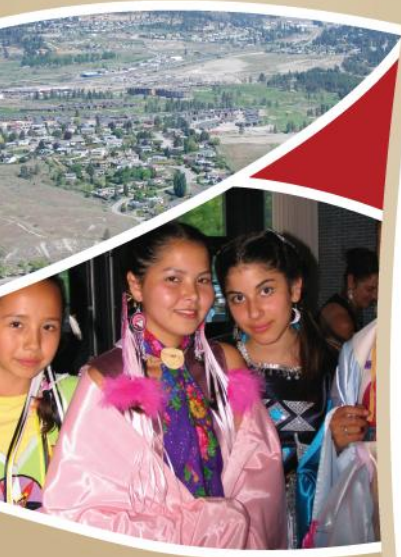
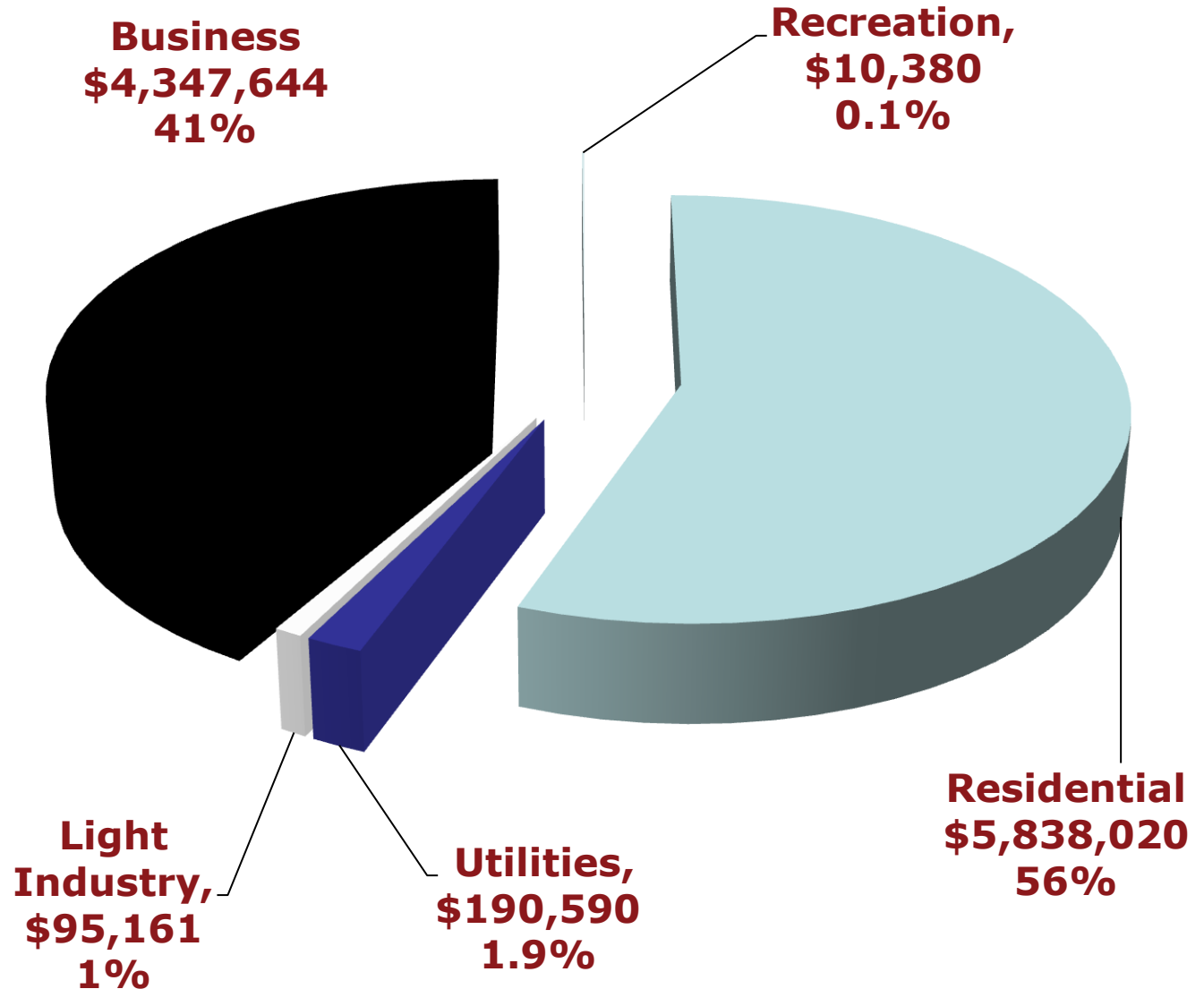
Property Tax Rates 2011

	Folios		Multiplier	Rate 2011		Revenue	% split
Class 1	3,505	Residential		6.3776	\$	5,838,020	55.7%
Class 2	12	Utilities	5.49000	35.0133	\$	190,590	1.8%
Class 5	6	Light Industry	3.25000	20.7274	\$	95,161	0.9%
Class 6	68	Business/Other	2.52000	16.0717	\$	4,347,644	41.5%
Class 8	3	Recreation/Non	1.60000	10.2042	\$	10,380	0.1%
Class 9	0	Farm Classification		6.3776	\$	-	0.0%
	3594				\$	10,481,794	100.0%

Budget	Rate						
	Residential Class 1	Utilities Class 2	Light Industry Class 5	Business Class 6	Recreation Class 8	Farm Class9	
WFn Home Owner Gran	1,350,000	0.8214	4.5095	2.6696	2.0699	1.3143	0.8214
General Government Se	2,998,932	1.8247	10.0176	5.9303	4.5982	2.9195	1.8247
Protective Services	1,210,474	0.7365	4.0435	2.3937	1.8560	1.1784	0.7365
Recreation Services	415,000	0.2525	1.3863	0.8206	0.6363	0.4040	0.2525
Collections for other Go	1,806,388	1.0991	6.0340	3.5721	2.7697	1.7586	1.0991
Community Developme	1,190,000	0.7241	3.9751	2.3532	1.8246	1.1585	0.7241
Fiscal Services	1,461,000	0.8889	4.8803	2.8891	2.2401	1.4223	0.8889
Environmental Health S	50,000	0.0304	0.1670	0.0989	0.0767	0.0487	0.0304
	\$ 10,481,794	6.3776	35.0133	20.7274	16.0717	10.2042	6.3776

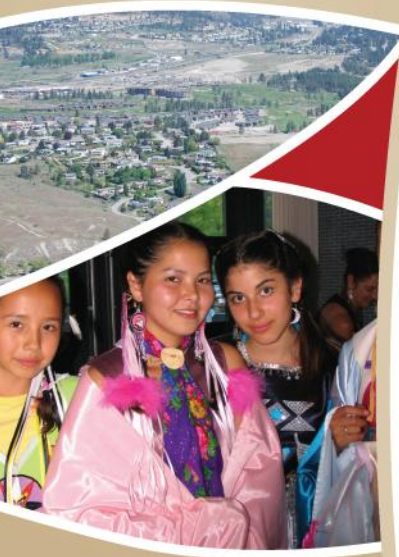
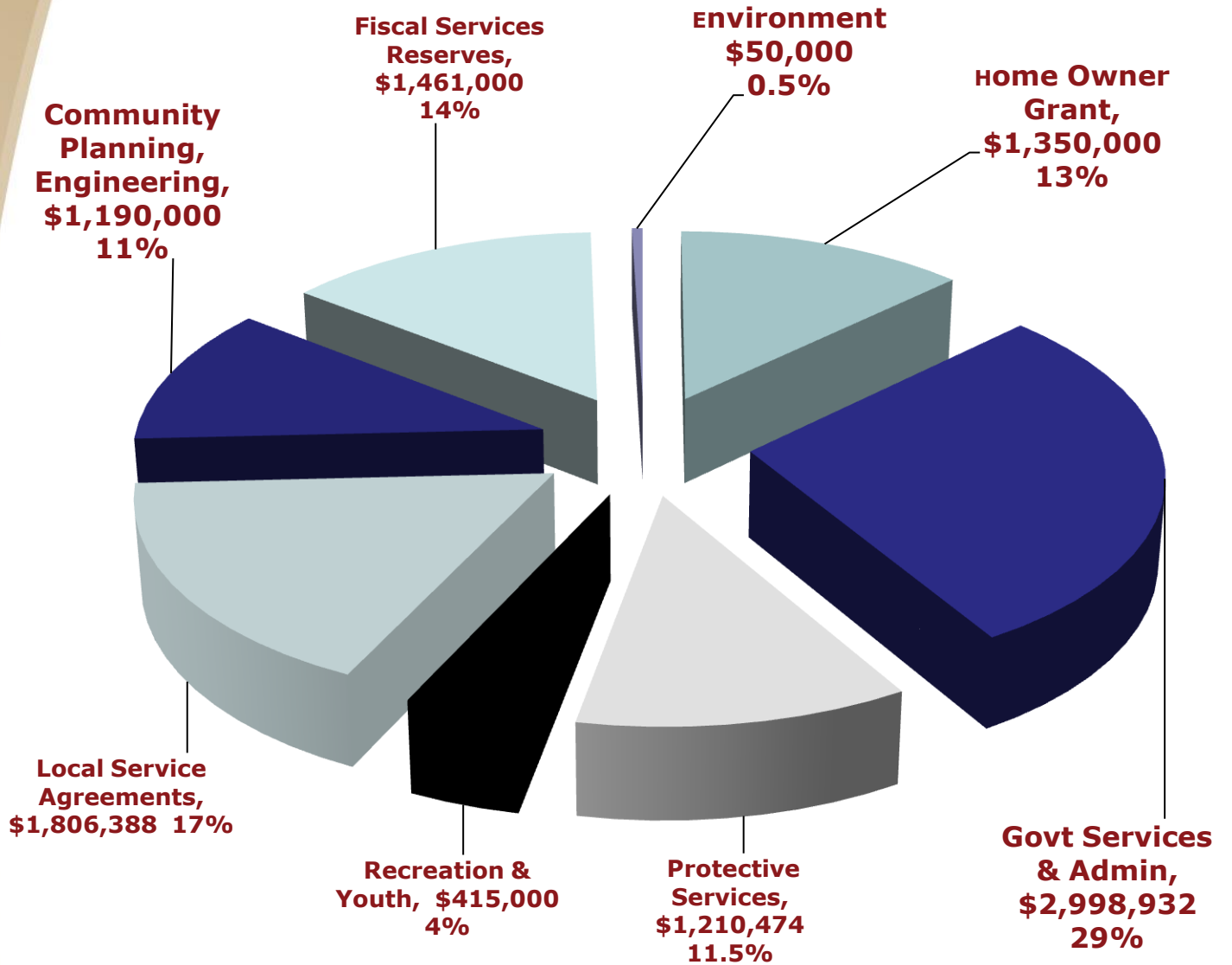


What is the tax burden by Property Class?





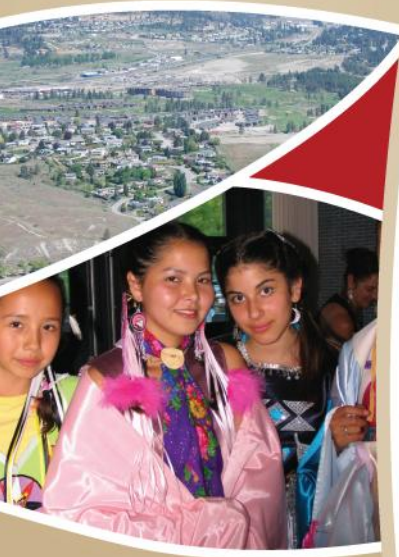
How are Property Taxes spent?



Community. Leadership. Pride.



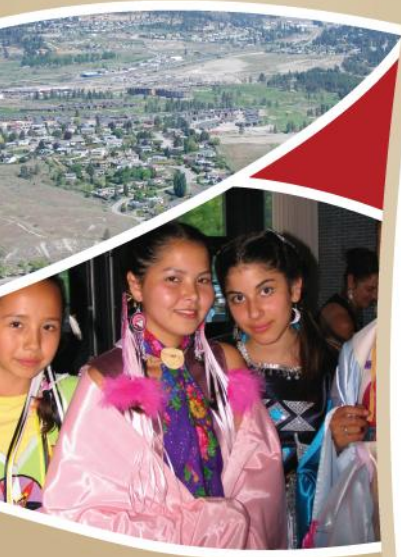
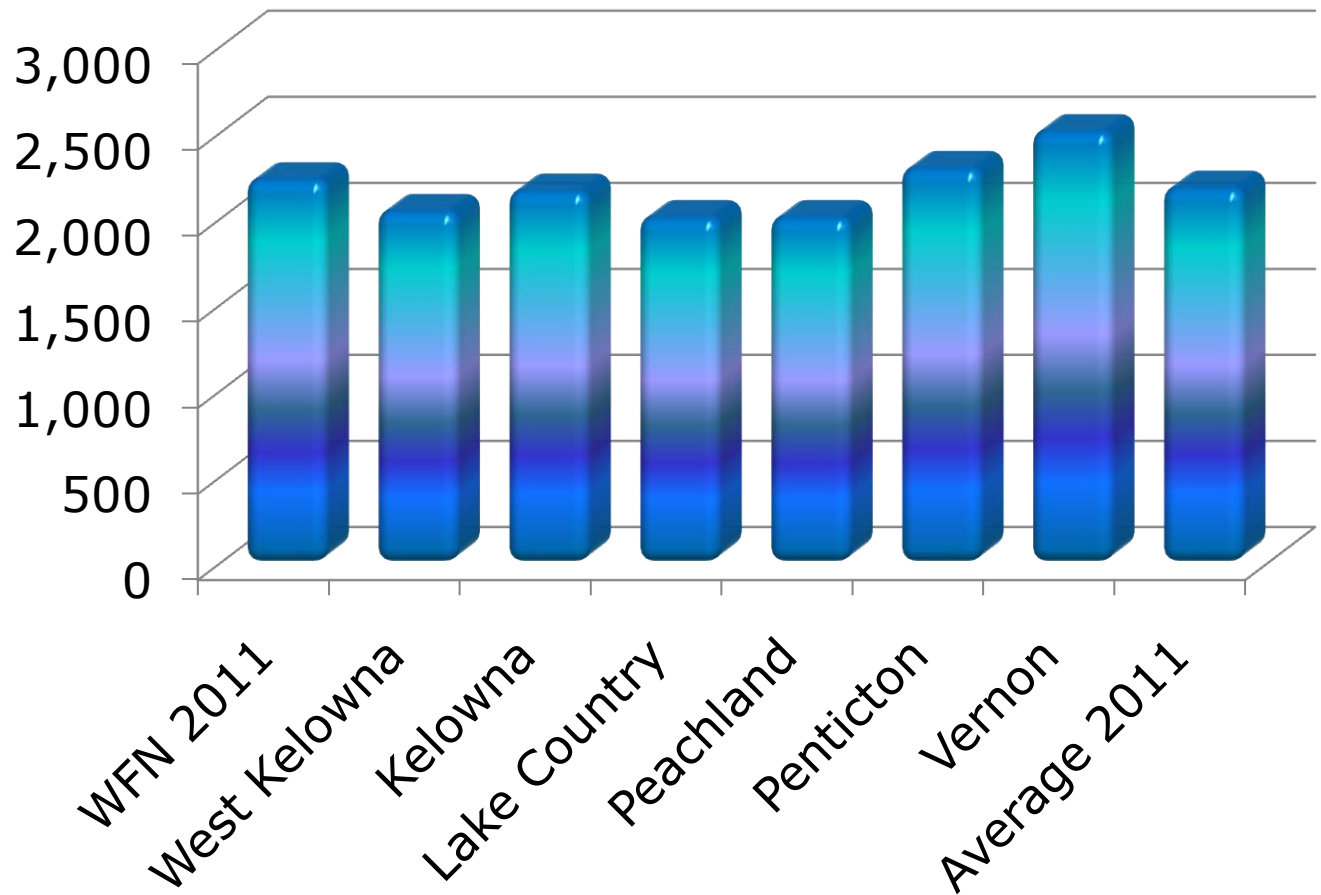
Tax Rate Comparison



2011	Residential	Utilities	Light Industry	Business	Recreational	Farm
WFN 2011	6.3776	35.0133	20.7274	16.0717	10.2042	6.3776
West Kelowna	5.8502	39.1271	17.9719	16.2129	7.3083	10.7084
Kelowna	6.1877	36.9010	17.3835	16.7625	7.6459	8.0158
Lake Country	5.7483	62.2393	24.3342	17.9346	13.3709	8.5671
Peachland	5.7494	29.0913	19.7986	14.7328	8.5781	10.6076
Penticton	6.5657	35.0078	14.2460	14.9224	8.2206	19.1137
Vernon	7.1770	61.2285	22.4987	19.5746	9.4667	9.6979
Average 2011	6.2366	42.6583	19.5658	16.6016	9.2564	10.4412
Median 2011	6.1877	36.9010	19.7986	16.2129	8.5781	9.6979

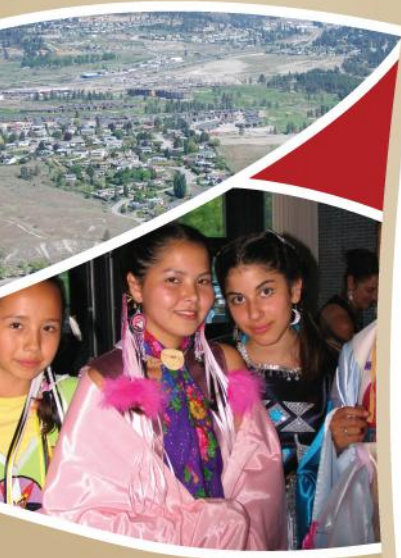
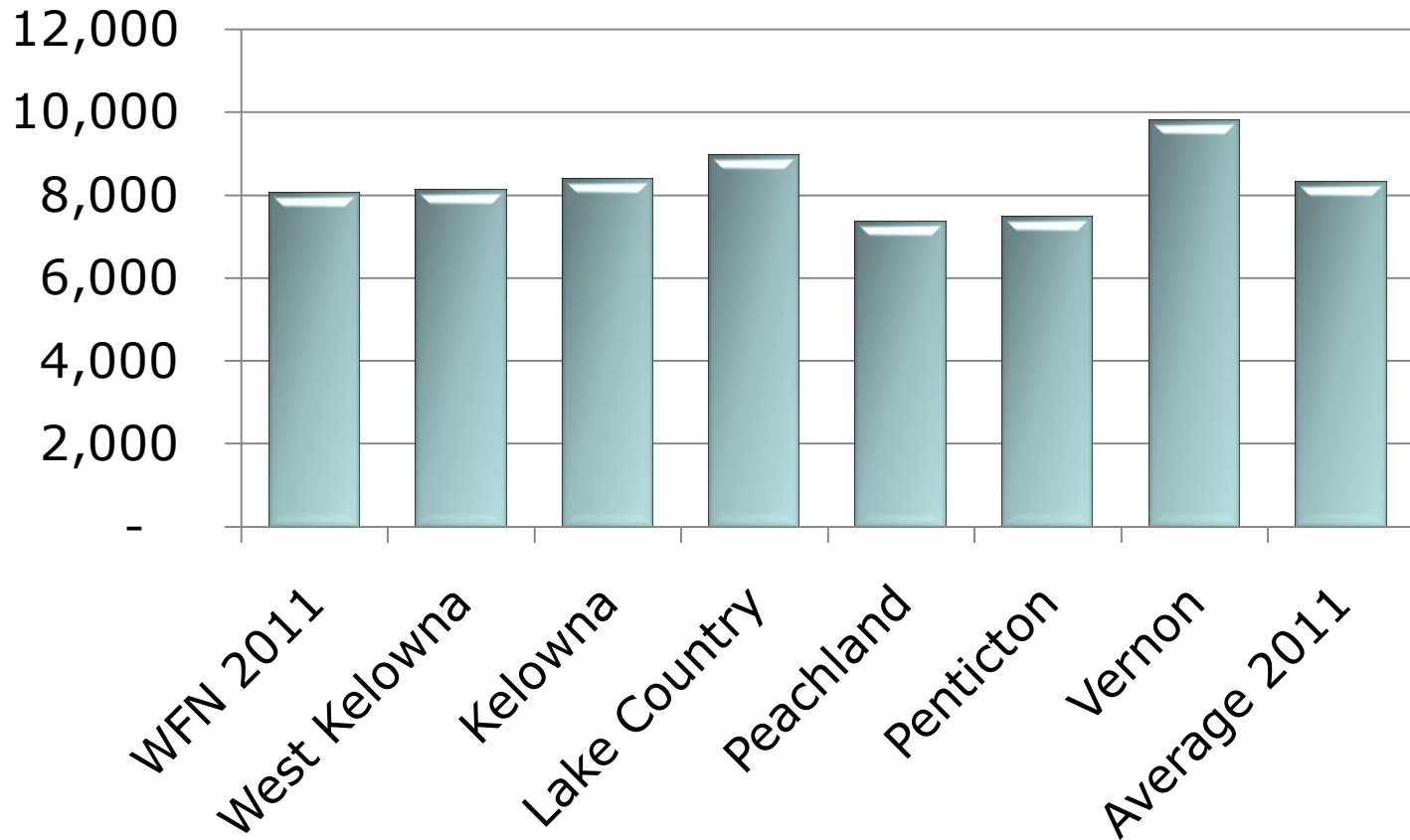


Average Taxes on a Residential Home assessed at \$350,000



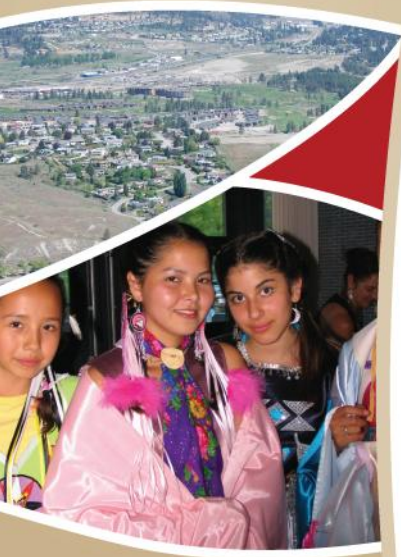


Average Taxes on a Business assessed at \$500,000





WESTBANK
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Questions?



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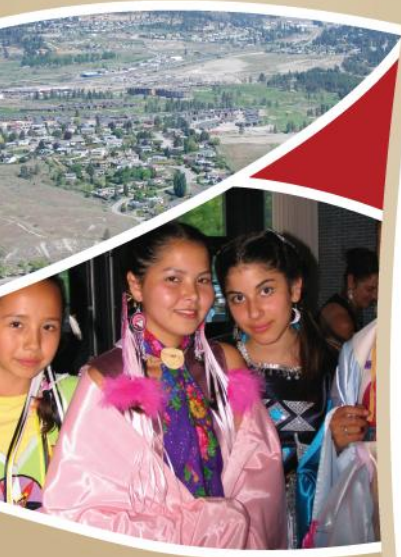
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Thank You

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