

BUILDING OWN SOURCE REVENUE THROUGH PROPERTY TAXATION

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Cedar Law is dedicated to providing high quality legal services to
First Nations and Aboriginal organizations.

Why Tax at All?

- ❑ One of the keys to self-governance and autonomy is economic independence
- ❑ Property taxation can generate significant revenue, directly and indirectly
- ❑ If a First Nation does not tax its reserve lands, then the municipality or regional district will, and will keep all the tax revenue

Overview

- Presentation will address:
 - types of property taxation regimes
 - types of taxpayers
 - increasing the tax base
 - leveraging taxation revenue

Property Taxation Regimes

- Two legal authorities for property taxation of Reserve lands in Canada:
 1. Section 83 of the *Indian Act*
 2. The *First Nations Fiscal and Statistical Management Act* (the “FSMA”)
- FSMA is a more advantageous system for generating revenue
 - flexibility and responsiveness of FNTC
 - similarity to off-reserve system
 - ability to borrow against tax revenues

Types of Taxpayers

- ❑ Non-member residents
- ❑ Businesses (including band-owned companies)
- ❑ Industry (e.g. forest companies)
- ❑ Railway lines (in certain cases)
- ❑ Utilities (e.g. Telus, Shaw)

Increasing your Tax Base

- Property tax → better services and infrastructure, e.g.:
 - street lighting
 - sidewalks
 - garbage, recycling, composting
 - library
 - community centre
- Better services → more taxpayers → more revenue
- Other possibilities for generating revenue:
 - DCCs
 - Local Improvement Charges

Leveraging Tax Revenue

- ❑ Through the FMFA, taxing First Nations can develop a Financial Administration Law (FAL), seek certification from the First Nations Financial Management Board (FMB), and then borrow from First Nations Finance Authority (FNFA)
- ❑ Will be able to borrow up to 10X annual tax revenues, at very competitive rates
- ❑ Municipalities have been using this system – the Municipal Finance Authority (MFA) for years to obtain long-term, low-cost financing

Things to Consider

- ❑ Do you need to transition your s. 83 bylaws?
- ❑ Do you have a property taxation certificate?
- ❑ Do you have someone who can take on the role of tax administrator?
- ❑ Do you have an existing tax base?
 - BC Assessment may be able to advise you
- ❑ If you are already taxing under s. 83, do you need to transition your bylaws?

Thank You!



for Sustainable Growth

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