

## Tom Yates

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**Subject:** FW: Provincial Funding for Emergency / Fire Equipment Small Communities  
**Attachments:** Resolution 2017-B61 Follow Up.pdf; Insurance Premium Tax 2020.pdf

**From:** Dennis Dugas <[ddugas@porthardy.ca](mailto:ddugas@porthardy.ca)>  
**Sent:** Thursday, February 20, 2020 1:10:13 PM  
**To:** Michele Babchuk <[mbabchuk@srd.ca](mailto:mbabchuk@srd.ca)>  
**Subject:** FW: Provincial Funding for Emergency / Fire Equipment Small Communities

Hello Chair Babchuk Strathcona RD :

Michele this email below was sent to 13 mayors with in our AVICC region and I am hoping with your SRD's support and the support of the other Regional District's in our AVICC region we can make this a topic at our upcoming UBCM convention in the Fall. I have sent a request to our AVICC President to have a time to meet at the upcoming AVICC convention in April and I am waiting for his reply.  
I will also be reaching out to other Small Communities in the Province and Regional Districts to make them aware of the issue and hopefully get their support.  
I will keep you in the loop as we move forward.  
D2

Hello Mayor:

I am sending you this email to get you and your councils support to form a coalition of Small Communities to get our voice heard at the Provincial Government level. It is time that Small Communities in our Province make our voices heard loud and clear that we can not sustain Fire Protection services without Provincial financial support.  
The Insurance Premium Tax ( information attached ) is still being collected in BC for House Insurance and Vehicle Insurance at a rate of 4.4% which I would estimate as being in the billions?  
Within BC there are 5 Area Associations and we need to get the Small Communities to set up coalitions in each UBCM Association area to address this issue so it can become a main topic at the UBCM convention in the Fall.  
We can with your support spearhead this topic at our AVICC Association Convention in April, I am reaching out to as many Mayors as I can with in our AVICC Association area and to the other BC Associations to get the ball rolling.  
With the upcoming Provincial election not far away it is a good time to put pressure on the government but we need numbers to do that.  
Your comments and suggestions sent back to me will be greatly appreciated and please let me know if you received this email.  
As we say " Together we are Stronger ".

Regards  
Dennis Dugas ( D2 )  
District of Port Hardy Mayor

January 13, 2020

Mayor Dennis Dugas  
District of Port Hardy  
Box 68  
Port Hardy, BC V0N 2P0



**RE: Resolution 2017-B61 Follow Up**

Dear Mayor Dugas,

Thank you for your letter dated January 8 regarding resolution 2017-B61 – Funding for Fire Equipment.

As you noted, this resolution was endorsed by the UBCM membership in 2017 and conveyed to the Province. UBCM would have shared the provincial response with Port Hardy's council of the day.

The UBCM Executive assess the provincial responses received each year to determine where UBCM might best focus our resources regarding follow up and further work with the province on resolutions. The Executive determined that 2017-B61 best fit in the category of monitoring the Province's progress on the issues raised and to provide input if required.

For your reference, enclosed is a copy of 2017-B61, the resolutions committee comments and the provincial response. As noted in the resolutions committee comments the request in 2017-B61 is in keeping with previous member requests.

*"The Committee notes, however, that members have consistently endorsed resolutions seeking sources of funding for first responder supplies and equipment (2014-B15, 2012-B10, 2010-B6, 2000-B15, 1993-A5, 1993-B40). Based on this member feedback, during the negotiation of the renewed Gas Tax Agreement (2014) UBCM advocated, unsuccessfully, for the inclusion of emergency response infrastructure as an eligible expense within the Gas Tax Agreement."*

In 2014, UBCM attempted to have fire-fighting equipment included as an eligible expense under the Gas Tax Agreement. While unsuccessful, this is the type of advocacy work that UBCM does on behalf of our members to move forward the requests contained in endorsed resolutions.



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Our members are also encouraged to advocate for their endorsed resolutions. Should Port Hardy wish to take further steps to see the request contained in resolution 2017-B61 adopted, we would recommend they reach out to, for example, their local MLA, the Minister of Finance and the Minister of Forests, Lands, Natural Resource Operations and Rural Development to let them know that this is still an issue they would like to see action on. You may also want to reference the other endorsed resolutions on this topic (2014-B15, 2012-B10, 2010-B6, 2000-B15, 1993-A5, 1993-B40), so the Province understands that this is a long-standing policy position of the members of UBCM.

For your information, all of the resolutions considered at each UBCM convention, and the responses we receive, are posted to our searchable resolutions database, available here: <https://www.ubcm.ca/resolutions/default.aspx>

Should you have any questions, please contact myself or Jamee Justason, Resolutions and Policy Analyst, at 604-270-8226 Ext. 100 or [jjustason@ubcm.ca](mailto:jjustason@ubcm.ca)

Yours truly,

A handwritten signature in black ink that reads "Maja Tait".

Maja Tait  
UBCM President

Enclosure



## 2017 B61 Funding for Fire Equipment

Whereas communities are required to provide essential services including fire safety, and emergency vehicles and equipment for fire safety are costly;

And whereas grants for emergency equipment have all but disappeared since the early 2000's, with small communities required to fund 100 per cent of emergency equipment through taxation:

Therefore be it resolved that UBCM request the Province of British Columbia to create grants for emergency vehicles and equipment and make them available to **all local governments** at a cost share of no less than 50 per cent.

**Convention Decision:                      Endorsed as Amended**

### Provincial Response

#### **Ministry of Public Safety & Solicitor General**

*The Province of British Columbia is committed to advocate on behalf of UBCM and BC local governments that, in addition to disaster mitigation, emergency preparedness be an eligible category for local government projects under the Gas Tax Agreement.*

*Provincial officials will discuss with their federal counterparts the eligibility of this type of capital purchase in the development of the Rural and Northern Communities Infrastructure stream, part of the federal government's Investing in Canada Plan.*

*Although local governments are not eligible to receive Community Gaming Grants, not-for-profit organizations delivering emergency services to communities may be eligible to apply for funding through the Public Safety Sector or the Capital Projects Sector of the Community Gaming Grants Program.*

*UBCM has launched the \$32 million Community Emergency Preparedness Fund, funding for which was announced by the Province in March 2017. The fund is not intended to support local government's emergency management capital costs; however, it is intended to support enhanced preparedness and resilience as key elements of a local government's emergency program. As such, some emergency equipment purchases may qualify for funding consideration.*

### Other Response

#### **Resolutions Committee Comments**

*The Resolutions Committee advises that the UBCM membership has not previously considered a resolution asking the Province to establish a grant funding program for local governments with population under 100,000, that would provide at least 50% provincial funding towards emergency vehicles and equipment.*

*The Committee notes, however, that members have consistently endorsed resolutions seeking sources of funding for first responder supplies and equipment (2014-B15, 2012-B10, 2010-B6, 2000-B15, 1993-A5, 1993-B40). Based on this member feedback, during the negotiation of the renewed Gas Tax Agreement (2014) UBCM advocated, unsuccessfully, for the inclusion of emergency response infrastructure as an eligible expense within the Gas Tax Agreement.*

*The Resolutions Committee would observe that resolutions that set population limits have been divisive amongst the UBCM membership. Local governments of all sizes—not only smaller municipalities or regional districts—are faced with bearing the full costs of emergency equipment. The Committee would propose an amendment to acknowledge this reality.*

*The Committee would also note that, following a March 2017 provincial announcement, UBCM will be*

*administering the new \$32 million Community Emergency Preparedness Fund. This new funding program will include a funding stream that focusses on building capacity for Emergency Social Services teams through new equipment, training and volunteer recruitment/retention.*



## **B.C.'s Insurance Premium Tax: potential revenue source for local fire services**

### **PROBLEM**

Rising costs are making it increasingly difficult for B.C. communities to fund fire services. The provincial government provides limited support for community firefighting, and refuses to share revenue from the 4.4% Insurance Premium Tax, which was originally created to fund fire protection.

### **BACKGROUND**

A clear historic link exists between B.C.'s Insurance Premium Tax and the fire insurance premium tax the provincial government introduced in 1921 to offset the costs of the Office of the Fire Marshal, which at the time conducted fire investigations, training and code enforcement.

Over the years, the province has expanded the IPT's reach to include automobile insurance and the entire property insurance premium (not just fire insurance), and made legislative changes to sever the link between collection of the tax and payment for fire services. However, the province re-established that link in 2004, when it raised the IPT from 4% to 4.4% to pay for forest firefighting.

B.C.'s Insurance Premium Tax is the highest in Canada, yet it offers negligible support for community firefighting. The IPT is forecast to raise \$362 million in 2007/08 (more than double what it raised in 1999). Meanwhile, the only direct provincial contribution today towards community firefighting is through the Office of the Fire Commissioner, a governance-oriented body that received \$2.39 million in 2007/2008 (less than 1% of the IPT's revenue).

In Canada, responsibility for fire suppression falls to municipalities, which rely on property taxes for funding. B.C. municipalities collect more than \$397 million per year in property taxes to pay for firefighting, safety inspections and fire investigations.

As fire protection costs have continued to rise, provincial funding to municipalities has dwindled. After consistent reductions to unconditional provincial grants to municipalities over the years, the province stopped providing these grants altogether in 2006 to cities of more than 19,000 people (small communities still receive some support, but below 1998 levels). In addition, the province has gradually assigned to B.C. municipalities many former duties of the Office of the Fire Commissioner – such as safety inspections and fire investigations – without additional provincial funding.

While Insurance Premium Taxes are common across Canada, some provinces and territories provide higher levels of support for community fire services than seen in B.C. The United States also has examples of insurance premium taxes that help offset local fire service costs.

Lobbying by the Fire Chiefs' Association of B.C., the Union of B.C. Municipalities and individual municipalities and regional districts has so far failed to convince the provincial government to re-examine the issue or acknowledge the link between the IPT and funding for community fire services.

Interestingly, the province successfully used a similar argument – the moral link between tax collection and disbursement – in applying for federal funding (such as the gasoline tax).

Legal advice has also shown the merits of possible constitutional challenges related to either the argument that the IPT is discriminatory because it imposes a tax on property owners that other provincial taxpayers do not have to pay, or that the negative effect of diverting the revenue away from fire services outweighs the benefits of applying it as general revenue.

### **KEY CONCERNS**

- **Safety:** Rising costs are forcing communities to make cuts that could negatively impact fire services.
- **Fairness:** In essence, B.C. property owners are paying for the same service twice – once through their property taxes, and again through a tax that was originally intended to pay for fire services. When a tax is collected from a defined group of people for a defined purpose, there is a moral obligation to spend the revenue on that purpose.

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<sup>1</sup> *Fire Marshal Act 1921*

Section 32

1. For the purpose of defraying the expenses of administration under this Act, including the salaries of the Fire Marshal and his staff, every company (as defined by the "British Columbia Fire Insurance Act") transacting the business of fire insurance in the Province shall contribute each year a sum to be fixed by the Lieutenant Governor in Council according to such rate as in his opinion will be sufficient to meet the actual expenses of administration under this Act, but not exceeding in any year one-third of one per cent of all premiums or assessments (less return premiums or assessments and reinsurance premiums) paid or payable to such company on risks within the Province, and calculated on the business of the preceding calendar year as reported to the Superintendent, and such contribution shall be in addition to any other fee or tax payable by the company under any other Act: Provided that where the company is not licensed under the "British Columbia Fire Insurance Act" the contribution prescribed by this section shall be made by each insured paying a sum fixed as aforesaid, calculated according to the premium or assessment paid by him to the company during the preceding calendar year.
2. Every company and insured shall, on or before the first day of March in each year, pay to the Superintendent the amount so due from it or him, and the provisions of the "Taxation Act," or, in the absence of appropriate provisions, such provisions as may be adopted by the regulations for the purpose of enforcing payment of any such amount, shall apply in each case.
3. The Superintendent shall pay into the Provincial Treasury all Money received by him under this Act, and shall keep a separate account showing the moneys so received and the moneys expended in administration under this Act, in such a manner as may be required.
4. The salaries of the Fire Marshal and his staff and all expenses of administration under this Act shall, in the absence of a special vote of the Legislature available therefore, be paid by the Minister of Finance out of the Consolidated Revenue Fund.

<sup>2</sup> *Fire Services Act 1979*

Section 48

1. To defray administration expenses under this Act, including the salaries of the fire commissioner and his staff, each insurance company transacting fire or automobile insurance business in the Province and each person whose property in the Province is insured for a fire hazard with an insurance company not licensed under the *Insurance Act*, shall contribute each year, in addition to all other fees or taxes payable under any other Act, a sum to be fixed by the Lieutenant Governor in Council according to a rate he believes will be sufficient with the money available under section 52 to meet actual administration expenses.
2. The sum fixed for an insurance company shall not exceed in any year 1% of the aggregate of the premiums or assessments, or their portions, paid or payable to the company for a fire hazard on property in the Province in the preceding calendar year, less return premiums, assessments and reinsurance premiums, calculated on the business of the preceding calendar year as reported to the superintendent.
3. The sum fixed for a person whose property is insured with an unlicensed company shall not exceed in any year 1% of each premium or assessment paid or payable by him, or premium note given or mutual or other liability assumed by him for a fire hazard under each insurance contract with an unlicensed company during the current calendar year, less return premiums, assessments and other similar rebates, as shown by his returns to the superintendent.

Section 49

Each insurance company shall pay to the Commissioner of Income Tax at Victoria the contribution due from it at the same time and manner as the tax under the *Insurance Premium Tax Act*. Each insured person shall pay to the superintendent his contribution in the same manner and time as the tax imposed on him by the *Insurance Act*.

Section 50

Salaries and expenses necessarily incurred in the administration of this Act shall, in the absence of a vote of the Legislature for that purpose, be paid out of the consolidated revenue fund. If the money collected under this Act is in any year less than the salaries and expenses, the Lieutenant Governor in Council may fix a further sum, subject to the limitation in section 48, to be contributed by the persons and in the manner set out in that section, to meet the deficiency.

Section 51

1. The fire commissioner shall keep an account of the money expended in the administration of this Act, and shall furnish the Lieutenant Governor in Council with the information he may require to fix the rate of contribution under section 48 or 50.
2. The superintendent shall keep an account of the amounts received by him under section 49 or 50, and on request shall furnish the fire commissioner with a statement of them.

#### Section 52

All license and other fees, money and fines collected or recovered under this Act or regulations shall be accounted for as part of the consolidated revenue fund.

#### <sup>3</sup> *Fire Services Amendment Act, 1982*

##### Chapter 49

Her MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:

1. Sections 48 and 49 of the *Fire Services Act*, R.S.B.C. 1979 c.133, are repealed and the following substituted:

##### Imposition of tax

48. (1) In this section, 'commissioner' means commissioner as defined in the *Insurance Premium Tax Act*.
- (2) An insurance company transacting the business of fire insurance in the Province shall pay to the commissioner a tax equal to the portion prescribed by the Lieutenant Governor in Council of the aggregate of the premiums and assessments received or receivable by the company in 1983 or any subsequent calendar year for policies insuring property situated in the Province, other than automobiles, after deducting the following:
  - (a) premiums or assessments on property reinsurance ceded to the company by other insurance companies licensed or authorized by permit under the *Insurance Act* to transact business in the Province:
  - (b) property insurance premiums or assessments returned:
  - (c) the cash value of dividends paid or credited to property insurance policy holders.
- (3) A person whose property is insured against a fire hazard with an insurance company that is not licensed under the *Insurance Act* shall pay to the superintendent a tax equal to the portion prescribed by the Lieutenant Governor in Council of the
  - (a) premium or assessment paid or payable,
  - (b) premium note given, or
  - (c) mutual or other liability assumed
 by the person for property insurance under each insurance contract with an unlicensed insurance company in 1983 or any subsequent calendar year.

##### Application of *Insurance Premium Tax Act* and *Insurance Act*

49. (1) Subject to this section, the *Insurance Premium Tax Act* applies in respect of the tax payable under section 48
  - (2) Commencing on January 1, 1983, section 4.1 of the *Insurance Premium Tax Act* applies to an insurance company whose tax payable, under section 48 of this Act, in the preceding calendar year exceeded \$25,000
  - (3) Part 9 of the *Insurance Act* applies in respect of the tax payable under section 48 (3).
2. Section 50 is repealed.
  3. Section 51 is amended
    - (a) in subsection (1) by striking out "of contribution under section 48 or 50" and substituting "of tax under section 48", and
    - (b) in subsection (2) by striking out "section 49 or 50" and substituting "section 48"