

grants in 2004, compared to \$86 million in 1998. And while the IPT now generates about 66% more than what it raised in 1999 due to post 9/11 insurance rate hikes, the provincial contribution to community fire services, via the OFC, has increased by about 19%.

INTENT

To inform Council of the significant revenue being raised for the provincial government via a tax that was originated to fund fire services.

DISCUSSION

A growing lobby including the Fire Chiefs' Association of B.C., Union of B.C. Municipalities and individual districts has been campaigning for several years to have the Insurance Premium Tax spent on fire protection. To date, the provincial government has refused to examine the issue.

Issues to consider:

- Victoria re-established the tax's link to fire services in January 2004, when it increased it by 0.4% to pay for forest firefighting. Alternatively, without that link, there is no justification for the tax.
- The decision to give traffic fine revenue to municipalities is a recent example of revenue sharing.
- There is a question of ethics with respect to taxing B.C.'s 1.7 million property owners twice, ostensibly, for fire services first through property taxes, and then through their insurance premiums via a tax originally created to fund fire services. Legal advice also indicates there is merit in a possible constitutional challenge using the argument that the tax discriminates against property owners.
- North America has many modern day examples of appropriately applied fire insurance taxes.

CONCLUSION

Despite facing increasing financial pressures, no municipality can, in all conscience, cut back on fire protection services. As a result, it is important that municipalities work together to convince the provincial government to redirect Insurance Premium Tax revenue towards community fire services.

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