



PROPERTY TAXATION ON RESERVE YES OR NO?

FURTHER INFORMATION ABOUT HOW OKIB'S PROPOSED TAXATION LEGISLATION WOULD WORK

This information is intended to provide OKIB members with further information about OKIB's proposed property taxation legislation would work if it is approved by membership.

Simply stated OKIB is proposing to make any person - except a Band Member – liable to pay property tax. Here are some examples of how the property tax system would work.

Example 1: A CP holder is using their 10-acre CP parcel to grow hay. No property tax is payable because only Band members can be CP holders.

Example 2: the CP holder in example 1, rents their 10-acre CP parcel to a non-Band member to grow hay. The non-Band member must pay property tax on the 10 acres. If the **assessed value** of the land multiplied by the tax rate results in \$50/acre of property taxes be paid, the non-Band member would have to pay \$50 (10 x \$50 = \$500).

Example 3: a Band member operates a business (as a sole proprietorship) from their manufactured home located a ¼ acre portion of their 10-acre CP parcel. No property tax is owned because Band members do not pay property tax.

Example 4: the Band member in example 3 rents the manufactured home, along with a ¼ acre portion of the CP land to a non-Band member to operate a sole proprietorship business on the CP lands. The non-Band

member must pay property taxes. In this case, the value of the ¼ acre of land and the manufactured home are combined to arrive at the **assessed value**. The property taxes owning would be based on the **assessed value** multiplied by the tax rate that is set each year. So, if the **assessed value** is \$100,000 and the tax rate is 0.02, then property taxes owing by the non-Band member would be \$2000.00 ($\$100,000 \times 0.02 = \2000.00)

Example 5: the Band member in Example 3, decides to incorporate their sole proprietorship business (i.e., transfer ownership of the business to a corporation). The Band member's corporation is not a Band member; the corporation must pay property taxes. In this case, the value of the ¼ acre of land and the manufactured home are combined to arrive at the **assessed value**. The property taxes owning would be based on the **assessed value** multiplied by the tax rate that is set each year. So, if the **assessed value** is \$50,000 and the tax rate is 0.03, then property taxes owing by the corporation would be \$1500.00 ($\$50,000 \times 0.03 = \1500.00)

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