

December 29, 2008

Ideas and suggestions related to the current Farm Assessment Review:

Assumptions:

1. All comments refer only to property taxation.
2. The system needs to be simple and cost effective to administer.
3. Tax rates need to recognize the ALR, farming activities and the ecological goods and services that contribute to society.
4. Society supports the values provided by farm land through reduced taxation. Society has an investment in farm land. When the farming potential of the land is lost through changes to land use, society needs to recover that investment.

Proposal:

Parcels greater than 1 ha within the ALR:

1. Provide a low rate of taxation, the same as or lower than the current rate, to all land within the ALR to recognize farm use, future potential for farm use and ecological goods and services.
2. Develop a tax recapture program that fully recovers the public contribution to lower property taxes related to the preservation of farming and farmland that would become effective upon non-farm use, subdivision or exclusion.
3. Tax commercial activities not normally permitted under the ALC act and the land occupied by that activity as if the land was not in the ALR.
4. Tax homes in the same manner as in the past.

Parcels within the ALR that are less than 1 ha:

1. Establish minimum farm income thresholds.
2. Where the minimum income threshold is met, tax in the same manner as ALR land.
3. Where the minimum tax threshold was met in the past, but has not been met for two years tax as if outside the ALR.
4. Develop a tax recapture program that fully recovers the public contribution to lower property taxes related to the preservation of farming and farmland that would become effective upon non-farm use, subdivision or exclusion.
5. Tax commercial activities not normally permitted under the ALC act and the land occupied by that activity as if the land was not in the ALR.
6. Tax homes in the same manner as in the past.
7. Note these provisions on title and on all property tax notices.

Parcels being farmed outside the ALR:

1. Establish minimum farm income thresholds.
2. Where the minimum income threshold is met, tax in the same manner as ALR land.
3. Develop a tax recapture program that fully recovers the public contribution to lower property taxes related to the preservation of farming and farmland that would become effective upon failure to meet the farming income test for two years in a row.
4. Tax homes in the same manner as in the past.
5. Note these provisions on title and on all property tax notices.

Niels Holbek, P.Ag.