



TK'EMLÚPS TE SECWÉPEMC

Property Taxation Newsletter 2019

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Understanding

Assessment on First Nations Lands

First Nations contract with qualified, independent assessors to assess the leases, licenses and other occupations of their lands (generally referred to as “interests in land”). Over the past 30 years, a national approach to assessment of these interests in land has developed. To understand the approach and the reasons for the approach, it is important to understand the key elements of First Nation taxation systems.

HOW ARE FIRST NATIONS LANDS DIFFERENT FROM OTHER LAND IN CANADA? First Nation lands are “reserve” lands, the title to which is held by the Government of Canada for the use and benefit of the First Nation. This means that reserve lands do not have titles that are registered in the provincial land title office, and that no one can own a fee simple interest in the reserve lands. Even the First Nation itself does not have a fee simple interest in the land.

WHAT TYPES OF INTERESTS IN LAND EXIST ON RESERVE LANDS? There are different ways that non-members of the First Nation may occupy reserve lands. The most common way is through a lease either with a member of the First Nation or with the First Nation itself. Leases can range from short term, such as 10 years, to long term, usually up to 99 years. Leases can be prepaid for the term or have annual payments with periodic rent reviews. It is common for different types of leases with varying terms to exist on a single reserve at any given time. There may also be short or long-term licenses of occupation, permits to occupy, or rental agreements, and there may also be simple occupations of reserve lands without any legal documentation.

WHAT INTERESTS IN LAND ARE TAXABLE ON RESERVE LANDS? Provincial property tax systems generally levy taxes on the fee simple interest of a property, and it is the owner of the fee simple interest who is liable for the taxes. Because there are no fee simple interests in reserve lands, a different approach is necessary. First Nation property tax systems levy taxes on

occupiers of reserve lands, regardless of the nature of the occupation. This means that occupiers of reserve lands, whether they hold a lease, license, permit or simply occupy the land, can be liable for taxes. In this sense, the taxation is on the occupation of the land, and not related to the specific way that the person occupies the reserve lands. Occupations can be for a range of uses, including residential, commercial, industrial, agricultural or utility. The full range of occupations can be taxable, just as they are off reserve.

HOW ARE OCCUPATIONS OF RESERVE LANDS ASSESSED? Where provincial property tax is levied on the fee simple interest, the province assesses the value of the fee simple interest. Although the specific rules and approach vary among the provinces, generally the objective is to determine the market value of the property. A common approach to determine market value is the sale price of the property on the open market. Some provincial systems also have rules for assessing non-fee simple interests that are taxable, including leases, licenses and other occupations. Where a person is occupying Crown land (whether by lease, license or otherwise), that person’s occupation is taxable, and the provincial assessment legislation directs the assessor to assess the occupation based on the full market value of the property as though it were held in fee simple by the occupier. First Nations across Canada have adopted this approach to assessment of occupational interests in their reserve lands. On reserve lands, it is the First Nation’s property assessment law which governs how the assessor must assess each interest in land, as provincial assessment legislation does not apply. The approach is reflected in each First Nation’s property assessment law, which generally direct the assessor to assess each interest in land as though it is held in fee simple off reserve. It is “off reserve” because there is no fee simple interest in reserve land, there tends to be a lack of comparable data on reserve lands, it avoids issues of reserve land valuation, and it provides for a similar tax burden to off reserve properties.

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Property Tax payments received after the August 2, due date will be subject to penalty.

Mail lost or delayed by the post office will be assessed the penalty as the postmark will not be accepted as proof of payment by the due date.

Tk'emlúps te Secwépe mc
Finance Dept.
#200-330 Chief Alex Thomas Way
Kamloops, BC V2H 1H1

HOURS OF OPERATION:

8:00 am
to
4:00 pm

Open during lunch July 2nd
- August 2nd

Assessment Cycle 2019

This year TteS created and implemented the Annual Rate Law 2019 and the Annual Expenditure Law 2019.

Tk'emlúps te Secwépe mc (TteS) has another five year contract with the BC Assessment Authority (BCA) to do the assessments on Kamloops Indian Reserve #1 to 5. In November, the assessment is completed by the Assessor, with the building and/or improvements to the property considered as of October 31 of each year. In January, the Assessment notices are mailed out by BCA. Reconsideration of Assessments are accepted in February, and in March Assessments Appeals are filed for the Assessment Review Board.

The LLTD meets with representatives of the Tenant Associations and the Locatee Landlords in May. Tax rates and budgets are developed

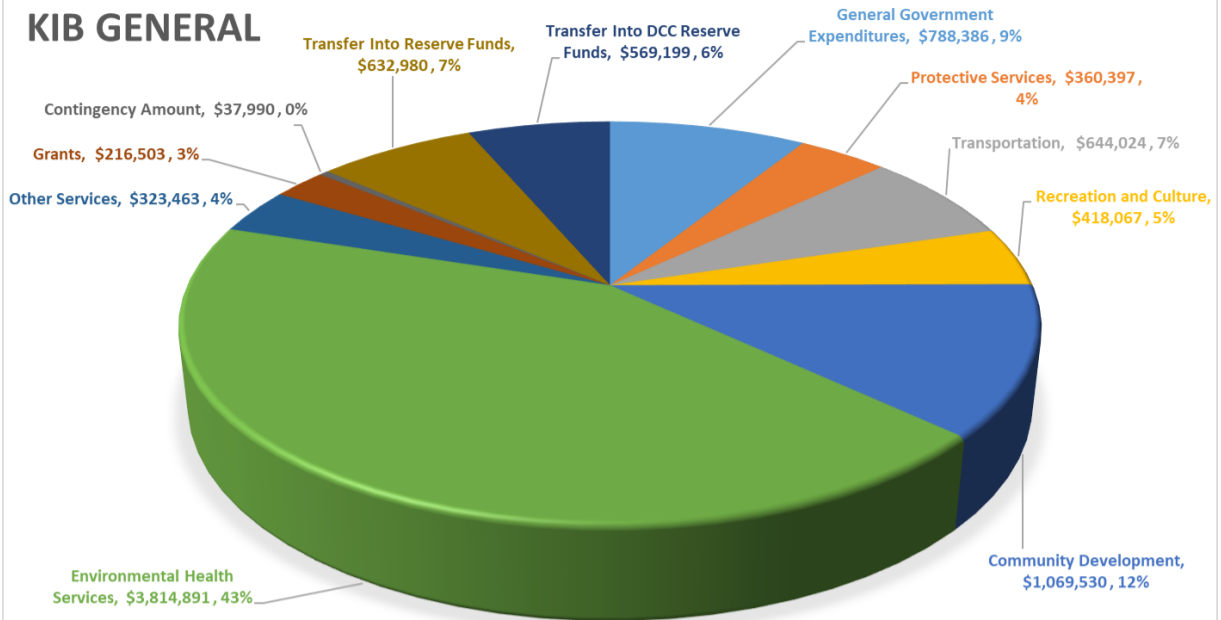
and presented to Chief and Council. TteS Property Tax Rates & Expenditures Law (Laws) go through three readings with Chief and Council and are reviewed by the First Nations Tax Commission (FNTC). Once Chief and Council executes the Laws, they are forwarded to FNTC for final review and approval. The Laws are then registered with the FNTC Law Registry, with a certified copy sent to TteS. Tax Notices may then be issued. For assessment questions please phone BC Assessment at 250-376-6281 or <http://www.bcassessment.bc.ca>

In the last two years there has been less than 1% of formal Assessment Appeals. Most taxpayers are using the Reconsideration as there is no cost.

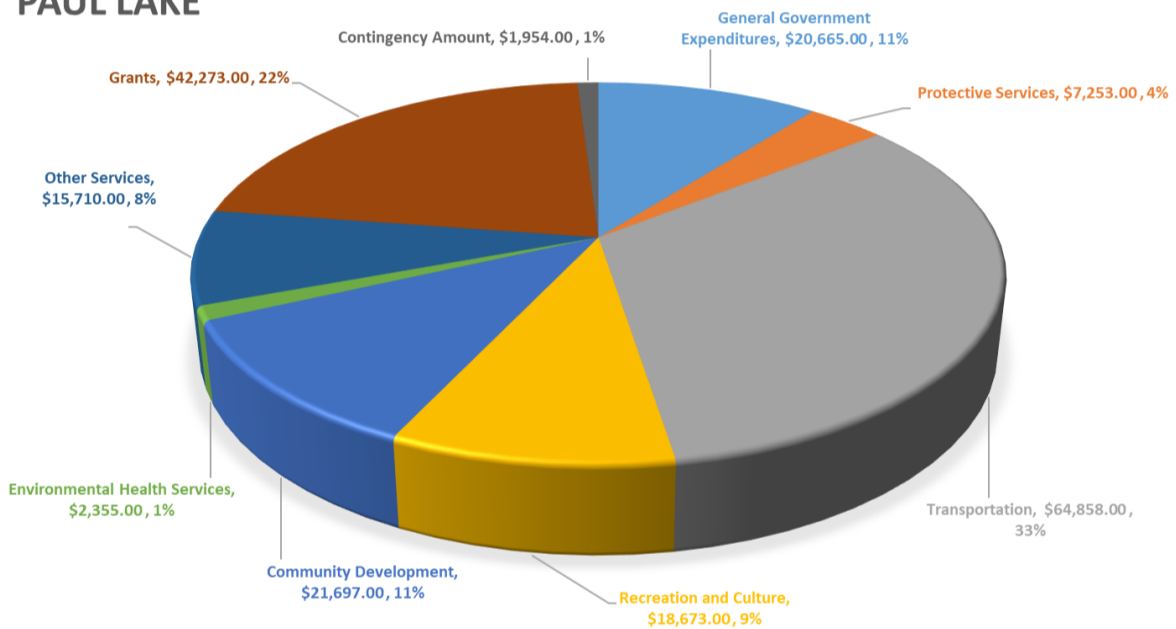


2019 Consolidated Property Tax Budget

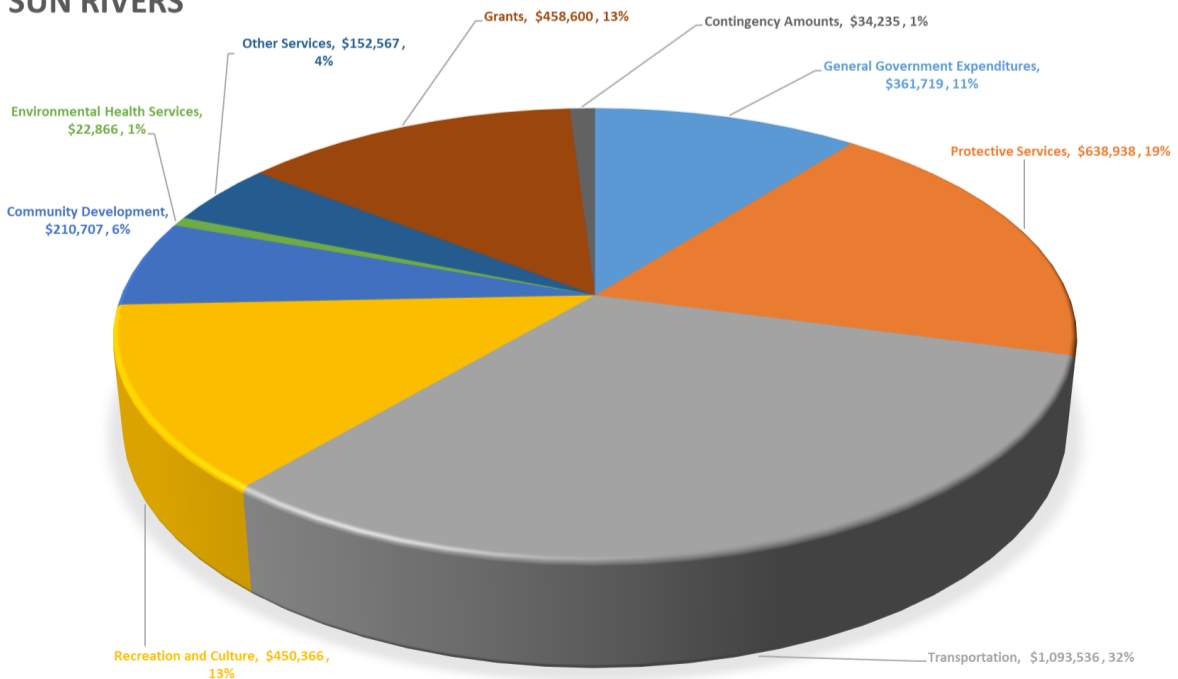
KIB GENERAL



PAUL LAKE



SUN RIVERS





WHY IS THIS APPROACH THE BEST ASSESSMENT APPROACH FOR FIRST NATION PROPERTY TAX SYSTEMS? There are several reasons why this approach is used and why it makes sense for First Nation property taxation systems.

1. The approach is used provincially for occupational interests and is familiar to taxpayers.
2. The approach enables assessors to use the same rules for assessment that are used provincially, which are based on fee simple assessments. This means the assessment process does not require new and different rules, has comparable properties, and is cost effective to implement.
3. The approach ensures that tax revenues do not depend on whether the occupation is under a lease, license or other arrangement or on the time remaining on the occupation. The assessed value and proportional share of taxes for a class of property will be the same as off reserve lands, whether a property is held under a lease or a license or whether that tenure is short or long term. This ensures a similar distribution of tax liability as is achieved on non-reserve lands.
4. Using an approach that is similar to the system used off reserve enables First Nations and their taxpayers to compare their annual tax rates to adjacent non-reserve jurisdictions.

HOW ARE TAXES DETERMINED ON RESERVE LANDS?

The method for determining taxes on reserve lands is the same as for properties on non-reserve lands. The First Nation sets annual tax rates for each property class (e.g. residential, commercial etc.). The applicable tax rate is multiplied by the assessed value of the property to create a tax bill. First Nation tax rates are similar, and in many cases identical, to those of adjacent governments. Using a similar assessment method means that taxpayers pay similar amounts to amounts paid off reserve.

Planning & Engineering Department Update

North Reservoir

Tk'emlúps te Secwépemc (TteS) will construct the North Reservoir in 2019. This water network upgrade will support future expansion and economic development on-reserve by providing underserved and un-serviced band lands with the opportunity to meet City of Kamloops industrial fire protection standards.

KIR#1 Road and Bike Network Plans

TteS partnered with the BC Ministry of Transportation on a road network study and plan that will guide traffic planning for IR#1 now and into the future. The road network plan prioritizes traffic safety, improved highway access, and emphasizes pedestrian/ bike corridors.

Kootenay Way Upgrades - Design

TteS is investigating the opportunity to provide a Latecomer Agreement as a mechanism for developers interested in completing infrastructure servicing upgrades along Kootenay Way.

TteS Laws and By-law Updates

Development Cost Charge (DCC) Law

First adopted in 2014, Chief and Council plans to update the TteS DCC Law in 2020. The Law will update TteS capital infrastructure priorities required to accommodate increased growth and development on-reserve, and remain cost competitive with the City of Kamloops.

Cannabis Law & Bylaw

The TteS Cannabis Law is a new law that emphasizes the First Nation's inherent right to self-government in the regulation of this newly legalized economy. The TteS Cannabis Bylaw provides for the regulation of Cannabis Dispensary businesses within Tk'emlúps te Secwépemc.

Traffic Law

The new TteS Traffic Law will include a schedule of enforceable fineable offences, and a signage plan that identifies truck routes, restricted parking, and limited traffic zones.

Advancing First Nation FMA Cannabis Fiscal and Regulatory Proposal

First Nation governments were left out of the federal provincial cannabis tax and regulatory framework, which was concluded in December 2017. First Nations were also left out of the public distribution system that is being used to support online sales and, eventually, a broader market for edible, concentrate and other cannabis derived product sales. This was done despite federal commitments to First Nations for reconciliation, a new fiscal relationship, nation-to nation frameworks and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Since March 2017, the First Nations Tax Commission (FNTC) has been working with proponent First Nations to advance a First Nation led cannabis jurisdiction option using the First Nations Fiscal Management Act (FMA).

A presentation about this FMA cannabis option was made to the Standing Senate Committee on Aboriginal Peoples in February 2018 by the FNTC Chief Commissioner, with a series of specific amendments provided to the Senate Committee in March 2018. The proposal was also presented at the "First Nations Leading the Way" National Meeting in May 2018. In each case, the proposal for First Nations cannabis fiscal and regulatory jurisdiction received strong support.

In June 2018, in a letter to the Senate Committee on Aboriginal Peoples, the Ministers of Indigenous Services and Health Canada committed to work with interested First Nations and the FNTC to develop a First Nation cannabis excise tax sharing, tax and regulatory option within one year. Proponent First Nations and the FNTC are advancing a comprehensive First Nation cannabis jurisdiction proposal.

Proposal Overview

In September 2018, the FNTC and some proponent First Nations developed a comprehensive proposal to establish an FMA cannabis fiscal and regulatory framework option for interested First Nations. There are six distinct elements to the proposed FMA First Nation cannabis fiscal and regulatory option:

- Voluntary Participation by Interested First Nations
- First Nation Jurisdiction Framework for Cannabis Regulation and Licensing
- FMA Cannabis Fiscal Jurisdiction Framework (excise and other tax options)
- First Nations Cannabis Distribution Warehouses
- First Nations Stamp on First Nation Cannabis
- First Nation Institutional Support to Implement System

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There is a Tenants' Associations Meeting held annually for one representative from each tenant association to hear any concerns regarding servicing provided by the band and provide the proposed budget rates & expenditures for the current tax year.

We also meet with the Locatee Landlords for the G&M/ Leonard Estates, Silver Sage, Sage Meadows, Tagish, Paul Lake/Gottfriedson Estates, Wind Chimes, Mountain View Estates, and South Bend Estates discussions included:

- Budget Rates & Expenditures
- Planning & Engineering
- Servicing Agreements
- Collections
- Recycling

HOURS OF OPERATION:

8:00 am
to
4:00 pm



PROPERTY TAX PAYMENT OPTIONS

First Nations Gazette

A copy of the Tk'emlúps te Secwépemc Annual Expenditure and Annual Rates Law can be found at the First Nations Gazette website <http://www.fng.ca/>.

Go to "Online Gazette", Part II, Search by First Nation and fill in required areas and year.

Tk'emlúps te Secwépemc Finance Dept.
#200-330 Chief Alex Thomas Way
Kamloops, BC V2H 1H1

HOURS OF OPERATION:

8:00 am
to
4:00 pm

Property Tax payments received after the August 2, due date will be



PLASTIQ

You can now make your tax payments to the Tk'emlúps te Secwépemc (formerly Kamloops Indian Band) using your credit card of choice through PlastiQ online

Earn the rewards of your credit card to spend on flights, hotel stays, and more

PlastiQ assesses a 2.5% service fee per transaction

Ready to pay your bill? Visit: www.plastiq.com or <http://tkemlups.ca> and follow the simple steps

Online Banking

- Available at most major banks and credit unions.
- Just log into your online banking and under "Add Payees" search for **Kamloops Indian Band Property Taxes**. Then select your option.
- Check your invoice or statement for your **Folio number**.

If submitting online payments please remember to submit your Home Owners grants in person to the Finance office or by mail.

Pre-Authorized Monthly Payments (P.A.P.)

- Monthly Payment Plans ("sign it and forget it")
- Can be modified or cancelled (as per terms of agreement)

Please contact the Finance Dept., Accounts Receivable regarding payment options (250)-828-9861

Cheque or Money Orders

Please make cheques payable and submit to:

TK'EMLÚPS TE SECWEPÉMC Property Tax Accounts Receivable Office
#200-330 Chief Alex Thomas Way
Kamloops BC V2H 1H1



Tk'emlúps te Secwépemc Proposed Laws

Taxpayer Representation to Council Law:

- Council would like to formalize and enhance the relationship with our taxpayers within a law with their taxpayers
- TteS started drafting the Taxpayer Representation to Council Law using the FNTC Sample Law (started drafting, 2013)
- The purpose of the taxpayer representation law is to provide taxpayers opportunity for input into property taxation matters and proposed local revenue laws: Representations to council, communication between Council & taxpayers hold information meetings and provide opportunities for input to council.

Assessment Law :

- Updating the Assessment law using FNTC Sample Laws with Legal Review (started drafting, 2013)
- We have received input from BC Assessment Authority

Property Taxation Law:

- Updating the Property Taxation law using FNTC Sample Laws with Legal Review (started drafting, 2013)
- 1st Reading at the May 27, 2019 Policy Meeting
- Await legal comments as per Policy Meeting
- Notice Period will commence at 2nd reading

Advancing First Nation FMA Cannabis Fiscal And Regulatory Proposal continued

The Benefits of a FMA Cannabis Tax and Regulatory Option

The application of the FMA framework to First Nations cannabis tax and regulation is an efficient, effective option to achieve health, economic and fiscal interests for interested First Nations for the following reasons:

1. Respects First Nations Right of Self Determination (UNDRIP): Participation in this option is voluntary for interested First Nations.
2. FMA Precedent of Success (almost 300 First Nations): This option would utilize the successful FMA precedent.
3. First Nation jurisdiction implemented efficiently and legislatively protected: The FMA option is the quickest way to implement comprehensive cannabis jurisdiction for interested First Nations.
4. Reduced Implementation Time and Cost: This option will be supported by First Nation led institutions with sample laws, implementation support and training for participating First Nations.

5. Many First Nations Could Benefit regardless of location: All First Nations participating in this option could share in cannabis revenues.

6. Opens First Nation entrepreneurs' access to expanded and future cannabis markets: This option means First Nation entrepreneurs won't lose future cannabis market share. Without it, First Nation entrepreneurs could have limited access to the online direct-to-consumer market and future edible, concentrate and other cannabis-derived product markets.

7. Improves First Nation Fiscal Relationship: This option will increase First Nation revenues to support improvements to community services and infrastructure.

8. Supports First Nation Health Objectives: This option should help reduce youth consumption and the potential for unsafe production activities. It should also help improve product handling and product quality.

Learn More If you would like more information about this initiative, please contact the First Nations Tax Commission.