

B81: AGRICULTURAL SECTOR CARBON TAX EXEMPTION

WHEREAS a strong agricultural sector providing a secure food source is essential to support the residents of the Province of British Columbia;

AND WHEREAS the provincial government imposed a broad based carbon tax on the purchase and use of fossil fuels in British Columbia in July 2008, which is scheduled to increase over the next four years;

AND WHEREAS the carbon tax is negatively impacting the agricultural producers' ability to produce food competitively and cost effectively;

THEREFORE BE IT RESOLVED that the UBCM lobby the provincial government for an exemption for the agricultural sector from paying the carbon tax.

RESPONSE: Ministry of Finance

Climate change has a significant impact on the agricultural sector and the Government is committed to addressing climate change and a key element of that commitment is to reduce British Columbia's greenhouse gas (GHG) emissions by at least 33 per cent below 2007 levels by 2020.

The purpose of the carbon tax is to put a price on carbon emissions that will encourage individuals, businesses, industry and others, including agricultural producers, to use less fossil fuel and reduce their GHG emissions.

The tax is intentionally broadly based and will be paid by all who consume fossil fuels in the province. To make the carbon tax as fair and effective as possible, exemptions from the tax have been minimized; exemptions to individual sectors would undermine those efforts.

Agricultural producers benefit from the tax reductions made possible by the carbon tax, including:

- 5 per cent reduction in the first two personal income tax rates.
- Reduction in the small business corporate income tax rate from 4.5 per cent to 2.5 per cent. The rate will be reduced to 0 per cent by 2012.
- Reduction in the general corporate income tax rate from 12 per cent to 11 per cent. The rate will be reduced to 10.5 per cent January 1, 2010, and to 10 per cent January 1, 2011.
- 50 per cent reduction in school property taxes for land classified as "farm" effective for the 2011 taxation year.

The government also supports the agricultural sector in the province through other income, fuel, and property tax concessions and exemptions, and through other programs as outlined in the BC Agriculture Plan. The agricultural sector will also benefit

from the harmonized sales tax to be implemented July 1, 2010, which will allow agricultural producers to claim input tax credits on a wider array of business inputs than are currently exempt under the provincial sales tax, including energy costs.