

TransLink Parking Tax Case Study

Organization

TransLink (Greater Vancouver Transportation Authority).

Status

Provincial enabling legislation assented December 2005.
The parking site notices were sent out December 31, 2005.

Overview

The Greater Vancouver Transportation Authority, or TransLink, is Greater Vancouver's regional transportation provider and regional transportation planning agency. The organization implemented a parking site tax on surface parking areas, parkades and underground parking effective January 2006. The tax is projected to raise \$20 million a year to help fund a three-year, \$1.9 billion expansion of roads and transit services outlined in TransLink's Three Year Capital Plan. Some of the capital projects outlined in the plan include, eight major new roads, a portion of a new Fraser River bridge crossing, a more modern and expanded bus fleet and an upgraded cycling-path network among other projects.

The parking site tax is the first of its kind in Canada. It is based on the size of parking areas located on non-residential properties throughout the region. The parking tax rate was set by bylaw for 2006 at \$0.78 per square metre.

The Parking site tax is included on the property owners' municipal property tax notices and must be paid with them. Properties owners do not receive a separate tax bill for it. Non-residential property owners that are currently exempt from property taxes and other forms of taxation are exempted from the parking site tax. This includes places of worship, schools, airports, First Nations reserves and health authorities.

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Resources

- Additional information on the parking tax, including copies of applicable by-laws, is available at: www.translink.bc.ca/ParkingTax/.
- The provincial enabling legislation, the Great Vancouver Transportation Authority Act, including Part 7 of the Act which covers the parking tax, is available at: http://www.qp.gov.bc.ca/statreg/stat/G/98030_01.htm.

Community context

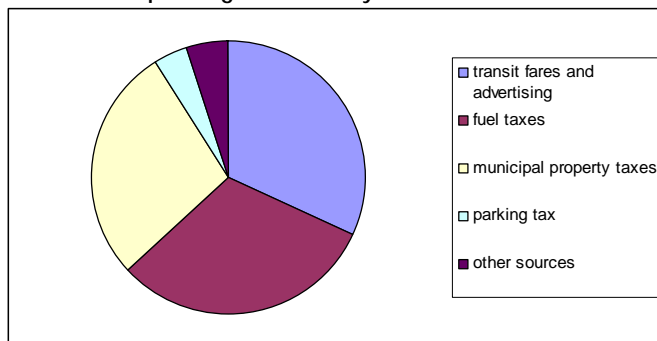
The Greater Vancouver Regional District (GVRD) is one of Canada's fastest growing urban regions with a current population of over 2.3 million people. TransLink is the agency responsible for the movement of people and goods throughout the region including, transit services and the major road network across the region's 1,800 square kilometres. While the actual delivery of public transit services takes place through subsidiary companies and contractors and the maintenance and improvement of the major road network is done in partnership with the municipalities, TransLink is responsible for regional transportation planning, administration of service contracts, management of capital projects and public affairs. TransLink also provides security and enforcement services through the Greater Vancouver Transportation Authority Police Service who have the full powers of provincial police.

TransLink's transit system carries about 130 million passengers annually, making it Canada's third largest system behind Toronto and Montreal. Ridership is up 24% since 2002 and by as much as 40% in some corridors. Transit's market share has grown from 10%

to 12% region-wide since 2001, and today transit carries around 45% of commuters into downtown Vancouver.

Currently, TransLink raises 36% of its revenue from transit fares and advertising, 31% from fuel taxes, 28% from municipal property taxes and smaller amounts from other sources. The new parking site tax will generate 4% of dedicated funding, or \$20 million of TransLink's \$390 million budget annually.

TransLink – Operating Revenues by Source



Policy context

In 1998, the provincial legislation creating TransLink was passed. The Greater Vancouver Transportation Authority Act provided TransLink with a variety of funding sources in addition to fares collected from its public transit services, including property taxes, vehicle levies and parking taxes.

While the Act included authorization for TransLink to assess a parking site tax, it provided no mechanism to collect it. Amendments were made to the Act in December 2005 to provide a framework for collecting and enforcing the tax. These amendments also included an appeal process for property owners, imposed a cap on the tax rate TransLink could charge, and set a requirement for the provincial government to review the Act's amendments within 10 years.

At its February 2004 meeting, the TransLink Board of Directors approved the 2005-2007 Three-Year Plan & 10-Year Outlook Strategic Transportation Plan Amendment. Funding for the plan included increases in property taxes and transit fares and the introduction of the new regional parking tax.

Rationale and objectives

Transportation structure has a critical impact on the mobility of goods and services in urban centres, particularly in port cities like Greater Vancouver. Maintaining and improving this mobility through transportation investments has always been a challenge, particularly in the context of increasing populations and sprawling communities. As with other regions in Canada, Greater Vancouver has struggled to effectively fund urban transportation improvements and upgrades while maintaining existing road and transit capacity at high service levels.

In recent years, TransLink has faced some funding setbacks. Notably, a private vehicle levy was narrowly passed by both the GVRD and TransLink Boards. The levy would have provided \$100 million in annual revenue, but was shelved when the Province and TransLink failed to agree on a method to collect it. The funding shortfall it created, combined with ongoing and growing capital and operating funding needs, motivated TransLink to explore and identify other funding sources.

A tax on non-residential parking sites was one of three key funding sources identified in 2003 budget consultations for TransLink's 2005 - 2007 Three Year Capital Plan. The other sources were an increase in transit fares and an increase in property taxes. The new parking tax funds were necessary for TransLink to help finance almost \$2 billion in badly needed capital projects, including major new road projects, a portion of the new Fraser River crossing (a public-private-partnership toll bridge), a bus fleet expansion and modernization program and an upgraded cycling-path network. The parking tax is expected to generate \$20-million annually for these projects.

TransLink's rationale for the parking site tax recognizes the reliance businesses and others have on TransLink's major road network and transit system to get goods, services, staff and customers to and from their locations. It also recognizes the demand owners, tenants, employees, suppliers and customers of stores, shopping malls, business parks, industrial parks and

other organizations in turn place on the transportation system.

Actions

A tax on non-residential parking sites was identified in 2003 budget consultations with business, municipal and other stakeholders as one of three new funding sources for TransLink's 2005 - 2007 Three Year Capital Plan. Originally, the parking tax was expressed as a \$30-a-year tax on every parking stall in the region and was expected to raise \$25 million per year. When it became apparent that many businesses have parking areas without marked stalls (and that painted lines could be easily moved and/or removed by property owners), it was decided to assess the parking tax based on the size of a parking site rather than the number of parking stalls contained in and on them. Measuring parking site areas was also determined to be a more effective and efficient method of creating and maintaining the parking tax roll that would be required to administer the tax.

Prior to the inclusion of parking tax on municipal property tax notices, TransLink created a parking site inventory, or tax roll, that identified the taxable parking area of each property within the GVRD subject to the tax. BC Assessment, the provincial property tax assessment agency, was contracted by TransLink to create the tax roll. BC Assessment determined the taxable parking area of each subject property using aerial photography, digital mapping and municipal records. Site visits were also conducted to ensure accuracy and to confirm measurements.

In September 2005, a provincial legislative amendment to the Greater Vancouver Transportation Authority Act for TransLink's parking tax was introduced. It passed in December 2005. The amendments provided TransLink with a framework for collecting and enforcing the parking tax and included an appeal process for property owners, a cap on the tax rate TransLink could charge and a stipulation for the provincial government to review the amendments within 10 years.



All types of commercial parking areas were assessed as part of the parking tax initiative, including gravel lots and lots with without lined parking stalls.

The parking tax payable by affected property owners is calculated by multiplying the parking tax rate by the taxable parking area (in square metres) of the parking site. The original parking area rate of \$1.02 per square metre was reduced to \$0.78 per square metre following the completion of the tax roll. This was done through a TransLink Board resolution to ensure that the parking site tax rate generated only the \$20 million in gross that was originally projected

In late December 2005, TransLink delivered approximately 29,600 parking site notices to property owners identifying the taxable parking area on their properties. As required by the Greater Vancouver Transportation Authority Act, affected property owners were given until January 31, 2006 to request an appeal of their parking site assessment before the Property Assessment Review Panel, a provincially appointed panel that is independent from TransLink which hears all property assessment appeals as well as parking site assessment appeals.

Decisions of the Property Assessment Review Panel could be further appealed to the Property Assessment Appeal Board, a quasi-judicial, independent provincial board. Any further appeal is conducted through B.C. Supreme Court. The complaint and appeal process mirrors the process for property assessment complaints and appeals.

Any decisions of the appeal board that changes the taxable parking area are adjusted and reflected in the following year's property tax notice.

Results

To date, with some cases still before the Property Assessment Appeal Board and B.C. Supreme Court, the parking tax has generated its expected revenue targets. There was considerable public opposition to the parking tax initiative organized by some commercial business groups who organized themselves as the Park the Tax Coalition. While the group is currently inactive, their work resulted in considerable, but expected parking site appeals.

The Property Assessment Review Panel considered approximately 5,100 folios based on public requests for review. Of those, 1,446 resulted in a change to the taxable parking area (either an increase or a decrease). The Property Assessment Review Panel considered another 2,500 folios based on small reductions recommended by TransLink through the BC Assessment Authority. The number of appeals was within TransLink's projections.

Some of the more common issues raised by property owners in requests for review included the allocation of "common area" parking areas to commercial strata lots, the apportionment of areas between exempt and non-exempt uses/properties (e.g., mixed commercial/residential parking lots), and the inclusion of loading bays and truck maneuvering lanes in parking area calculations (an issue which generated the most feedback from industry groups).

While the majority of appeals were resolved by the Property Assessment Review Panel, approximately 800 cases were appealed to the Property Assessment Appeal Board. A small number of their decisions have been appealed to B.C. Supreme Court and are waiting to be heard or have decisions pending.

TransLink expects the number of appeals to drop off significantly in subsequent years depending on the outcomes of the cases before the Property Assessment Appeal Board and B.C. Supreme Court.



Aerial photographs were used by BC Assessment to help calculate parking site areas.

Participants

TransLink is mandated by the Greater Vancouver Transportation Authority Act to carry out significant public consultations for any major funding program such as the parking site tax.

The 2003 budget consultations which identified the parking tax as a central new financing mechanism included many public, private and community stakeholders, including some of the business organizations that later contested the initiative.

In early 2004, a Parking Area/Stall Tax Working Group was formed to provide advice on the development and implementation of the parking tax. Working Group representatives included members from the British Columbia Shopping Centre Association, the International Council of Shopping Centres, Retail BC, Building Owners and Managers Association, National Association of Industrial and Office Properties, regional Boards of Trade and Chambers of Commerce, municipalities, Vancouver International Airport and the University of British Columbia. The Working Group also explored potential alternative funding mechanisms or "equivalencies" which could replace the parking tax.

TransLink contracted BC Assessment, the provincial tax assessment agency, to create the inventory of non-residential and non-exempt parking sites in the region.

During the summer of 2006, TransLink convened two additional meetings with business group representatives to discuss the parking tax and potential

replacements for it. While the TransLink Board supports the continued collection of the parking tax, they will do so only until an additional, alternative sustainable funding source becomes available at which point the parking tax would be repealed.

A Web-based discussion forum called Transportation Options was established for stakeholders to debate workable funding alternatives to the parking site tax over the summer of 2006. The forum was moderated by an independent facilitator and conducted at arms-length from TransLink. Over 40 groups have taken part in the on-line forum.

It is noteworthy that public opinion polling conducted by TransLink in 2003 indicated broader public support for parking charges over gas taxes. Other public opinion polls carried out over the past two years have found that 93% of the public feels that TransLink has identified the right set of projects for funding. A lower, but still significant 56% support the overall mix of funding sources.

Resources

TransLink allocated \$6 million for implementation of the parking site tax. The majority of costs to date have involved BC Assessment's creation of the parking site roll. For 2006, the first full year of the tax, TransLink has estimated \$3 million in expenses (not in addition to the \$6 million total project budget) to manage the tax roll, fully implement the tax and administer the appeal process. Post-2006 appeal and tax roll administration costs are estimated to be under \$1 million after the initial reaction to the tax has subsided and appeal volumes stabilize.

Lessons learned

While the parking site tax was only implemented in January 2006, there are some early lessons learned in developing and implementing it. These include:

- **Build public awareness:** The parking site tax is the first of its kind in Canada. As a new tax, there was understandable public debate and discussion, particularly amongst the business

community. A business coalition calling itself *Park the Tax* was established and generated substantial media coverage. To counter the Coalition's negative messaging and to help reduce potentially negative political pressure which could have hindered the legislative amendments necessary for implementing the tax, TransLink carried out a significant public awareness campaign. Investment in shaping public opinion was identified by TransLink as an essential component to implementing the funding strategy, particularly given TransLink's past experience with the failed vehicle levy.

- **Provide support and information for affected property owners:** As a new tax, TransLink was careful to provide information to affected property owners. A separate page on their Website was created with a question and answer section and links to additional information. Some information was also included in most property tax assessment mail outs. During the appeals period, TransLink staff were available to discuss the parking assessments by phone, provide information (including aerial photographs) and to make site visits with affected property owners.

Next steps

The TransLink Board supports the continued collection of the parking tax until an additional, alternative sustainable funding source becomes available at which point the parking tax would be repealed. At this point, no such alternative funding source has been identified.