

Kitselas Council Decision Document
Re: Tax Sharing Agreement Re: CN Rail Easements on
Kitselas Reserves
July 10, 2007

Issue:

1. To review a Tax Sharing Agreement between Kitselas and the Province of BC with respect to property taxes payable by CN Rail for track, easements and improvements on Kitselas Indian Reserves #1, 2 and 4.
2. Review and approve a Band Council Resolution authorizing the Chief Councillor to sign the agreement.

Background:

1. The Province has developed a program for transferring the provincial portion of property taxes payable by CN Rail to First Nations whose reserve land has railway lines, easements and other railway related improvements.
2. There are similar programs with respect to CP Rail's lines, BC Hydro facilities and other Crown Corporation assets on reserve land.
3. Kitselas is a Land Management Act First Nation and will eventually pass its own Property Tax Act to establish its own taxing regime on reserve. In the meantime, the Province will transfer tax funds in the form of a grant.
4. The exact amount of the grant is still under review. However, it will be no less than \$12 to 14000, annually. There is no charge or fee for the Province collecting and distributing either the taxes or the grant.

Discussion:

1. The attached agreement is a template that was developed by the Province as the mechanism for extending the grant program to participating First Nations. It has been reviewed by the project team and Kitselas legal counsel Stan Asheroft. The agreement is without prejudice to any aboriginal right, title or interest of the Kitselas First Nation.
2. This agreement is temporary. At the same time, Kitselas will be moving to implement its own property tax by-laws, with technical assistance from the Indian Taxation Advisory Board. These new by-laws will enable Kitselas to collect taxes from all other utilities and interests that occupy Kitselas reserve land.

Options:

1. Approve the Tax Sharing Agreement

Approval of the Tax Sharing Agreement will begin the flow of dollars to the Kitselas First Nation. There are no perceived risks in entering into this agreement.

2. Defer any action until Kitselas has its property tax by-laws in place

If this option is chosen, Kitselas will likely lose out on this year's tax revenue. By the time a new Kitselas property tax system is in place and approved by the Minister, it will be later in the year. Although the amounts are not large, it is better for that \$14,000 to be in Kitselas hands as opposed to the Province's.

Recommendation:

- **Approve the attached Tax Sharing Agreement.**
- **Approve the attached Band Council Resolution authorizing the Chief Councillor to sign the Agreement on behalf of Kitselas.**

Reviewed by:

Recommended by:

Date submitted:

Date considered by Council:

Council Decision: