

factsheet



School Tax Exemptions for Alternative Energy Power Projects

BC Assessment

This Fact Sheet provides an overview of exemptions from school tax for alternative energy power projects.

What power projects are eligible?

To be eligible for the exemption from school taxes, a hydroelectric power project must not have begun producing electricity before January 1, 2002, **and** it must be either:

- a hydroelectric power project that is licensed to use the EcoLogo trademark under the government of Canada's Environmental Choice Program; **or**
- a run-of-river project with a prescribed head pond storage capacity, that has a contract with a term of at least 10 years, signed before January 1, 2005, to sell power to BC Hydro.

What property improvements does this exemption apply to?

The exemption applies to the following improvements:

- intake facilities and trash racks;
- tunnels and tunnel linings; and
- penstocks, penstock foundations and penstock structures.

For run-of-river projects only, this exemption also applies to weirs and associated control structures. The exemption does not apply to dams.

How do power projects get the exemption?

To qualify for the exemption, projects must not have begun producing electricity before January 1, 2002. The local area assessor will confirm that a project meets this requirement. In addition, to receive the exemption, owners of eligible power projects must provide the assessor of the assessment area in which the power project is located with the following information by the required date:

For run-of-river projects:

- Written confirmation from a professional engineer certifying that as of October 31 in the year preceding the year for which the exemption is claimed, the head pond storage capacity is no more than 24 hours of average annual flow; **and**
- One of the two following sets of information:
 - Confirmation in writing from the owner or a senior executive officer of the corporation that the power project has, as of October 31 in the year preceding the tax year, a power purchase agreement with BC Hydro with a term of 10 or more years, signed before January 1, 2005; or
 - Confirmation in writing from the owner or a senior executive officer of the corporation that the power project is licensed to display the EcoLogo™ as certified by the Environmental Choice Program and is a current licensee in good standing with that program as of October 31 in the year preceding the year for which the exemption is claimed.

For other hydroelectric projects:

- Confirmation in writing from the owner or a senior executive officer of the corporation that the power project is licensed to display the EcoLogo™ as certified by the Environmental Choice Program and is a current licensee in good standing with that program as of October 31 in the year preceding the year for which the exemption is claimed.

Applying for exemptions in 2006 and subsequent taxation years

To receive the exemption for the 2006 and subsequent assessment rolls, the information above must be provided to the local BC Assessment office no later than **November 30** of the year preceding the year for which the assessment roll is prepared.

Refunds for school tax paid before a project becomes exempt

Eligible hydroelectric power projects that have at least a 10-year term power purchase agreement with BC Hydro signed before January 1, 2005 may qualify for the exemption during construction. Other power projects may only qualify for the exemption once they have EcoLogo™ certification.

Once projects become exempt, they may apply for a refund of school tax paid on the eligible improvements during the three years preceding the first tax year in which the project is determined to be exempt by BC Assessment.

Eligible power producers have a three-year window after January 1 of the first year in which they received the school tax exemption to apply for a refund of school taxes paid on eligible improvements.

To apply for a refund, eligible power producers should send a letter to the Minister of Finance requesting the refund and providing:

- the name of the power project;
- the name of the owner of the project; and
- the folio number (assessment roll number) or property identification number for the property.

In future years, all hydroelectric power projects that meet the production date requirements and currently do not have the exemption will receive detailed inventory information on their projects from BC Assessment.

It will be important to ensure the accuracy of this information as it will be used as the basis for calculating any refunds. If there are any concerns regarding this inventory information, please contact your local BC Assessment office.

For more information, contact:

Assessment and Valuation Services

BC Assessment

1537 Hillside Avenue

Victoria, BC V8T 4Y2

250 595-6211

Contact: Terry Smith or Greg Wood

More information about the school tax exemption for independent power producers can be found online at the Property Taxation Branch of the provincial government: <http://www.rev.gov.bc.ca/rpt/>