

Date: January 8, 2010



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Parking Rate Changes due to Tax Increases

RECOMMENDATION

THAT the Board approve the parking rates detailed in Appendix A, to be effective immediately, to recover additional tax payable as a result of the increase in the Translink parking sales tax.

POLICY

The Board's policies on user fees and charges include the following:

- All rates and charges will be adjusted to accommodate changes in the marketplace and in operating and maintenance costs
- The General Manager will have the authority to waive or reduce fees and alter fees for services, promotion purposes and to quickly establish fees for experimental services

BACKGROUND

There are two taxes which are applicable to parking rates charged by the Board, GST (5%) and a parking sales tax (PST), which is a Translink tax, levied under Social Services Tax. It applies to the purchase of parking rights within the Translink transportation service region and is collected by the Province on behalf of Translink

In October 2009, Translink's Mayor's Council approved a 14% increase in this PST rate, from 7% to 21%, to be effective January 1, 2010. This increase was not generally publicised and only came to the attention of the parking industry in early December. As a result, it was not reflected in the parking rates approved by the Board on November 16, 2009 as part of the 2010 fees & charges.

DISCUSSION

Increases in the Board's parking rates are now necessary, to recover from customers the additional tax amounts payable by the Board as a result of this tax rate increase.

Tax rates

	Until Dec 31, 2009	Jan 1 – June 30, 2010	July 1, 2010 onwards (see comments below)
GST	5%	5%	
PST	7%	21% + GST = 22.05%	21% + HST = 23.52%
HST			12%
Total taxes	12%	27.05%	35.52%

Many details of how this PST will be administered and charged are unknown. Vinci Park, the Board's pay parking operator, is working closely with other parking companies and business operators to clarify details.

It is not currently clear what will be the impact when HST is introduced on July 1. HST will replace both GST and this PST, so it is possible that only the 12% HST will be charged. However, Translink has been advised by the Ministry of Finance that there will be revenue replacement for this PST upon implementation of HST, so Translink may continue to impose and administer this 21% tax, or an equivalent levy, after July 1.

If the 35.52% total tax rate on parking comes into effect in July, then the total additional tax potentially payable by the Board in 2010 (over and above the 12% tax included in the current pay parking rates) would be over \$900,000.

Amended Parking Rates

Proposed amended parking rates for 2010 are attached as Appendix A. These rates will go into effect immediately on approval. There is no specific benefit to the Board from these parking rate increases. The higher rates are simply to recover from customers the extra tax payable by the Board on parking fees as a result of this tax increase.

Adjustments have been made to take into account a probable decline in overall parking revenues due to these rate increases.

Most of the parking fees are payable at pay stations. Approximately 40% of pay station users pay by cash, so these proposed parking rates have been rounded to multiples of 50 cents or dollars. Some individual rates will go up by more than, and others by less than, the actual tax increase relating to that specific rate.

Monthly, season and annual passes sold directly by Vinci Park will be increased by the actual amount of the additional tax. The net of tax price of these passes will remain the same as already approved by the Board but the actual cost to the customer will be increased, due to the higher taxes.

Typically the Board gives tour bus companies at least one year's notice of bus parking rate increases, to allow them to incorporate any higher rates into their charges to clients. However, given the exceptional circumstances, this advance notice will not be given this time and their parking rates will also increase.

Once it is clear what the actual tax rates will be at July 1 then, if necessary, the parking rates will be reviewed and further changes may be implemented by the General Manager to ensure that the return to the Board, net of tax, remains as originally budgeted for 2010.

SUMMARY

These rate increases are intended only to recover from customers the additional tax payable by the Board on parking from January 1, 2010. The new parking rates have been set to be revenue neutral to the Board overall.

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