

REVIEW AND REPEAL OF THE CLOSURE ALLOWANCE FOR MAJOR INDUSTRIAL AND ELECTRICAL PROPERTIES

Issue

The closure allowance for major industrial and electrical power-generating properties significantly reduces assessed values following permanent closure¹, resulting in sudden, substantial losses in municipal tax revenue. In communities where these facilities formed a major portion of the tax base, the resulting revenue shortfall is redistributed to remaining taxpayers, particularly small and medium-sized businesses. This shift places additional pressure on businesses already affected by economic downturns stemming from major industrial closures.

Background

Under the Assessment Act and the Depreciation of Industrial and Electrical Power Generating Facility Improvements Regulation.² Introduced in 2016, BC Assessment may apply a closure allowance that reduces the assessed value of permanently closed major industrial and electrical power-generating properties to 10 percent of their original cost. While intended to reflect reduced operational value, this policy has created unintended consequences for the communities in which these facilities operate.

Major industrial and electrical properties often serve as economic anchors for rural and resource-dependent communities. Their operations contribute significantly to local employment, economic activity, and municipal tax revenues. When a major facility closes, communities face immediate challenges, including job losses, population declines, and reduced demand for local goods and services.

The application of the closure allowance compounds these impacts by sharply reducing municipal tax revenues while service demands remain largely unchanged. Local governments have limited tools to offset this loss, leading to either reductions in essential services or a redistribution of the tax burden to remaining taxpayers. In practice, this burden is frequently shifted onto small and medium-sized businesses and residents.

Small and medium-sized businesses are often among the most affected by major industrial closures. Reduced economic activity, declining customer bases, and workforce outmigration place significant strain on their operations. Unlike major industrial and electrical property owners, these businesses receive no assessment relief or closure allowance when economic conditions deteriorate. In many cases, increased tax pressure following a major closure has contributed to additional business closures, further weakening the local economy and municipal tax base.

The closure allowance creates an imbalance within the property assessment system by providing significant relief to large industrial property owners after closure, while transferring financial responsibility to local businesses and residents who had no role in the closure decision and lack the capacity to absorb additional costs. This imbalance undermines fairness and limits a community's ability

¹ [BC Assessment Closure Allowance for Major Industrial and Electrical Properties](#)

² [B.C. Reg. 53/2016 \(bclaws.gov.bc.ca\)](#)

to stabilize and recover economically.

small and medium-sized businesses and local communities following major industrial and electrical property closures.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Amend the Assessment Act and associated regulations to eliminate or substantially revise the closure allowance framework so that property assessment practices do not shift the fiscal impacts of major industrial closures onto small and medium-sized businesses, residents, and local governments, and instead support municipal fiscal stability and community economic recovery.

Submitted by the Houston & District Chamber of Commerce
Supported by <insert name> Board of Trade