

March 27, 2026

**Subject: Urging Council to oppose the Provincial Sales Tax (PST) expansion on Professional Services**

Dear Mayor and Council:

We, the undersigned organizations, write to express our concern regarding the impact that *Budget 2026*'s tax changes will have on municipal finances and on local taxpayers. We are urgently requesting Council oppose the provincial government's decision in *Budget 2026* to expand the Provincial Sales Tax (PST) to a wide range of professional services. This tax expansion will directly impact municipal budgets, increase local project costs, and harm local businesses in your community.

As was confirmed by the [Union of BC Municipalities](#), this new tax will increase the cost of the many professional services that municipalities rely on, including engineering and geoscience, architectural services, accounting and auditing, strata and rental management, commercial real estate commissions, and security and private investigation services.<sup>1</sup>

Based on our initial analysis of *Budget 2026*, expanding PST to these essential professional services will:

- Increase capital and infrastructure project costs;
- Raise the cost of protecting businesses from crime, vandalism, and street disorder;
- Add pressure to already constrained municipal operating budgets;
- Increased costs and delays in processes relying on qualified professionals or specialized services; and
- Potentially lead to higher property taxes, delayed projects, or service reductions.

At a time when municipalities are facing pressure to control costs, manage infrastructure backlogs, and respond to community safety needs downloaded on them by the provincial government, this cost burden will make it more difficult to maintain service levels and deliver projects within budget. This risks upwards pressure on property taxes at a time BC businesses can ill-afford any further cost increases.

Previously, municipal governments were instrumental in voicing their concerns regarding the downloaded costs of the Employer Health Tax. A 2018 survey by the Union of BC Municipalities (UBCM) found that 71 per cent of surveyed local governments expected an increase in costs due to the introduction of the provincial Employer Health Tax (EHT). The expansion of PST to professional services threatens to deepen

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<sup>1</sup> UBCM, "Expansion of PST to Increase Local Government Costs," Feb. 25, 2026, <https://www.ubcm.ca/about-ubcm/latest-news/expansion-pst-increase-local-government-costs>

the tax pressures downloaded onto local governments, while also slowing economic activity by increasing the cost of new homes, projects, and municipal infrastructure.

With this in mind, we respectfully urge council to:

- 1) Directly raise its concerns with the provincial government regarding the cost Budget 2026's PST expansion will have on local government operating costs and public safety.
- 2) Publicly disclose any cost pressures downloaded onto council by the PST expansion, and any related cuts or tax increases that may follow.

Municipal leaders are essential advocates for strong local economies and safer communities. By speaking out against the PST expansion on professional services, councils can help protect their community's financial stability while also contributing to the long-term sustainability of the local businesses that create jobs and support the tax base.

Budget 2026's broad-based tax increases come as BC faces deteriorating provincial finances, entrepreneurial drought, and a record \$13.3-billion deficit. Federal data shows that BC has experienced more business exits than entries for five consecutive quarters. When small businesses close or choose not to grow, local governments feel the impact through reduced commercial activity and shrinking revenues.

Thank you for considering the financial realities facing both your municipality and the small businesses that form the backbone of your community. We would be pleased to discuss the impact of Budget 2026 further or provide additional information at your request.

Sincerely,



**Ryan Mitton,**  
 Director of Legislative Affairs, BC  
 Canadian Federation of Independent Business



**Caroline Andrewes**  
 President & CEO  
 Association of Consulting Engineering Companies  
 British Columbia



**Todd Stone**  
 President & CEO  
 Association for Mineral Exploration



**Laura Jones,**  
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**Ian Tostenson**  
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**Bridgitte Anderson**  
 President and Chief Executive Officer  
 Greater Vancouver Board of Trade



The voice of foodservice | La voix des services alimentaires

**Cheryl Maitland Muir**  
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**Chris Gardner**  
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**Jess Ketchum**  
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