



Mechanical Contractors Association of BC
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March 16, 2022

Honourable Selina Robinson
Minister of Finance
153 Parliament Buildings
Victoria, British Columbia V8V 1X4

SUBJECT: Provincial Sales Tax, Fossil Fuel Combustion Systems and Heat Pumps

Minister Robinson,

I write to you on behalf of the Mechanical Contractors Association of British Columbia (MCABC), representing members in the Industrial, Commercial and Institutional (IC&I), high rise, multi-family and residential sectors. Mechanical contractors represent ten core trades – plumbers, refrigeration and air conditioning mechanics, boilermakers, gas fitters, sheet metal workers, welders, insulation and sprinkler technicians, instrumentation and control technicians – whose technical expertise enables the delivery of clean air, clean water and comfort for British Columbians. Mechanical Contractors are part of the fabric and infrastructure of every community in B.C.

MCABC, a 117-year-old Association, is the only dedicated voice for mechanical contractors in BC. Its members own and work for large and medium-sized organizations and small family businesses, both union and open shop employers. The industry is bound by its people and their unwavering commitment to supporting their families and strengthening their communities.

We were surprised to learn of the PST changes during the budget 2022 announcement, particularly the new provincial sales tax on fossil fuel combustion systems components. We are disappointed that a consultation process with industry did not pre-empt the announcement. With just two weeks until implementation of the new provincial sales tax, MCABC and its members have asked questions and remain uncertain as to how to do just that – how to “implement”! Although we appreciate the overarching goals of addressing

climate change, and fully support them, the PST changes are creating considerable concern and confusion.

As an industry, we are highly invested in and committed to new innovations that increase efficiency and decrease GHGs in heating and cooling and other systems. However, we fundamentally oppose the decision to institute a new provincial tax, borne by industry but positioned as a benefit to consumers, as a way to achieve this.

Additionally, our members have numerous questions about other aspects of the new provincial tax policy, including some unclear wording related to what constitutes a “part of a system.” For example, there are common accessories, often kept in inventory, that enable functionality for both a fossil fuel system and a heat pump. How is a business expected to address one tax with three different rates differentiated by two systems (heat pumps and fossil fuel systems)? And, to add another layer of complexity but our reality, how does the tax apply to gas-driven heat pumps?

If the regulation requires the mechanical contracting industry to tax the same item differently depending on how it is used, a burdensome and expensive system will have to be put in place by each and every mechanical contracting company across B.C. This is a significant burden to businesses *still* recovering from a pandemic with limited capacity and time to lead the change required to address a complex taxation system.

We kindly request that the Government of B.C. defer implementation until there can be adequate consultation with industry and other key stakeholders. After which time guidelines can be developed and implemented.

MCABC is hosting a discussion with its members on March 24th. We invite your participation. At a minimum, we hope to have an opportunity to discuss this subject with you and find a practical approach that can be implemented without undue confusion and burden on our members.

Sincerely,

Kim Barbero

CEO

Mechanical Contractors Association of British Columbia

c.c. Hon. John Horgan, Premier
Hon. George Heyman, Minister of Environment and Climate Change Strategy
Hon. Bruce Ralston, Minister of Energy, Mines and Low Carbon Action Plans
CIPH BC Region
CIPH Board of Directors
CIPH Manufacturers
AHRI: Air-Conditioning, Heating, & Refrigeration Institute
CHBA: Canadian Home Builders' Association
CIPH: Canadian Institute of Plumbing & Heating
CHC: Canadian Hydronics Council
HRAI: Heating Refrigeration Air Conditioning Institute of Canada
MCA Canada: Mechanical Contractors Association
PMAC: Plumbing and Mechanical Advisory Council
TECA: Thermal Environmental Comfort Association