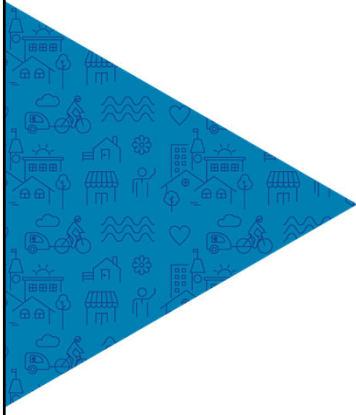


Revenue and Tax Policy Benchmarks and 2025 Tax Rates



1

PURPOSE

- To provide updated benchmark measures related to the City's Revenue and Tax Policy
- To seek direction on 2025 Tax Rates

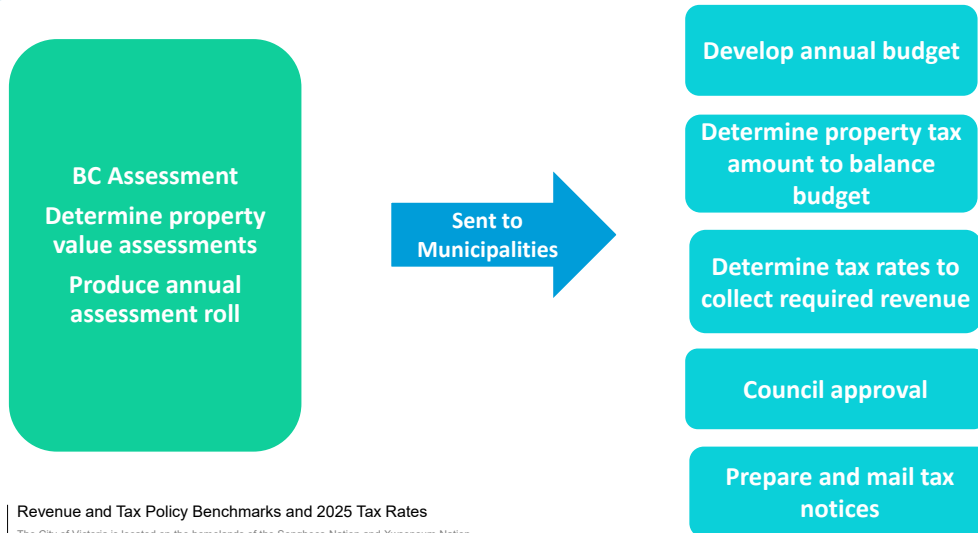
Revenue and Tax Policy Benchmarks and 2025 Tax Rates

The City of Victoria is located on the homelands of the Songhees Nation and Xwsepsum Nation



2

BUDGET AND PROPERTY TAXES



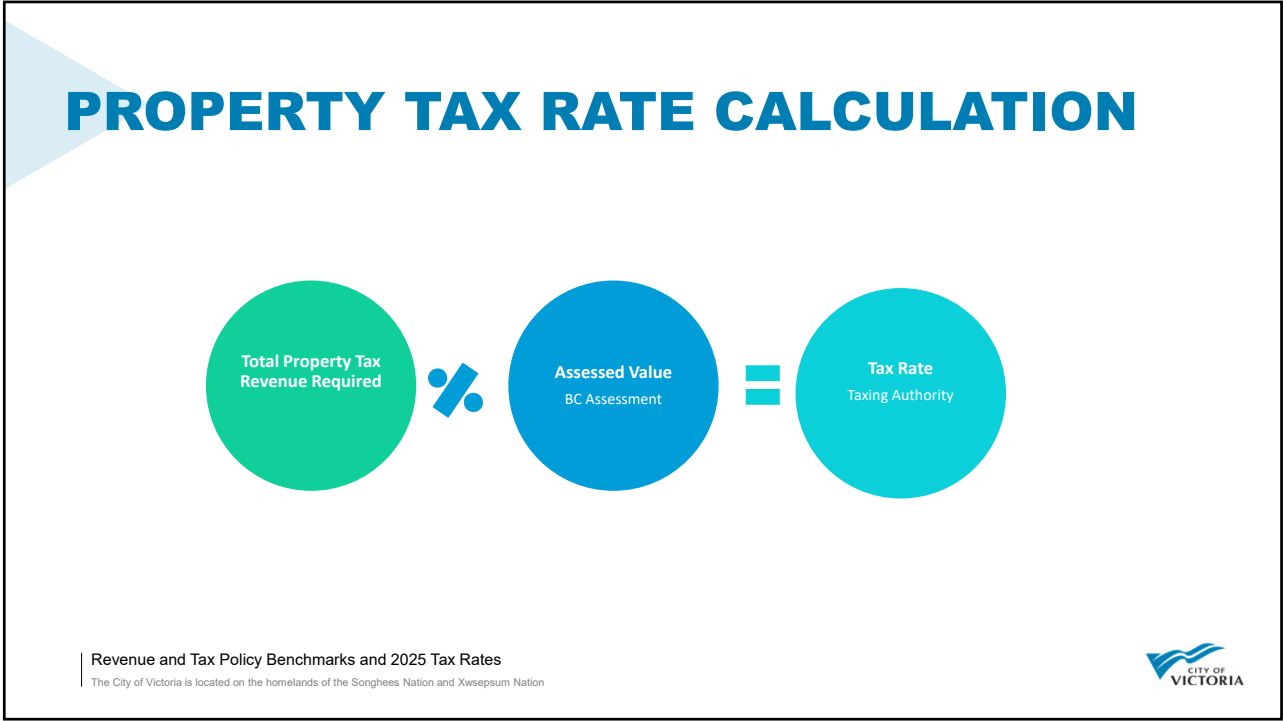
3

OTHER TAXING JURISDICTIONS

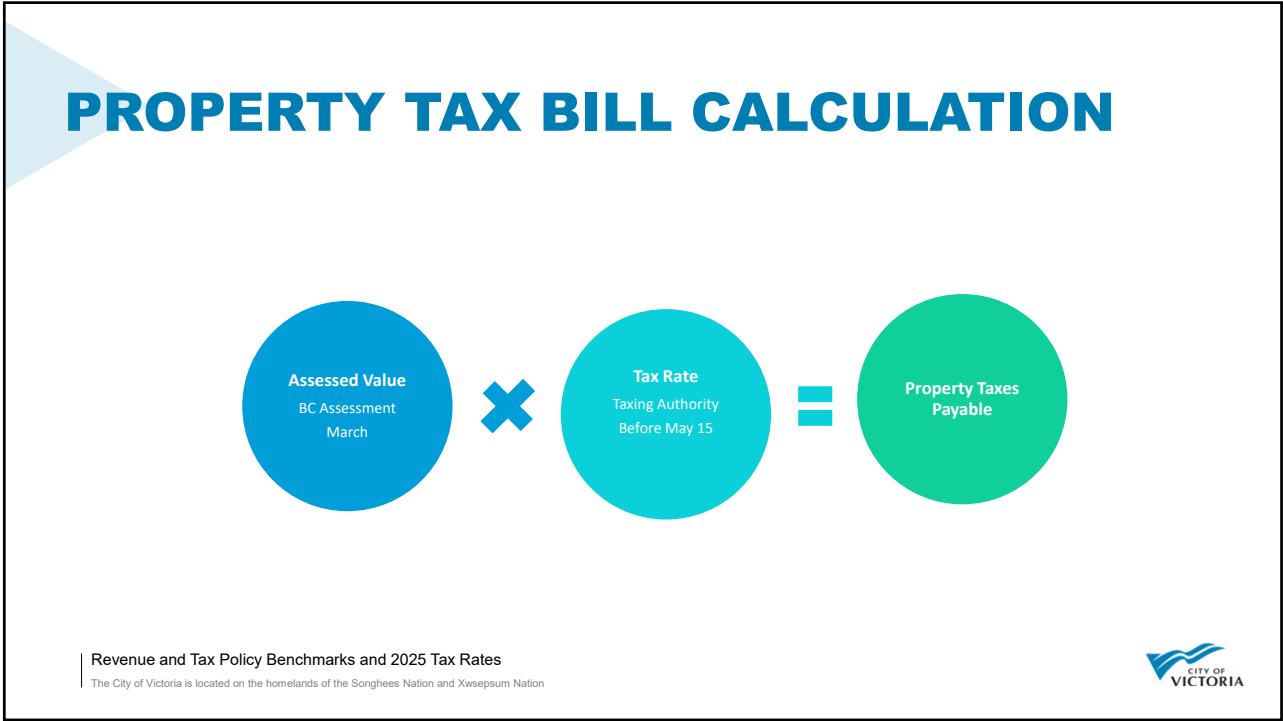
- City collects tax levies for other external entities
- Represent approximately 40% of total tax bill
- CRD/CRHD, BC Assessment, School Tax, BC Transit, MFA



4



5



6

IMPACT ON TAXPAYERS

	Your Property's Value Change	Property Tax Impact
1.	 LOWER than Average Change for Property Class	Taxes Likely* DECREASE
2.	 SIMILAR to the Average Change for Property Class	Taxes Likely* DO NOT CHANGE
3.	 HIGHER than Average Change for Property Class	Taxes Likely INCREASE

*The diagram above assumes that there are no changes in the distribution of property tax funding between property classes.

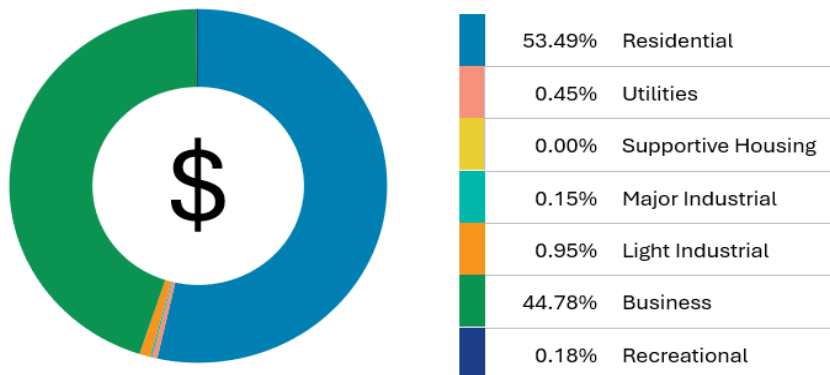
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2024 Distribution of Taxes Levied



Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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2024 Taxes Paid

Average Residential Property:

(Assessed at \$1,046,000)

City Portion	\$ 3,196
Other Agencies	<u>1,761</u>
Total Taxes	\$ 4,957

Typical Business Property:

(Assessed at \$733,000)

City Portion	\$ 8,240
Other Agencies	<u>4,322</u>
Total Taxes	\$ 12,562

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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Council Direction

1. Financial Sustainability Policy change to use all new property tax revenue from new development for capital purposes
2. Implement a Development Potential Tax Relief Pilot Program for 2025
3. Reduce business to residential tax ratio to no more than 3.5:1 in 2025 and to no more than 3.0:1 by 2030
4. Annual review of Revenue and Tax Policy as part of tax rate setting
5. Report back on benchmarks annually

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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Financial Sustainability Policy Change

- Council approved change in October 2024 to use all new property tax revenue from new development for capital purposes
- Final roll includes additional new assessment values compared to the estimates in the Draft Financial Plan
- Results in reduction in the overall tax increase from 7.23% to 6.99%
- Council's upcoming decision on 2025 tax rates will determine the tax increase allocation for each tax class

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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Development Potential Tax Relief (DPTR) Pilot Program

- Council approved a DPTR pilot program for 2025
 - Eligible light industrial (Class 5) and Business & Other (Class 6) properties in the Harris Green District
 - 20% of the land value, up to a maximum of \$925,000
 - Taxed at a rate that is 50% lower than the Class 5 and Class 6 tax rates
 - Twelve properties eligible to participate in the pilot

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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REVENUE AND TAX POLICY (Current)

Distribution of property taxes among property classes:

1. In 2025 policy update - Reduce the business to residential tax ratio over six years:
 - 3.5 to 1 in 2025
 - 3.4 to 1 in 2026
 - 3.3 to 1 in 2027
 - 3.2 to 1 in 2028
 - 3.1 to 1 in 2029
 - 3.0 to 1 in 2030
2. Tax rates for the industrial classes will not exceed the business tax rate
3. Farm tax rates set to achieve comparable to residential

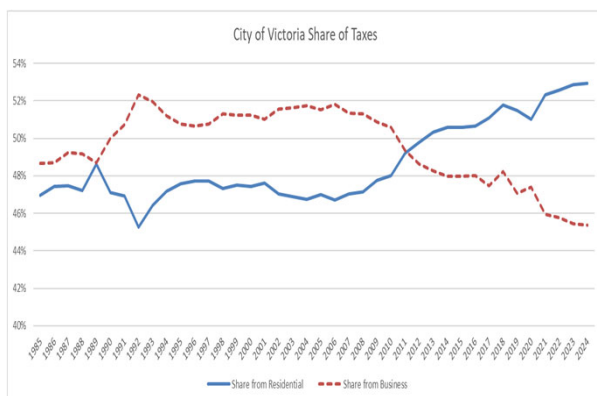
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Benchmark: Share of Taxes



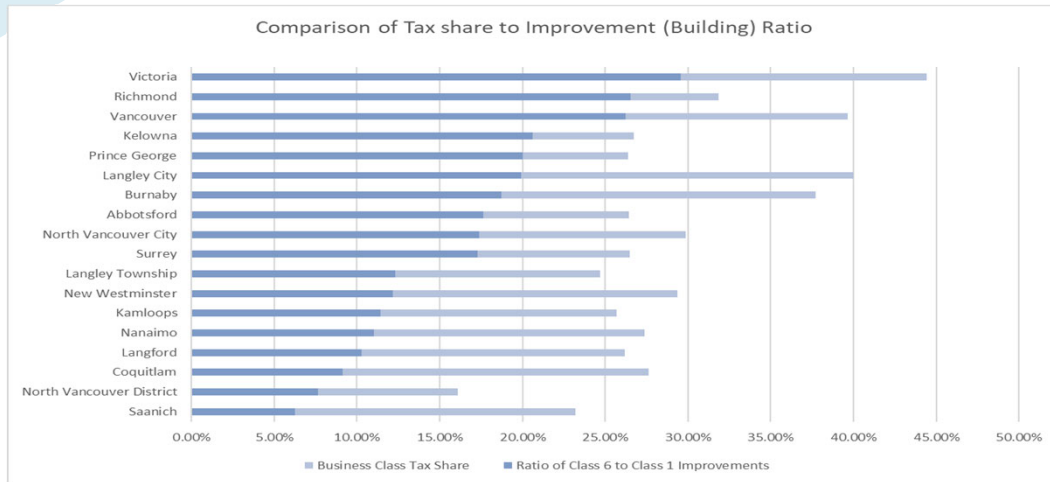
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Benchmark: Share of Taxes



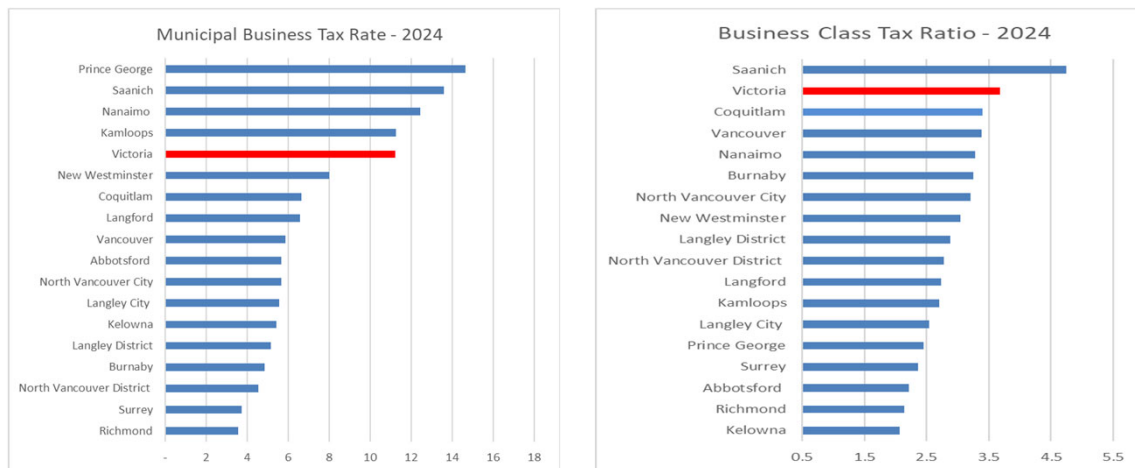
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Benchmark: Business Tax Ratio & Rate



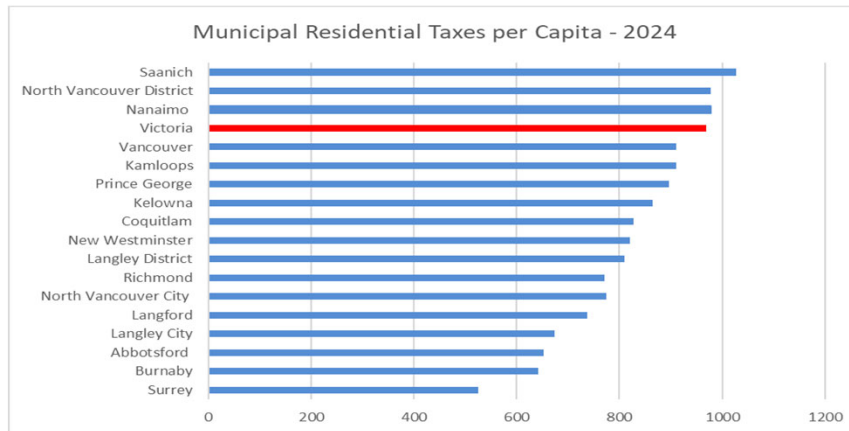
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Benchmark: Business Tax Ratio & Rate



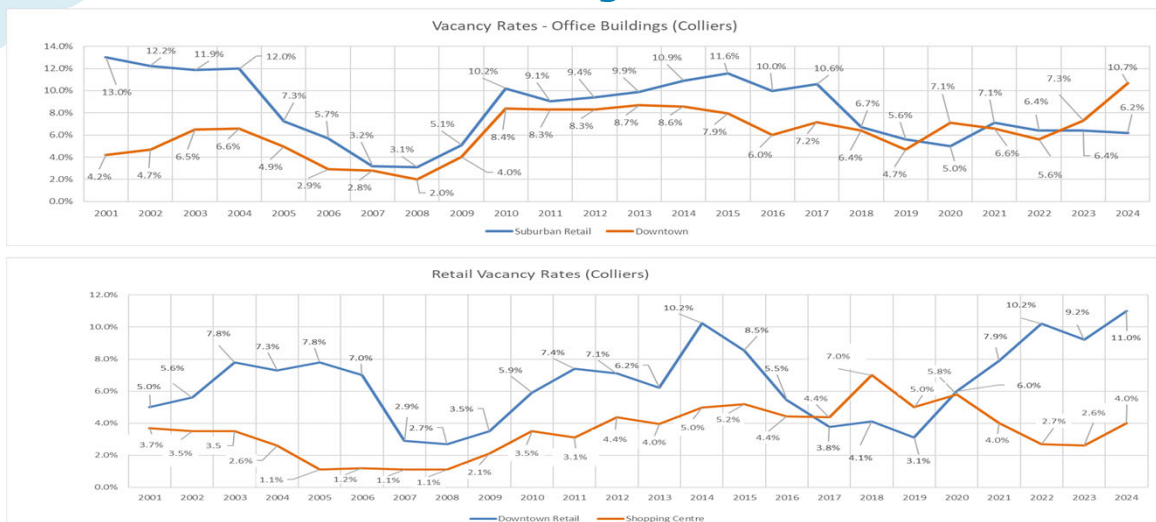
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Benchmark: Vacancy Rates



Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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Tax Rate Option 1: 3.5 to 1 Business to Residential Tax Ratio - (Recommended)

Property Tax Increase 6.99%

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2024 Tax Rates</u>
Residential	1.0000	54.09%	3.3749	8.18%	3.0569
Utility	11.8520	0.44%	39.9997	6.42%	36.7426
Major Industrial	3.2179	0.15%	10.8602	5.60%	10.3154
Light Industrial	3.4185	0.94%	11.5372	5.60%	11.0279
Business	3.5000	44.20%	11.8167	5.60%	11.2419
Rec/Non Profit	2.1310	0.18%	7.1920	8.18%	6.6667

Average residential property (\$1,024,000 assessed value) *increase* of \$261

Typical business property (\$737,000 assessed value) *increase* of \$469

Light industrial property (per \$100,000 of assessed value) *increase* of \$61

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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Tax Rate Option 2: Equalize Tax Change

Property Tax Increase 6.99%

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2024 Tax Rates</u>
Residential	1.0000	53.49%	3.3381	7.00%	3.0569
Utility	11.9828	0.44%	39.9997	6.42%	36.7426
Major Industrial	3.2965	0.15%	11.0040	7.00%	10.3154
Light Industrial	3.5021	0.95%	11.6903	7.00%	11.0279
Business	3.5855	44.78%	11.9732	7.00%	11.2419
Rec/Non Profit	2.1311	0.18%	7.1138	7.00%	6.6667

Average residential property (\$1,024,000 assessed value) *increase* of \$224

Typical business property (\$737,000 assessed value) *increase* of \$584

Light industrial property (per \$100,000 of assessed value) *increase* of \$76

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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Tax Rate Option 3: 3.4 to 1 Business to Residential Tax Ratio

Property Tax Increase 6.99%

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2024 Tax Rates</u>
Residential	1.0000	54.80%	3.4191	9.59%	3.0569
Utility	11.6991	0.44%	40.0000	6.42%	36.7426
Major Industrial	3.1260	0.15%	10.6880	3.92%	10.3154
Light Industrial	3.3208	0.92%	11.3540	3.92%	11.0279
Business	3.4000	43.50%	11.6291	3.92%	11.2419
Rec/Non Profit	2.1310	0.18%	7.2860	9.59%	6.6667

Average residential property (\$1,024,000 assessed value) *increase* of \$307

Typical business property (\$737,000 assessed value) *increase* of \$331

Light industrial property (per \$100,000 of assessed value) *increase* of \$43

Revenue and Tax Policy Benchmarks and 2025 Tax Rates

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