

Revenue and Tax Policy Benchmarks and 2019 Tax Rates

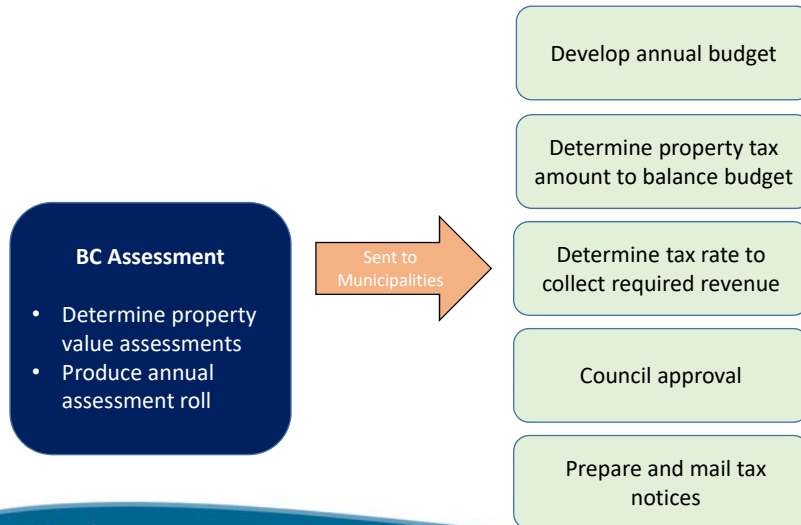


Purpose

- To provide updated benchmark measures related to the City's Revenue and Tax Policy
- To seek direction on 2019 tax rates



Budget and Property Taxes



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Other Taxing Jurisdictions

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



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Property Tax Rate Calculation



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Property Tax Bill Calculation



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

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.



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Revenue and Tax Policy

Required under Community Charter:

1. Revenue proportions by funding source
2. **Distribution of property taxes among property classes**
3. Permissive exemptions



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Revenue and Tax Policy

Distribution of property taxes among property classes:

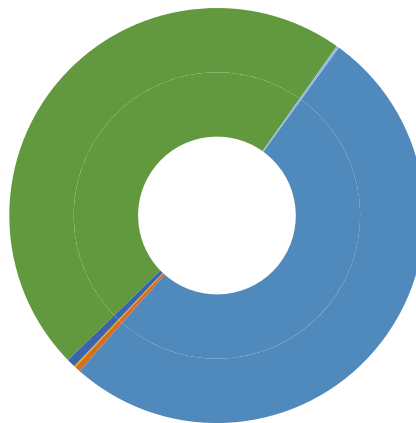
1. Maintain current share of distribution of property taxes – allocate tax increases equally between the classes
2. Tax rates for light and major industry same as business
3. Farm tax rates set to achieve comparable to residential



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

2018 Distribution of Taxes Levied

- Residential - 51.5%
- Utility - .45%
- Supportive Housing - 0%
- Major Industry - .10%
- Light Industry - .67%
- Business - 47.07%
- Rec/Non Profit - .20%



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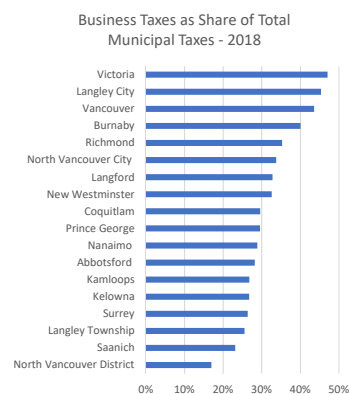
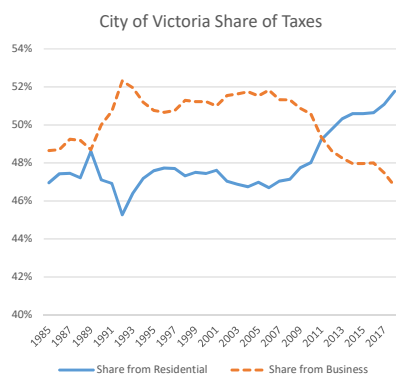
Council Direction

- Policy updated in 2015 to maintain the current share of property tax distribution among property classes
- Report back on benchmarks annually



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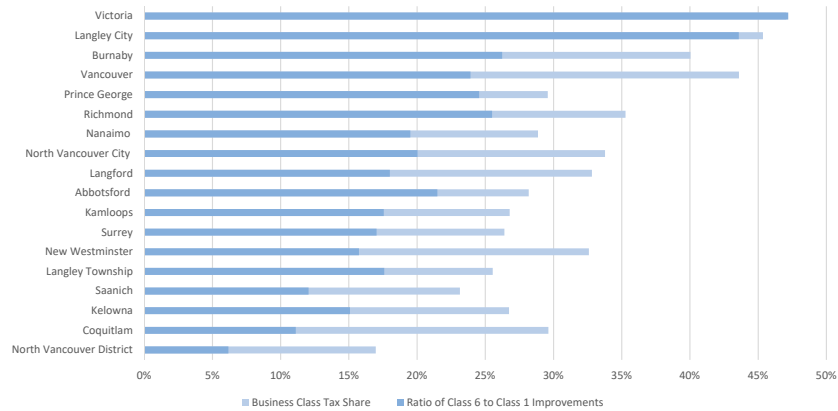
Benchmark: Share of Taxes



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Benchmark: Share of Taxes

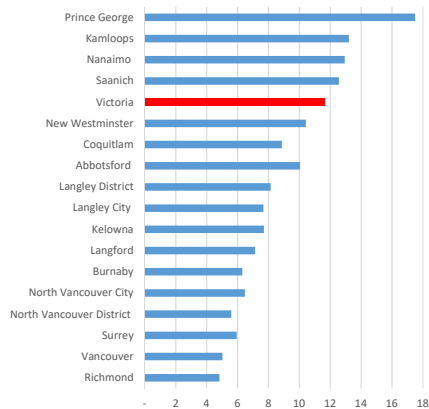
Comparison of Tax share to Improvement (Building) Ratio



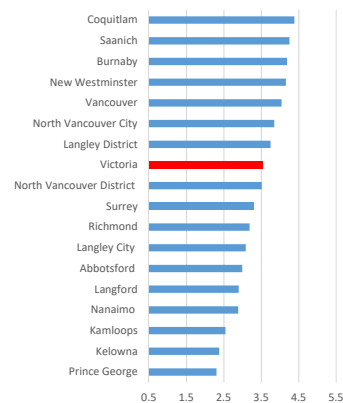
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Benchmark: Business Tax Ratio and Rate

Municipal Business Tax Rate 2018

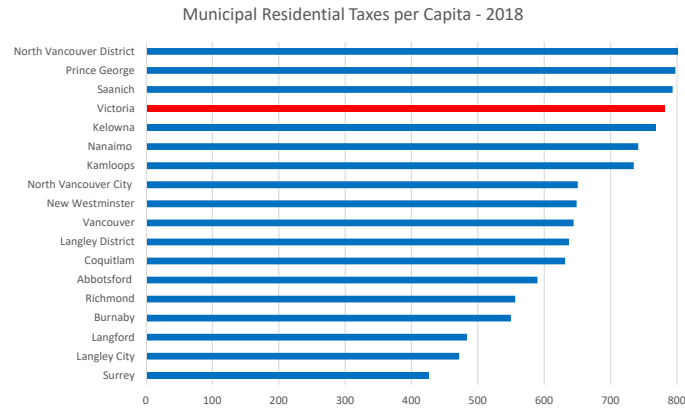


Business Class Tax ratio - 2018



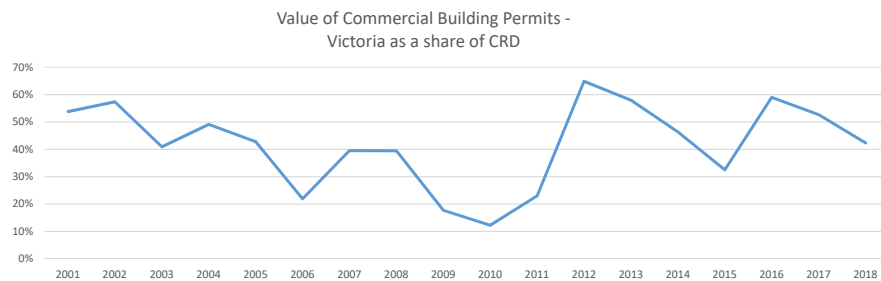
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Benchmark: Business Tax Ratio and Rate



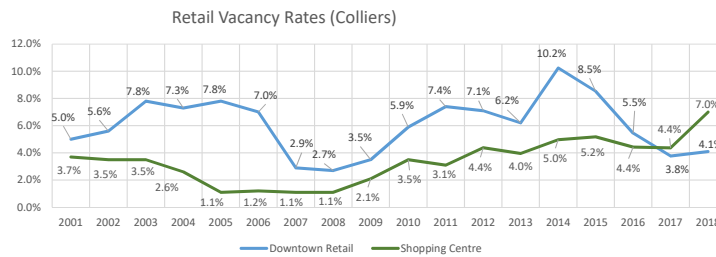
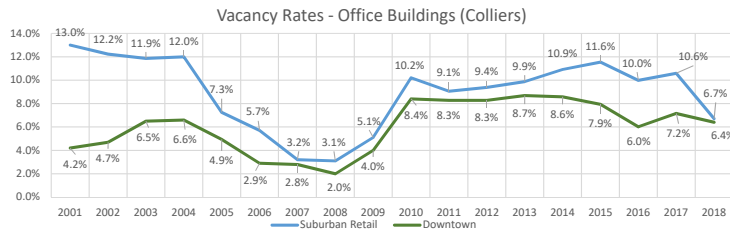
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Benchmark: Building Permits



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Benchmark: Vacancy Rates



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Tax Rate Option 1: Equalize tax increase, industrial same as business (current tax policy)

	Tax Ratio	Tax Share Excluding NMC	Tax Rate	Tax Change	2018 Tax Rates
Residential	1.0000	51.51%	3.1564	3.97%	3.2889
Utility	10.0130	0.45%	31.6048	3.97%	33.9650
Major Industrial	3.4794	0.11%	10.9821	15.14%	11.6261
Light Industrial	3.4794	0.67%	10.9821	4.09%	11.6261
Business	3.4794	47.06%	10.9821	3.97%	11.6261
Rec/Non Profit	2.2504	0.20%	7.1031	3.97%	8.1556

Average residential property (\$805,000 assessed value) increase of \$97

Typical business property (\$644,000 assessed value) increase of \$272



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Tax Rate Option 2: Equalize tax increase, for all classes (tax policy prior to 2007)

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2018 Tax Rates</u>
Residential	1.0000	51.51%	3.1567	3.98%	3.2889
Utility	10.0129	0.45%	31.6082	3.98%	33.9650
Major Industrial	3.1417	0.10%	9.9175	3.98%	11.6261
Light Industrial	3.4755	0.67%	10.9713	3.98%	11.6261
Business	3.4794	47.07%	10.9834	3.98%	11.6261
Rec/Non Profit	2.2504	0.20%	7.1039	3.98%	8.1556

Average residential property (\$805,000 assessed value) increase of \$97

Typical business property (\$644,000 assessed value) increase of \$272



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Tax Rate Option 3: Maintain business tax share at 48%, excluding NMC (tax policy 2012-2014 was to reduce to 48%)

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2018 Tax Rates</u>
Residential	1.0000	50.56%	3.0986	2.06%	3.2889
Utility	10.0130	0.44%	31.0260	2.07%	33.9650
Major Industrial	3.6150	0.12%	11.2013	17.44%	11.6261
Light Industrial	3.6150	0.69%	11.2013	6.16%	11.6261
Business	3.6150	48.00%	11.2013	6.04%	11.6261
Rec/Non Profit	2.2504	0.19%	6.9730	2.07%	8.1556

Average residential property (\$805,000 assessed value) increase of \$50

Typical business property (\$644,000 assessed value) increase of \$413



Revenue and Tax Policy Benchmarks and 2019 Tax Rates

Tax Rate Option 4: Hold ratios same as 2018 (tax policy for business ratio 2007-2011)

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2018 Tax Rates</u>
Residential	1.0000	51.09%	3.1314	3.14%	3.2889
Utility	10.3270	0.46%	32.3377	6.38%	33.9650
Major Industrial	3.5349	0.11%	11.0691	16.05%	11.6261
Light Industrial	3.5349	0.68%	11.0691	4.91%	11.6261
Business	3.5349	47.44%	11.0691	4.79%	11.6261
Rec/Non Profit	2.4797	0.22%	7.7649	13.66%	8.1556

Average residential property (\$805,000 assessed value) increase of \$77

Typical business property (\$644,000 assessed value) *decrease* of \$328

