

Distribution of Property Taxes among Tax Classes

City of Victoria
January 22, 2015

Terms of Reference

- Should the City continue to shift taxes away from the business class?
- What indicators should be used to determine the need for shift?

Policy Since 2007

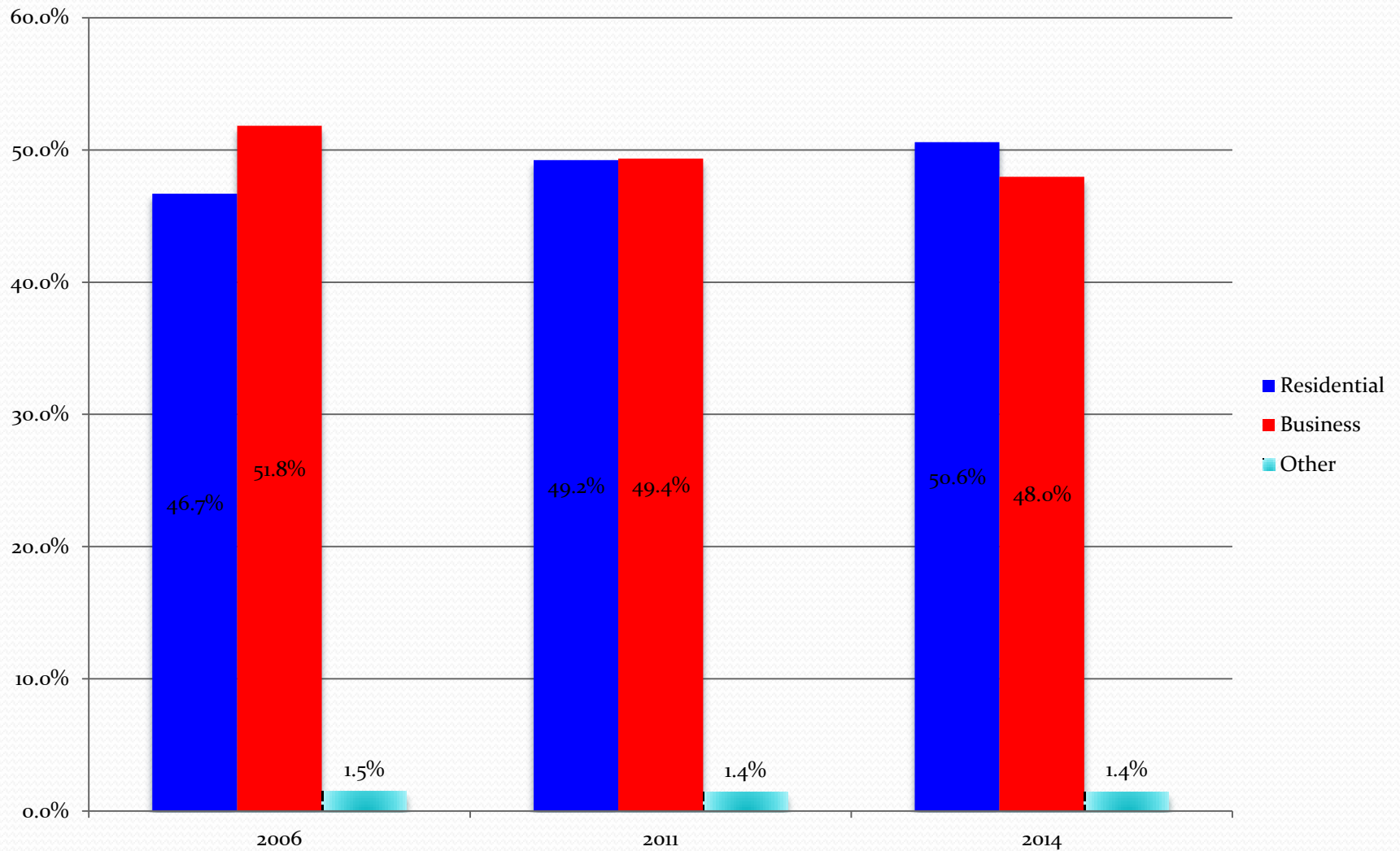
Objective:

- Reduce the relative burden of taxes on the business sector

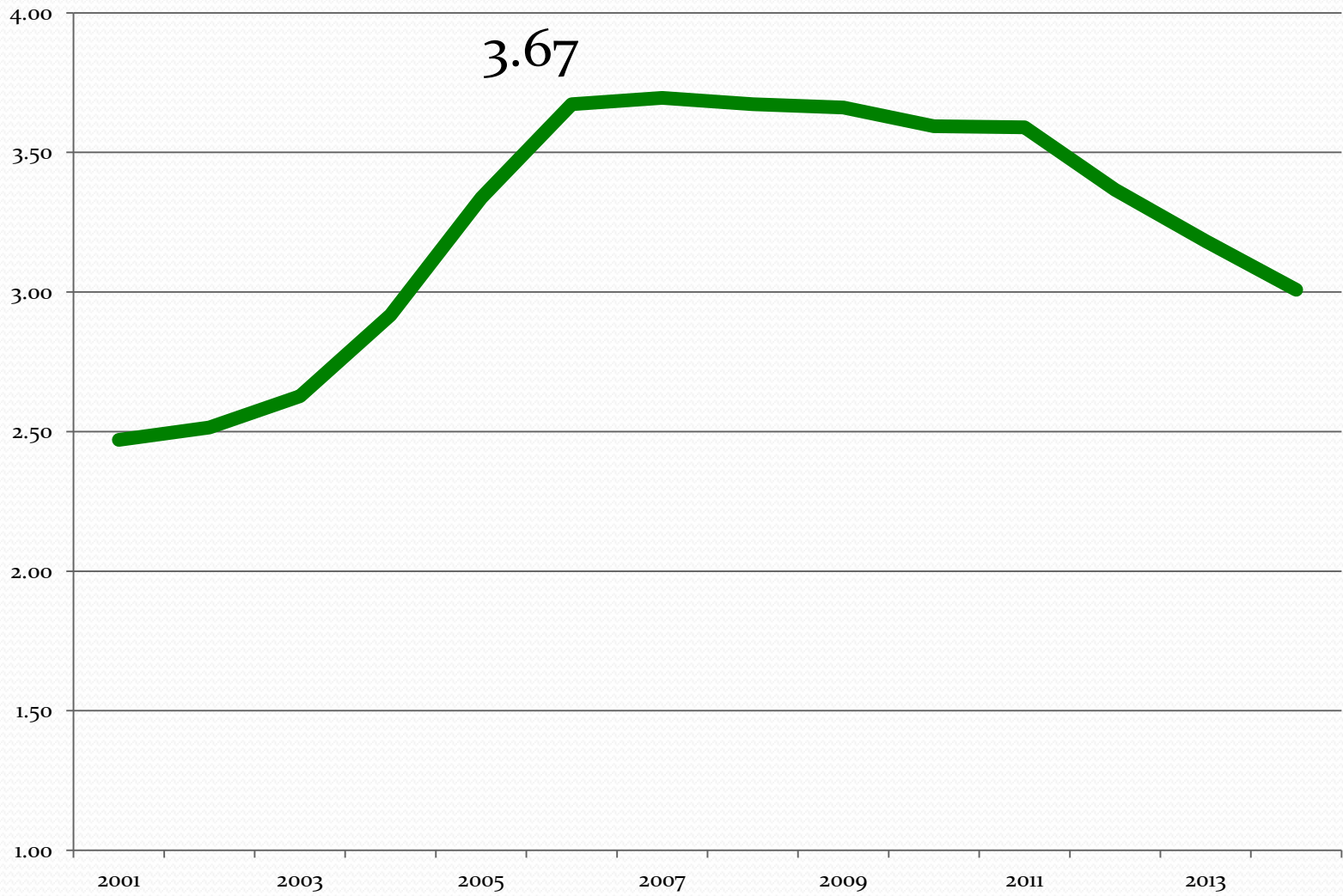
Mechanism:

- 2007-2011 - Lower the business tax ratio (i.e. ratio of business tax rate to residential tax rate) – target ratio 3:1
- 2012-14 – Lower business tax share to 48%

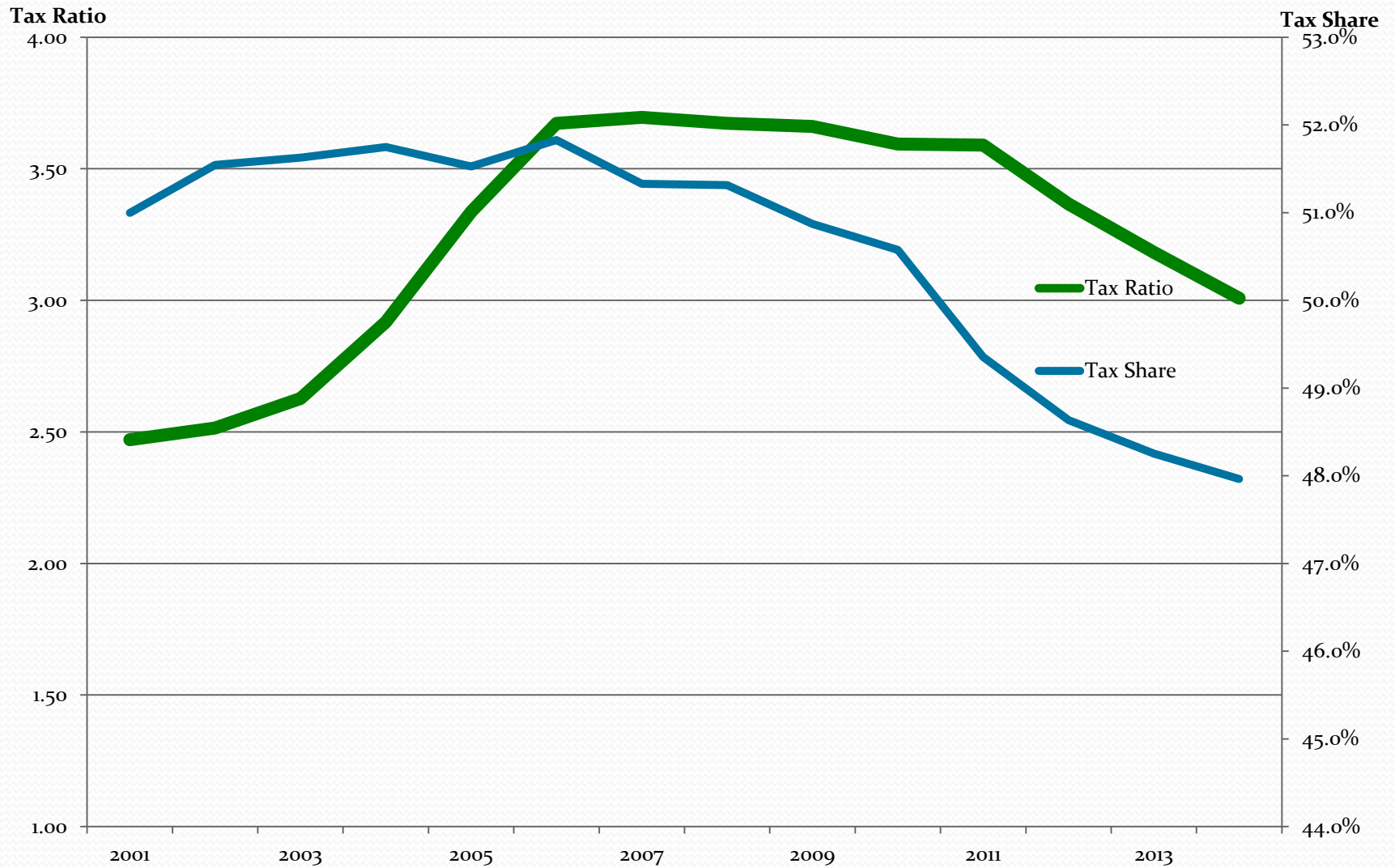
Distribution of Property Taxes By Tax Class



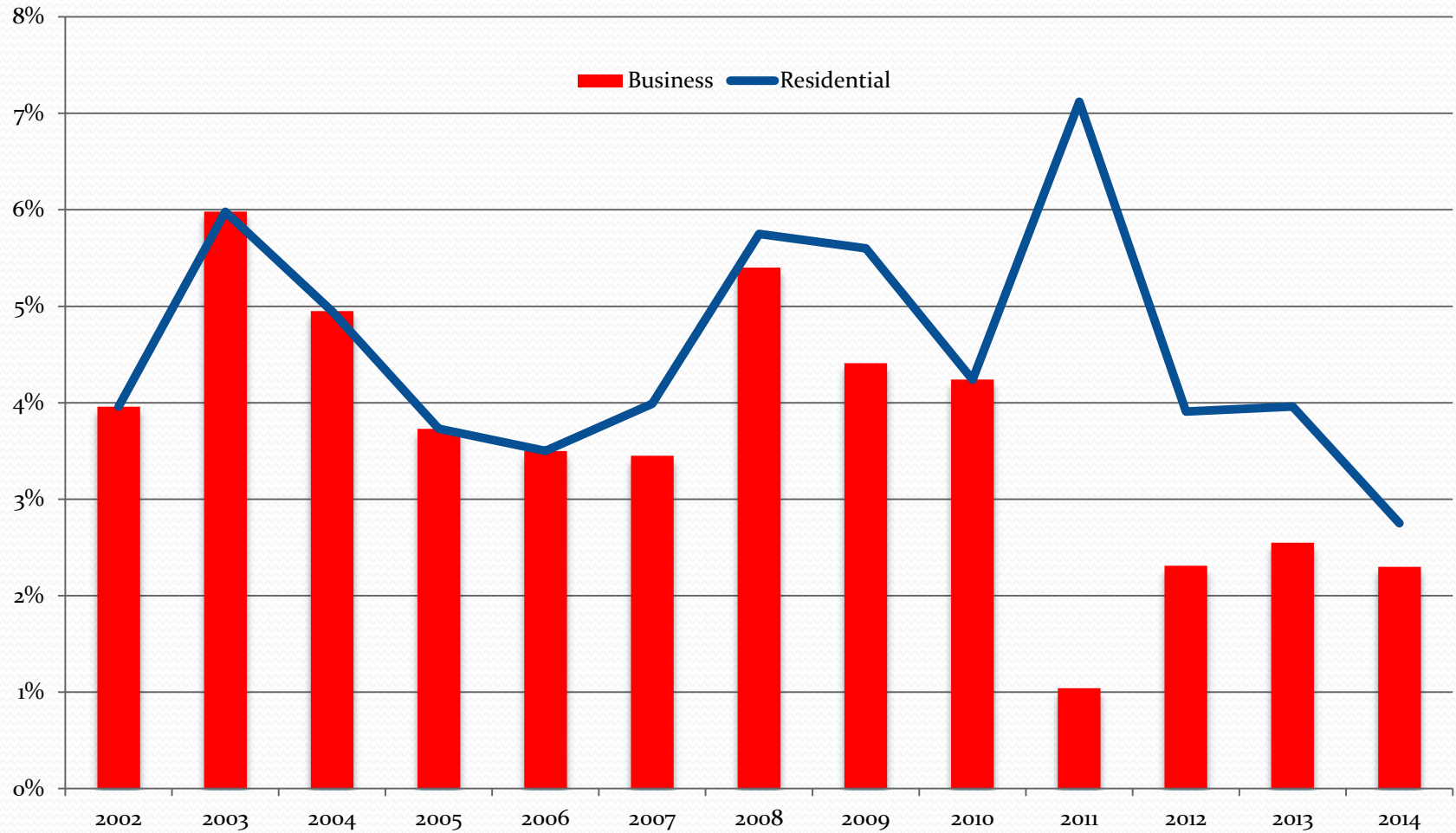
City Business Tax Ratio



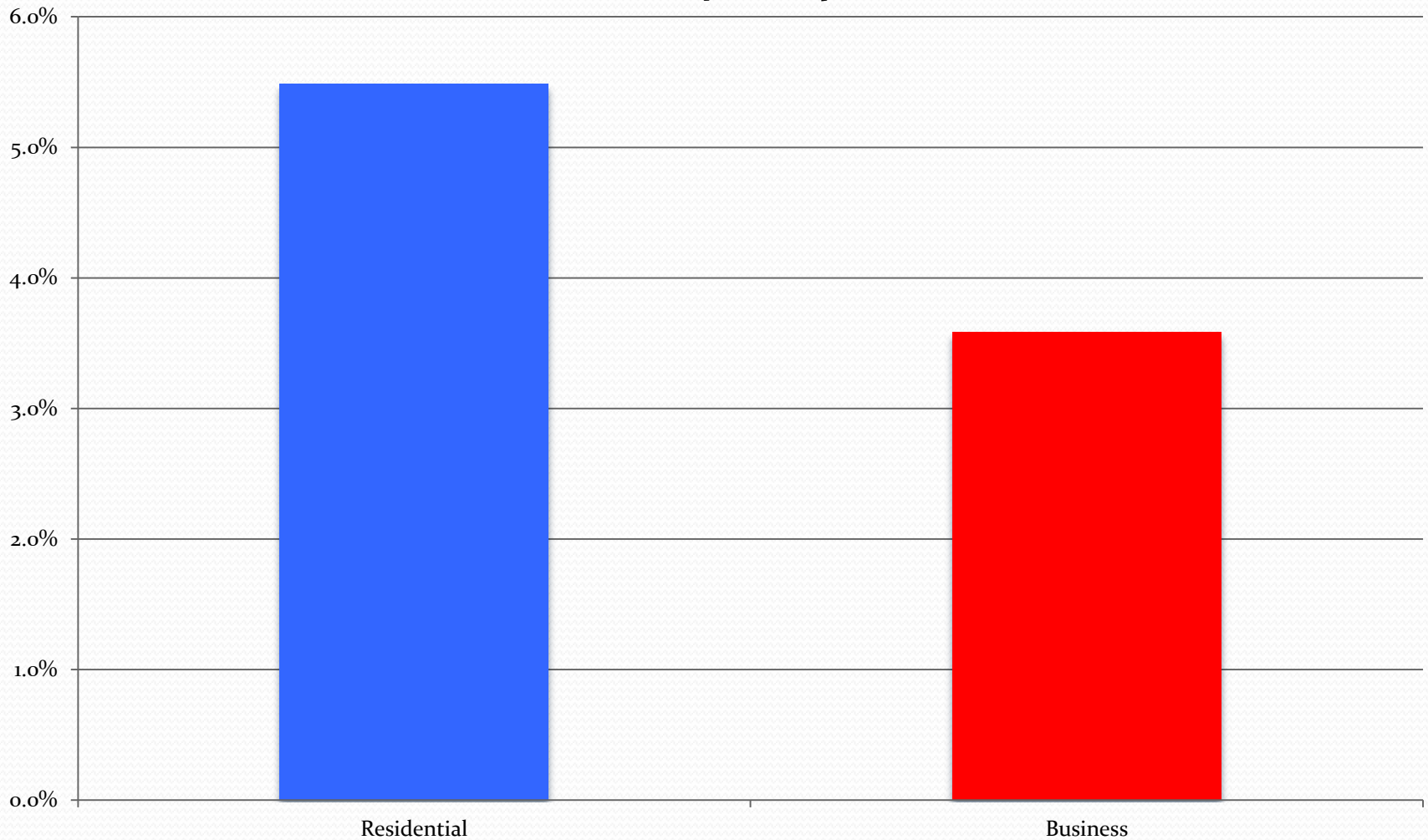
Comparison of Business Tax Share and Tax Ratio



Annual Average Increase in Property Taxes By Type of Property



Average Annual Increase in Taxes By Tax Class 2007 - 2014



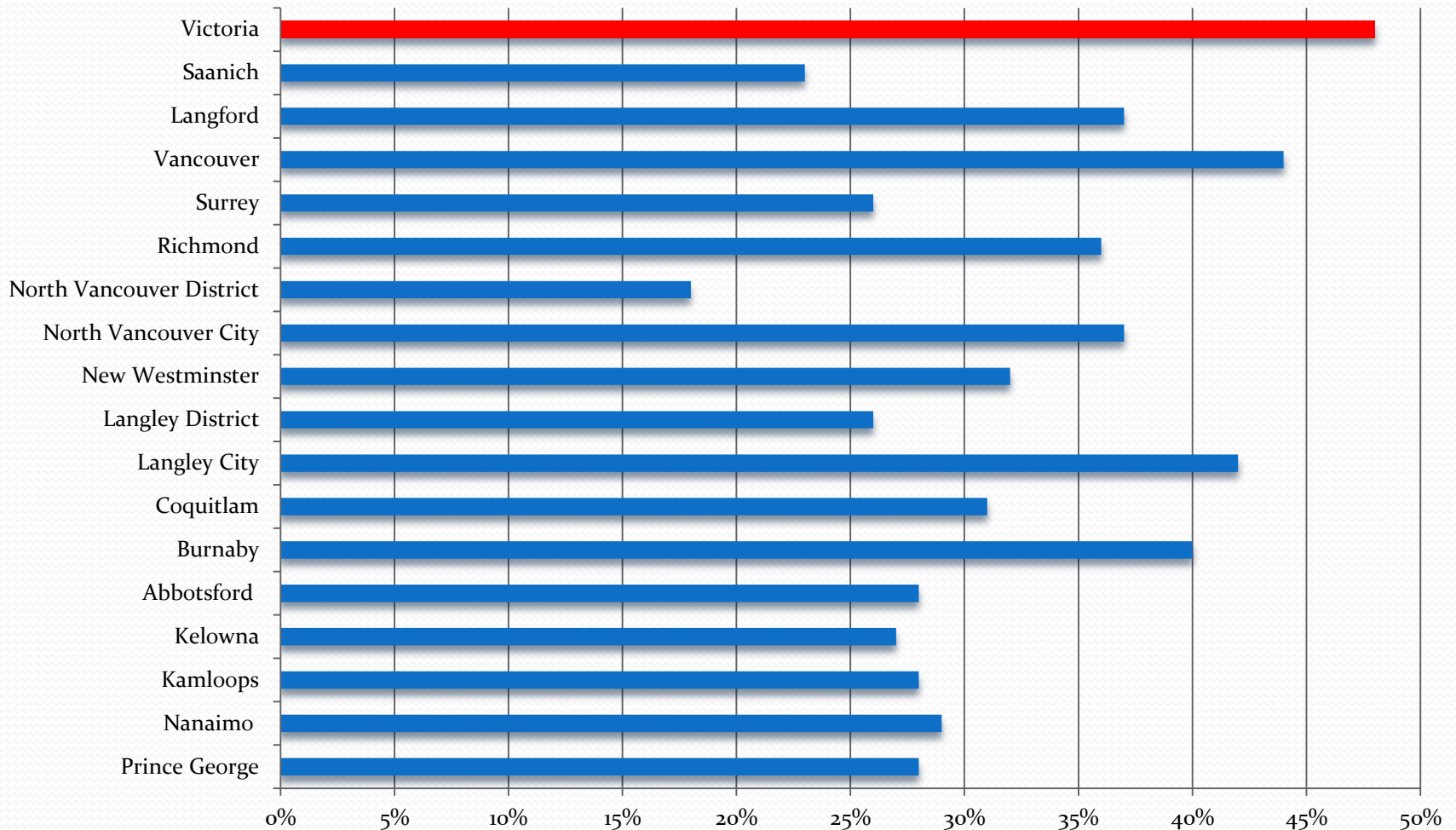
Should Business Share be Reduced Further?

What is the right share?

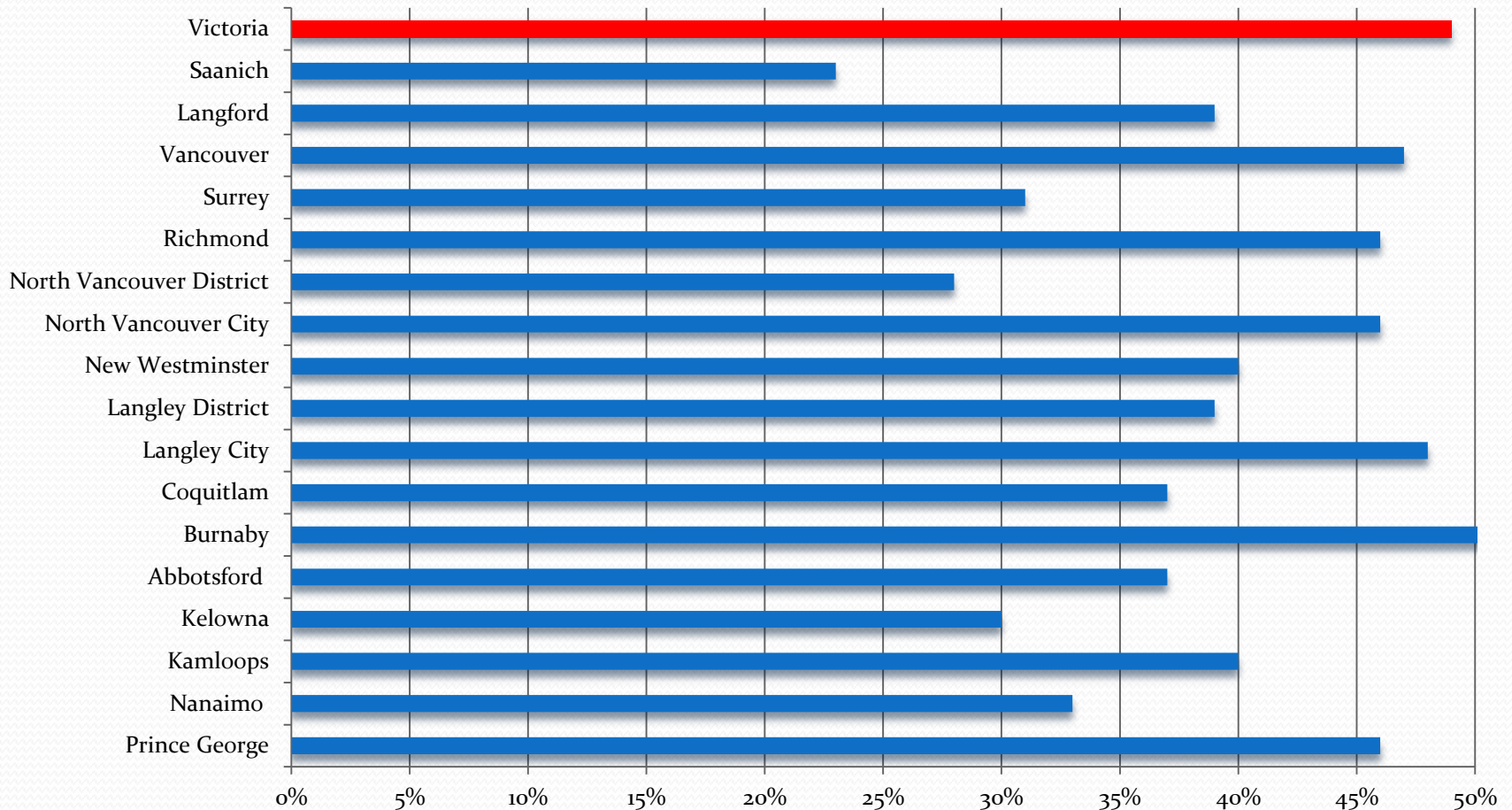
- No simple, widely acceptable percentage
- Monitor key indicators
 - Comparisons to Other Communities
 - Economic Indicators
- Adjust cautiously

Comparisons to Other Communities

Business Taxes as a Share of Total Municipal Taxes - 2014

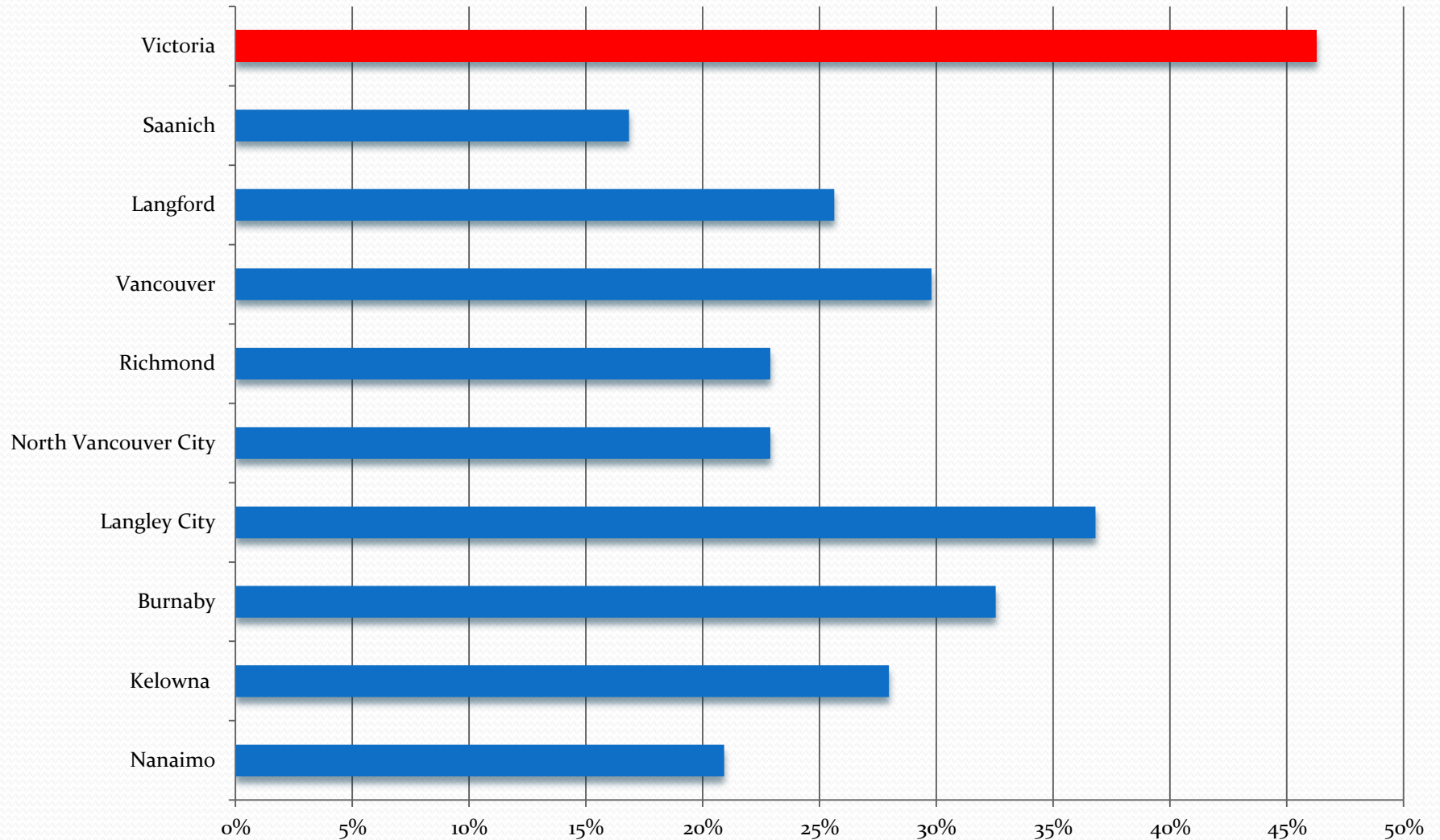


Non Residential Taxes as a Share of Total Municipal Taxes - 2014

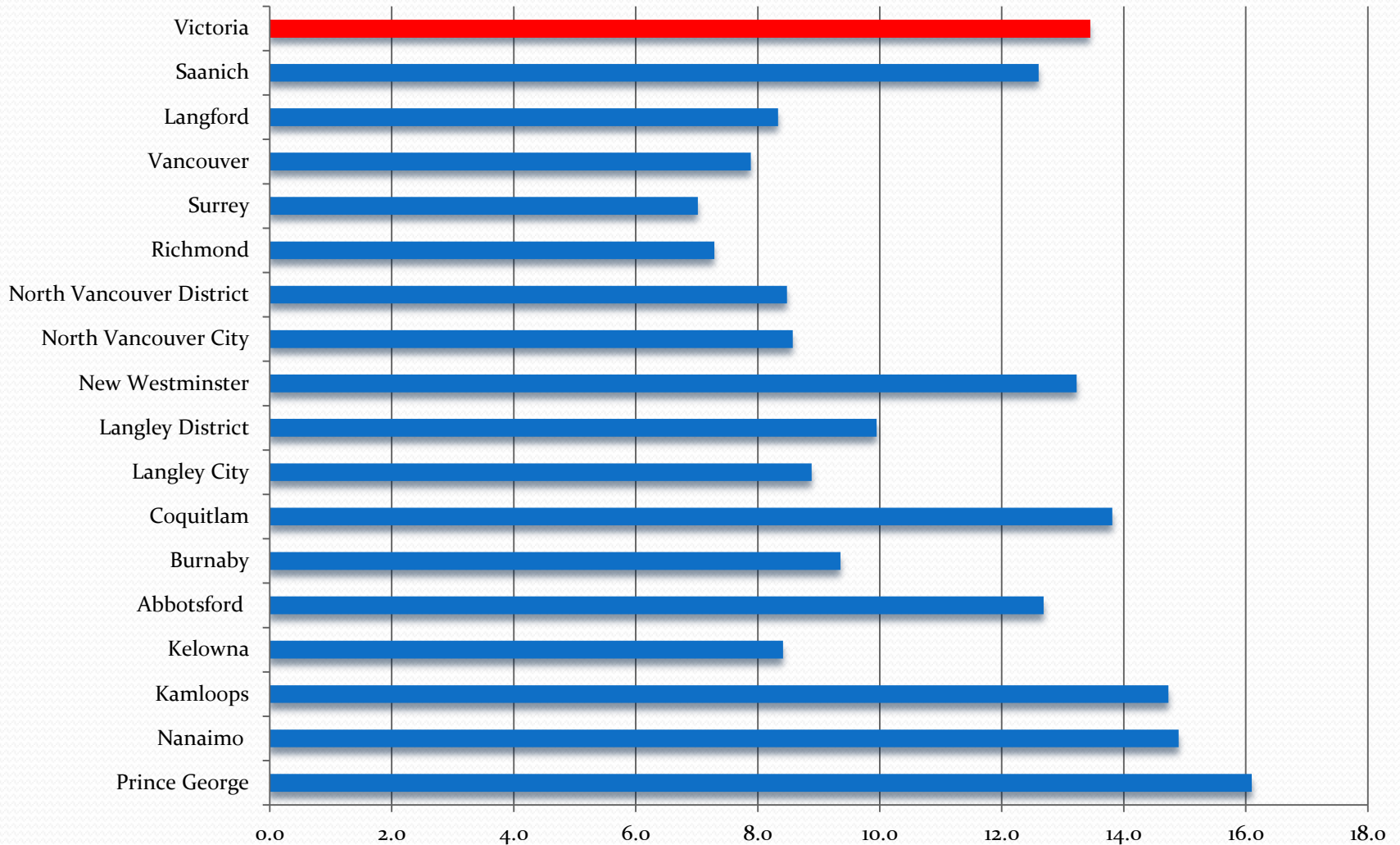


Ratio of Class 6 to Class 1 Improvements

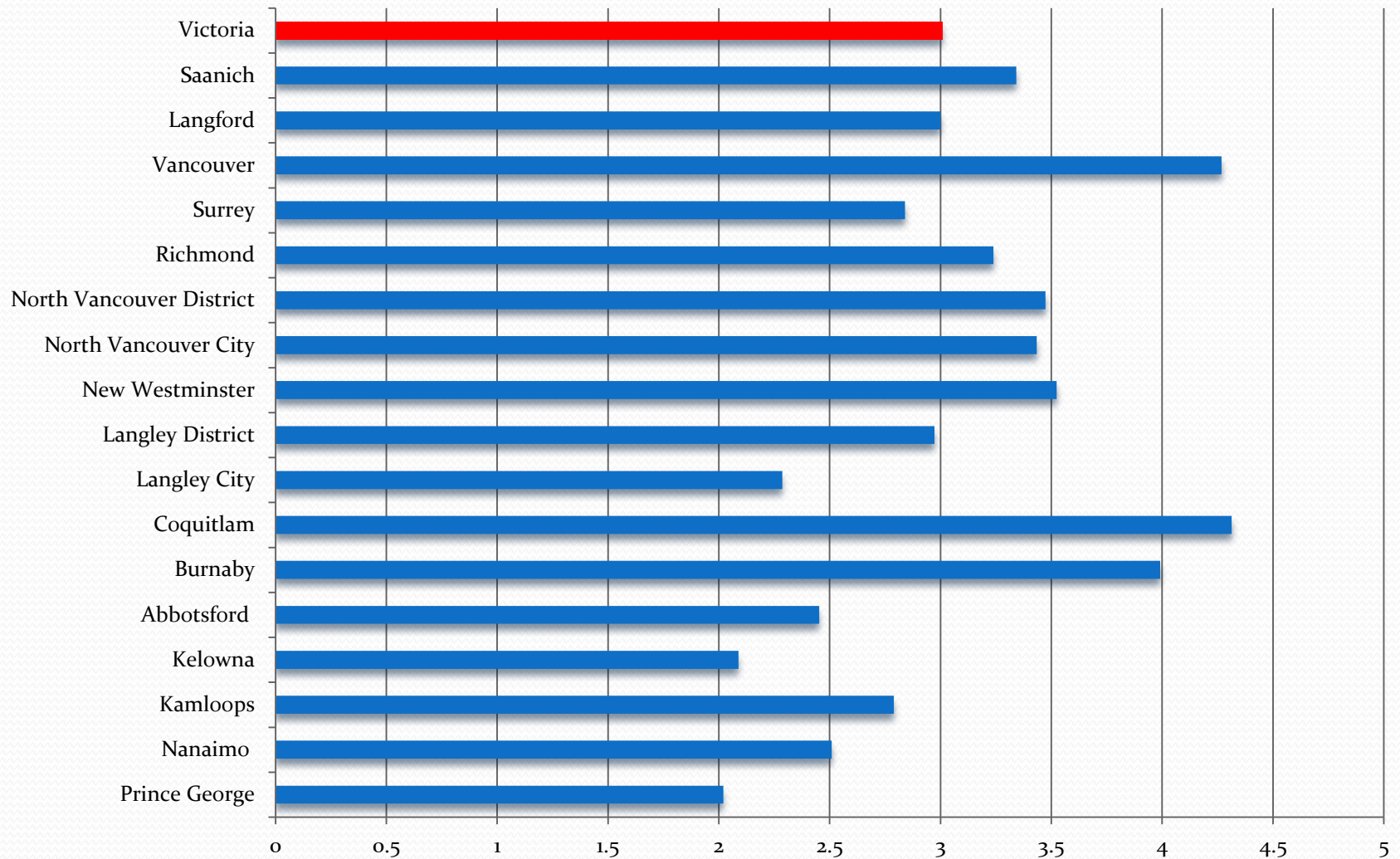
(General Taxable Values 2014)



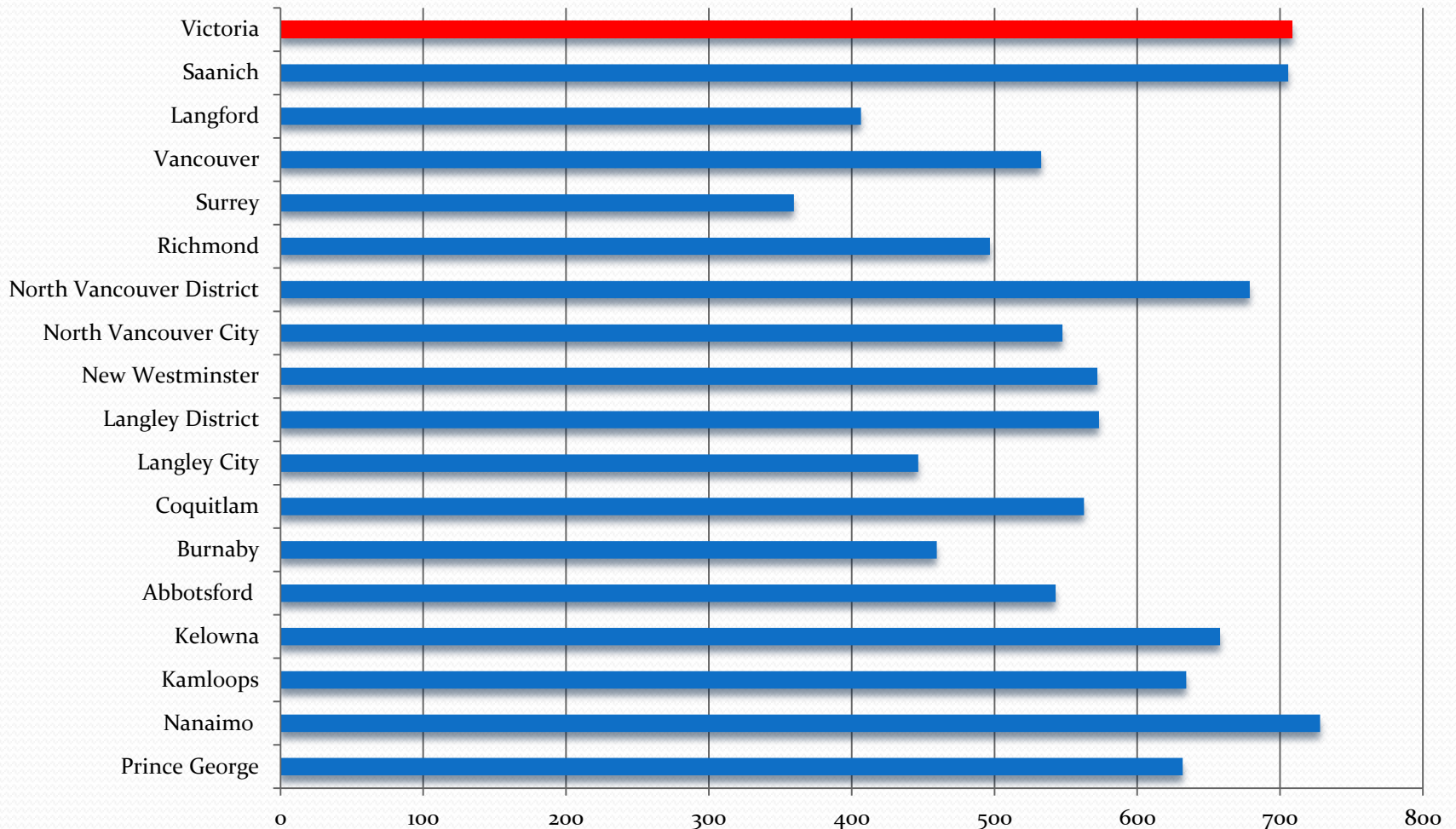
Municipal Business Tax Rate 2014



Municipal Business Class Tax Ratio 2014

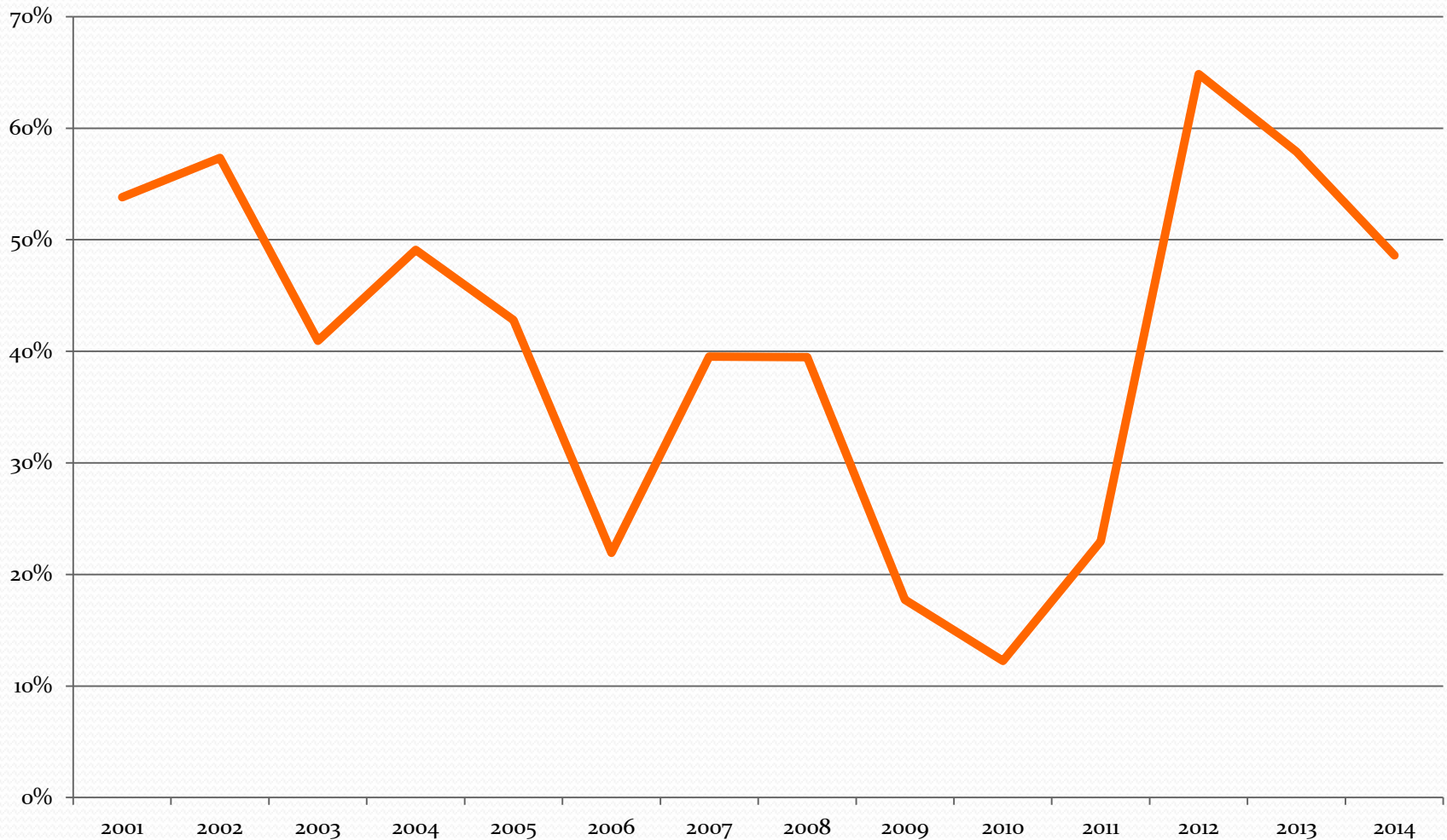


Municipal Residential Taxes per Capita - 2014

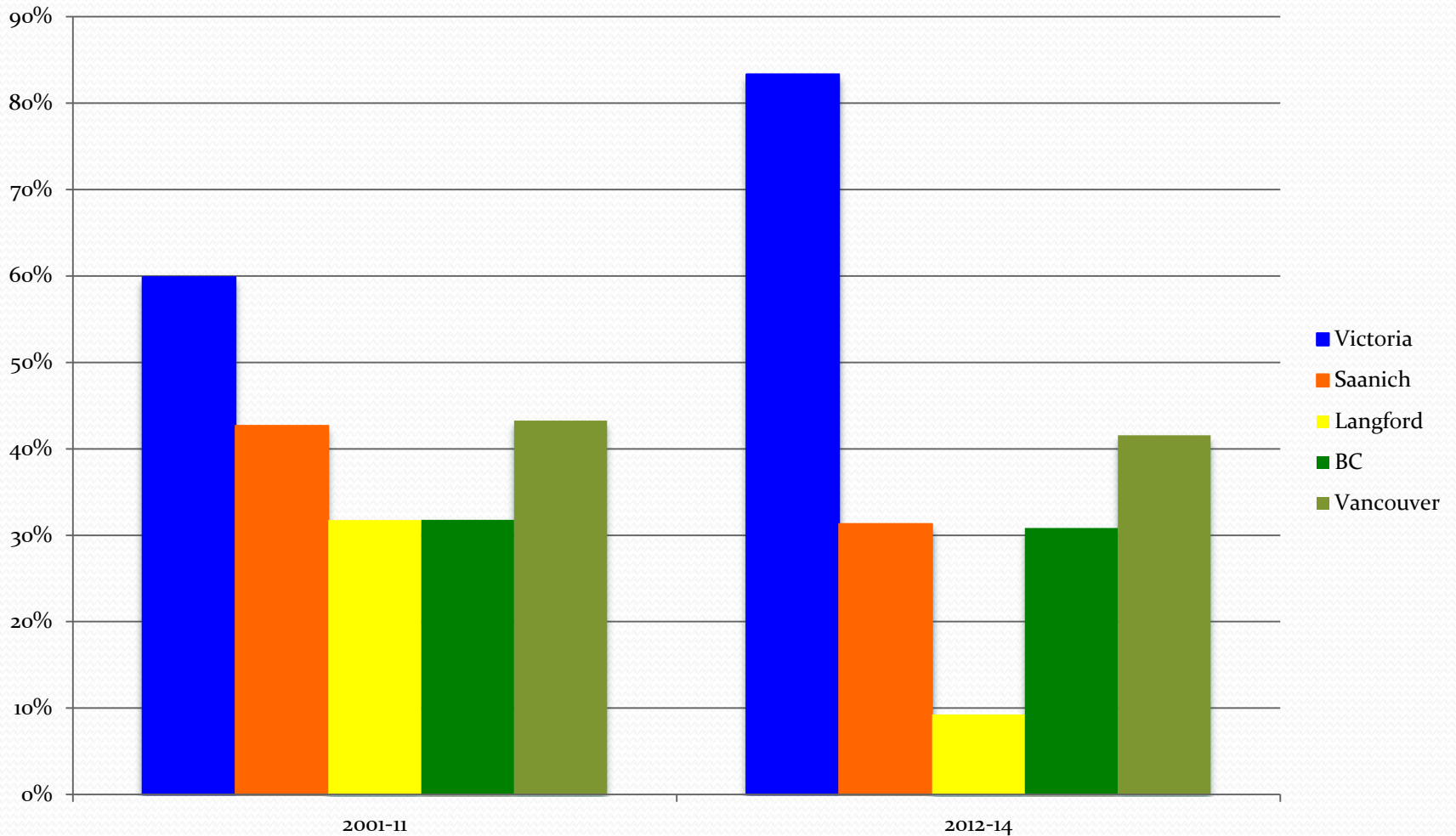


Economic Indicators

Value of Commercial Building Permits - Victoria as a share of CRD

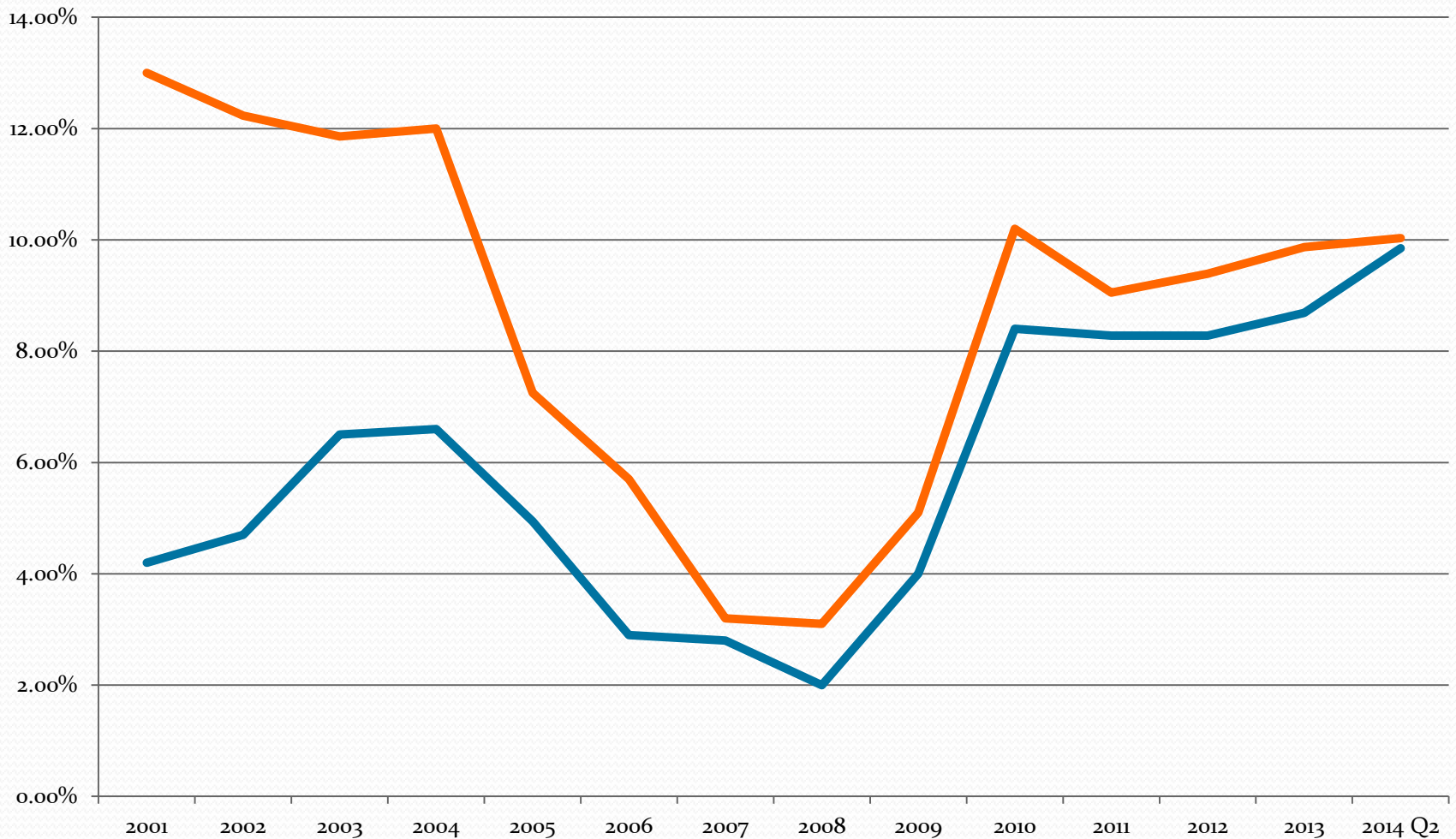


Ratio of the Value of Commercial to Residential Building Permits



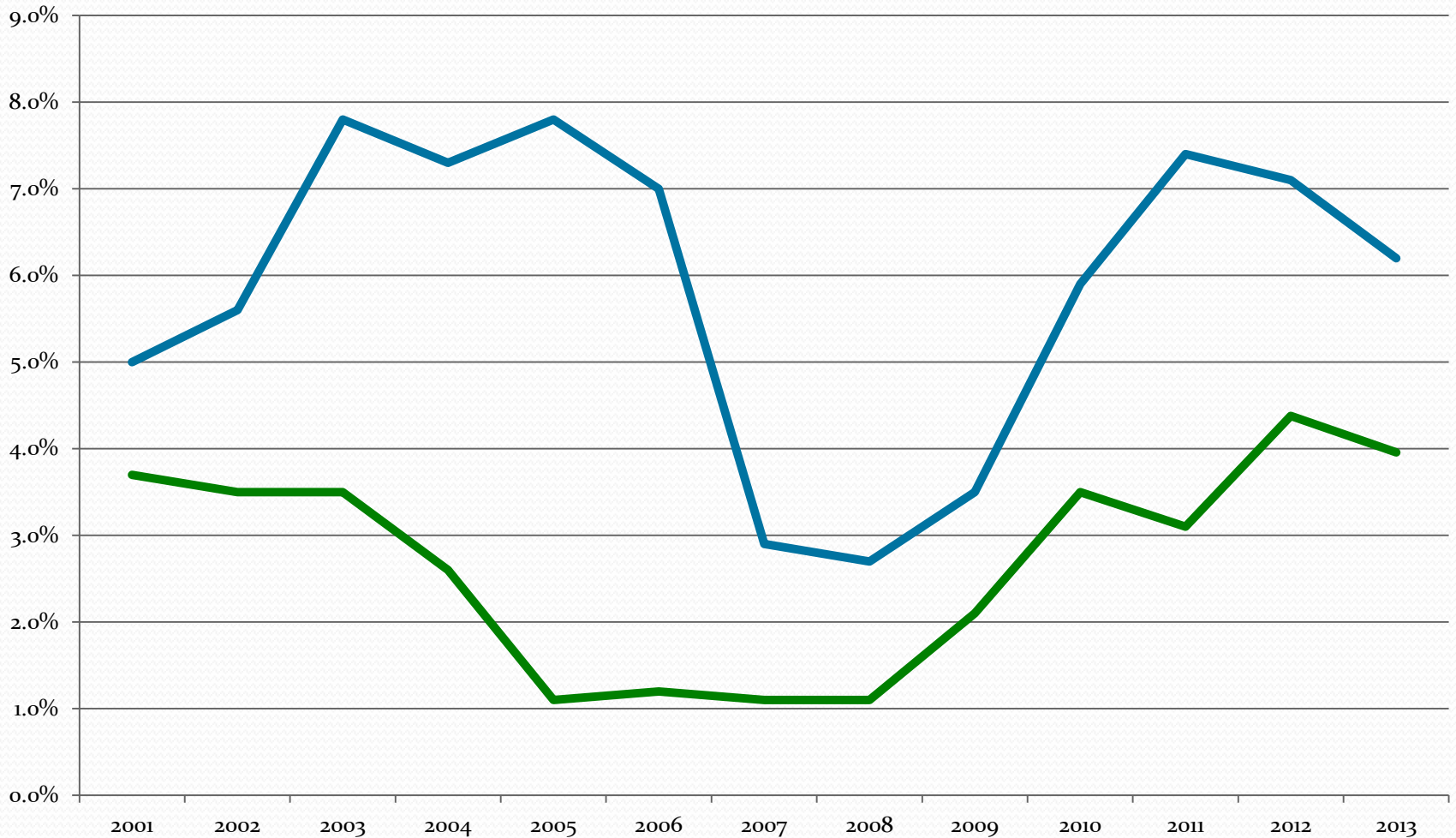
Vacancy Rates - Office Buildings

— Downtown — Suburban



Retail Vacancy Rates (Colliers)

— Downtown — Shopping Centres Region



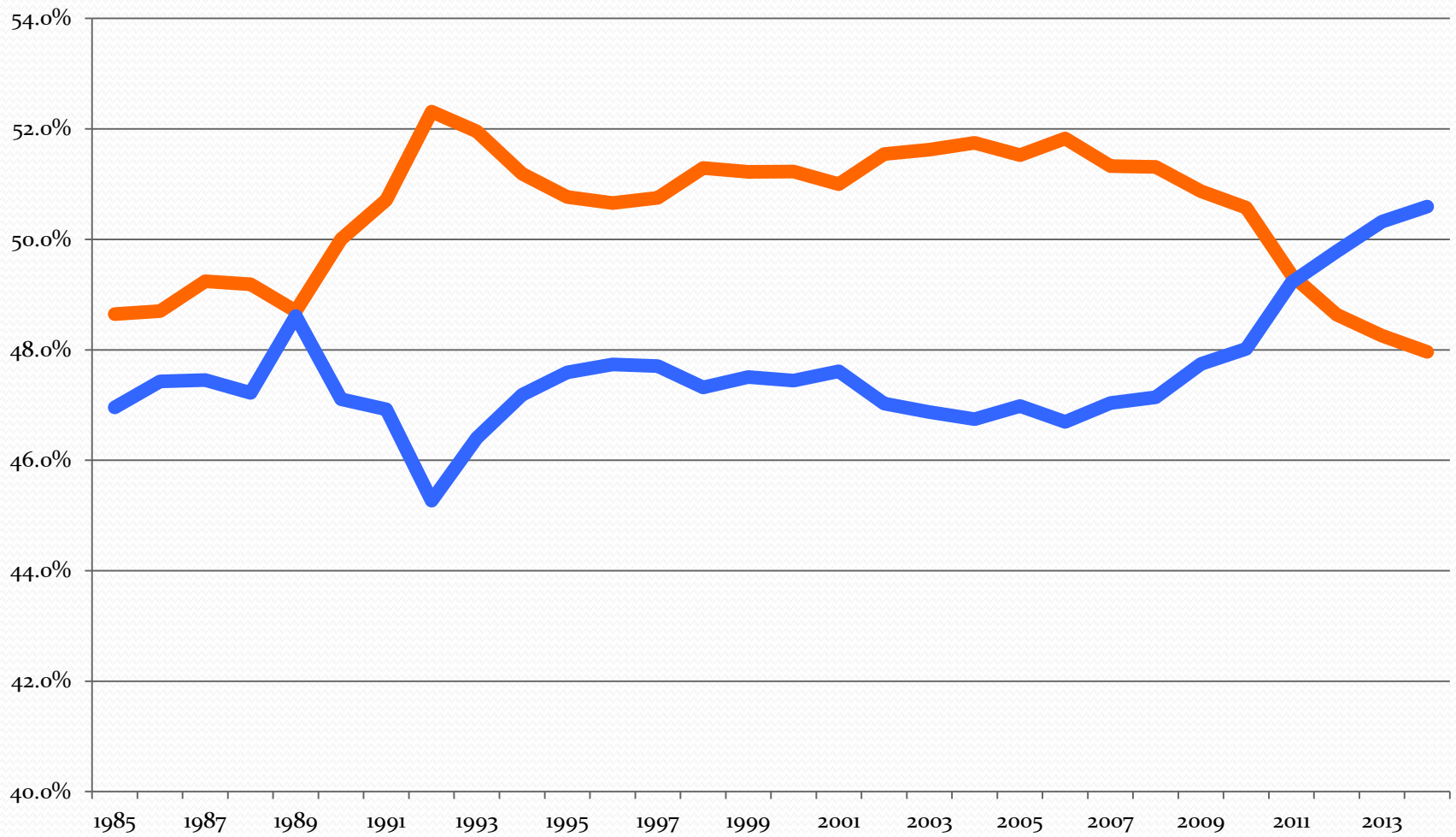
Other Considerations

- Benefits Received by Business
- Accountability – residents vote

Conclusions

City of Victoria Share of Taxes

Business Residential



Conclusions

- No compelling case for further reduction in business share
 - Business share lowest ever
 - Share consistent with core city
 - Residential taxes relatively high and have increased significantly in recent years
 - Business investment picture has improved (but vulnerability in sub-sectors)
- Focus on policies that benefit all taxpayers e.g. limit increase in total taxes and fees; improve efficiency in service delivery.
- Continue to monitor key indicators at least once every four years

Appendix

City of Victoria Business Class Tax Ratio

