



CITY OF VANCOUVER

POLICY REPORT FINANCE

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TO: Vancouver City Council

FROM: General Manager of Corporate Services / Director of Finance

SUBJECT: 2006 Property Taxation: Distribution of the Property Tax Levy

CONSIDERATION

A. THAT Council instruct the Director of Finance to calculate general purposes tax rates for 2006 based on the current distribution of the property tax levy which is approximately 44% residential and 56% non-residential.

OR

B. THAT Council instruct the Director of Finance to calculate general purposes tax rates for 2006 incorporating a 1% shift of the property tax distribution from the non-residential classes to the residential classes, achieving a distribution of approximately 45% residential and 55% non-residential.

CITY MANAGER'S COMMENTS

The City Manager notes that the question of how the costs of the City's tax supported services should be distributed among the various classes of property - the property tax distribution policy - is one of the most difficult decisions that Council must make. This is because there is no formula for doing so and no right or wrong answer: Each municipal Council must make its decision based on the factors that are important to them. These might include the ability to pay, benefits received and regional and national comparators.

The business community argues that the burden of the property taxes on business is unfair compared to residential properties. However, current policy protects the non-residential and residential classes against changes in market value and the de-stabilizing impact they can have on where the property tax burden falls. What Council cannot control is the impact of differential changes in market value within classes of property, changes that result from the normal market forces that underlie the assessment system. Taxes on some business properties have increased as a result of these changes that are driven by the willingness of business to pay significant rents to be in the most desirable commercial locations. However, as this report notes, prior to consideration of a general increase in taxes, 70% of business properties in the City will see a reduction in property taxes over 2005.

Council has expressed concerns about the impact of property taxes on small and medium, neighbourhood based businesses. However, Council's tools to achieve tax relief for these properties are limited. Land assessment averaging for 2006 has been approved for the business class and that will mitigate the largest increase in property taxes. The only other tool available is to change the tax distribution, either by applying the approved property tax distribution on a differential basis among the classes or by shifting taxes from the non-residential to the residential classes. Either approach will result in a change in the distribution of taxes among the classes with lower taxes for the non-residential classes and higher taxes for the residential classes.

There are two considerations in this report. The first is to maintain the existing distribution which will see the non-residential classes pay approximately 56% of the tax levy and the residential classes pay 44%. The other is to continue the shifts of the tax levy that Council began in the mid 1990s. There are many other options and the consequences of them on residential and non residential properties in the City are detailed in the report. If Council wishes to achieve a different outcome, this analysis should provide some guidance as to the impacts.

The City Manager presents the choice between A and B for CONSIDERATION

COUNCIL POLICY

Since 1983, it has been Council's policy to collect a fixed share of the total property tax levy from each of the seven property tax classes in Vancouver. Over time, this share has been adjusted slightly by properties transferring between classes, by the addition of new construction value to a property class and by Council decisions that have affected the shares of the tax levy.

On April 28, 2005, Council confirmed the policy of managing the property tax levy through a "fixed burden" approach where the allocation of the levy among the classes of property remains constant over time, subject to physical changes in the classes or to Council action to adjust the allocation.

PURPOSE

The purpose of this report is to seek Council instruction on the distribution of the general purposes property tax levy among the classes of property on the Assessment Roll for 2006.

BACKGROUND

The distribution of the property tax levy among the various classes of property in the City has been an issue since the mid 1970s when market value assessments were introduced in British Columbia.

In the late 1970s and early 1980s, the provincial government dictated to municipal government how their tax levies would be distributed among the classes of property using a system of "class multiples" that effectively fixed the relationship between the residential tax rate and the rates of all other classes. This approach to managing the distribution of property taxes is commonly referred to as the "fixed rate ratio" approach. Coupled with non-residential property values that were increasing faster than residential values, this approach resulted in significant shifts of the City's tax levy from the residential class to the non-residential classes and raised concerns in the non-residential community. Recognizing that the tax system needed to be changed to bring more stability and certainty Council and the UBCM made representation to the provincial government. In 1983, this resulted in the devolution of authority over the tax system to municipal governments and the adoption of a tax distribution policy which gave Council control over how the classes of property participated in paying the tax levy. This approach fixed the share of the tax levy paid by each class, removing the impacts of market value change on tax distribution and stabilizing the distribution of the levy. This is the "fixed share" approach that the City has utilized since 1983 and which Council confirmed in 2005.

At the same time, Council decided to eliminate the business occupancy tax which taxed non-residential properties based on the area of its occupancy and to roll this levy into the non-residential property tax levy. Council also shifted a portion of the tax burden from the non-residential classes to the residential class to undo some of the shifts that had occurred before 1983. These actions brought the distribution of the tax levy to approximately 60% non-residential: 40% residential by 1985.

During the early 1990s, representatives of the business community made further representations to the City regarding the burden of taxation on business. In response, Council agreed to undertake a study to determine the "consumption" of tax supported services by the various property classes. This study determined that while non-residential properties were "consuming" about 30% of tax supported services, they were paying over 60% of the property taxes. Although in 1994 Council did not agree that "consumption" should form the basis of tax distribution policy, Council did agree to shift the tax burden from non-residential to residential properties. Between 1994 and 2003 Council shifted approximately \$15 million to the residential classes, changing the distribution of the tax levy to the current 44% residential: 56% non-residential level. These actions are detailed in Appendix A.

On April 28, 2005, Council considered a report from the Director of Finance dealing with the distribution of the tax levy (RTS05041: *2005 Property Taxation: Distribution of the Tax Levy*). That report provides additional background on the approaches to tax levy distribution. Council reaffirmed the current "fixed share" approach to managing the distribution of the tax levy. Although the policy was confirmed, there was no consensus on further shifts of the tax levy from the non-residential to the residential classes.

DISCUSSION

The City's Tax Distribution Policy

Table 1 below summarizes the distribution of the property tax levy for selected years since 1975 when market value assessments were introduced in the province.

Table 1: Summary of Tax Levy Distribution Among Classes, Selected Years

	1975 ¹	1985	1995	2005
<u>Tax Levy (\$000's)</u>				
Residential Classes	\$44,108	\$69,162	\$133,464	\$197,862
Non-Residential Classes	\$54,102	\$106,653	\$187,779	\$256,007
Total	\$98,210	\$175,815	\$321,243	\$453,869
<u>Share of Levy²</u>				
Residential Classes	44.9%	39.3%	41.5%	43.6%
Non-residential Classes	55.1%	60.7%	58.5%	56.4%
Total	100.0%	100.0%	100.0%	100.0%

1. 1975 Non-Residential Classes include the business occupancy tax (\$14.5 million) which was phased out over 1983 - 1985.
2. Residential Classes include Residential, Seasonal/Recreational and Farm. Non-residential Classes include Utilities, Major Industry, Light Industry and Business/Other

The advantage of the current tax distribution policy is the stability that it brings to the tax system at the class level. Rather than have the distribution of the tax levy changing from year to year as a result of differential market value change among the classes, the distribution is fixed (subject to physical changes in the classes and specific Council action on the distribution). However, the consequence of the current policy is that the relationship between class tax rates (the tax rate ratio) changes with differential market value changes. While faster growth in residential values over the last 20 years has resulted in an increase in the tax rate ratio, the two classes continue to pay the same proportion of the property tax levy with the exception of changes brought about by physical change in the classes and by Council decisions to shift the tax burden. Since 1985, those impacts have favoured the non-residential classes with the share of the levy paid by these classes declining over that period.

There is no formula and no right or wrong answer to the question of how the cost of the City's tax supported services should be distributed among the classes of property. Every municipal Council must determine how their taxation objectives should be reflected in the tax distribution. There are many criteria to consider, including:

- Ability to pay / Taxation Impacts
- Benefits received
- Equal treatment of equals
- Stability in the tax system
- Economic Development objectives
- Regional and National competitiveness objectives
- Land use policy

How these factors fit together into a tax distribution policy is primarily a subjective consideration, albeit based on information about the impact of taxation on properties in the City.

Maintaining the distribution of the tax levy over time is achieved by factoring out market value change in the classes in calculating property tax rates. When the market value of a property class increases, the tax rate is adjusted down to generate exactly the same amount of tax revenue from the higher value. When values decline, the tax rate is adjusted up. Only physical change in the classes - interclass transfers, other non-market movement and the addition of value from new construction - influences the distribution of the tax levy from year to year.

While Council can control how much the individual classes of property pay in taxes, Council has no control over how taxes fall on individual properties within each class. This is because Council is limited to establishing a single rate for each class, not for each property. The impact on an individual property is determined by its value relative to other properties in its class, values that are established in a process independent of the tax system. For properties that change in value at the same rate as its class, taxes remain unchanged from one year to the next, with the exception of Council mandated changes in the tax levy. However, where market value increases at a greater rate than the class average, taxes will increase, and where market value increases at a rate less than the average for the class, taxes will be reduced. Council has no ability to affect the resulting tax shifts within classes at this level.

The analysis in Table 2 demonstrates the impact of factoring market value change out of the tax rate calculation. This table shows that for properties in the business class that have increased in market value at the same rate as the class as a whole (16.7% from 2000 to 2005) the increase in taxes over the six years from 2000 to 2005 has been equal to the tax levy increases approved by Council (18%).

Table 2: The Impact of Factoring Out Market Value Change in the Tax Rate Calculation

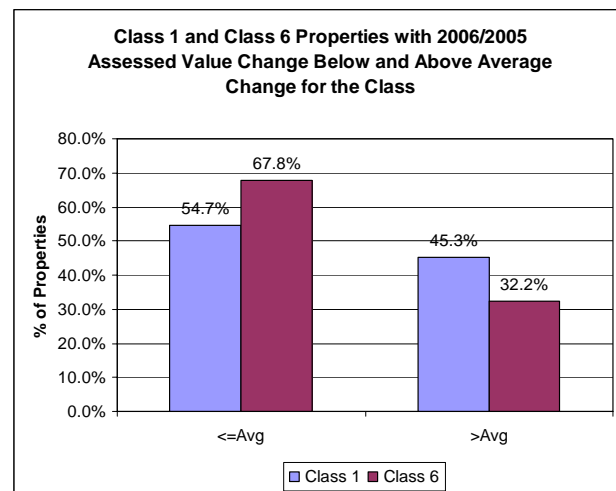
2000 Authenticated Roll = \$13,195,465,856		} Market Value increases 16.7%			
2005 Authenticated Roll = \$15,398,543,129					
Taxable Value	Year	Tax Levy Increase	Property Tax	Actual	Tax Rate
\$566,900	2000		\$8,581	} Taxes increase 18% - same as Council approved tax increases	15.1
16.7% increase in taxable value	2001	3.0%	\$8,838		} Net tax rate change of 0.1%
	2002	4.0%	\$9,191		
	2003	4.67%	\$9,621		
	2004	2.93%	\$9,903		
\$661,500	2005	2.99%	\$10,199	15.4	

This approach is consistent with the principle that the average property in a class should not pay more taxes when nothing but its market value increases. This conclusion is based on the

premise that changes in market value do not change the ability of the property to pay taxes. The property is physically the same and it should therefore pay the same amount for tax supported service, subject of course to a general increase in taxation.

The difficulty with this approach is that individual properties do not all experience market value change at the average for their class. From year to year, there is a significant differential in market value change **within each class** that results in intra-class shifting of taxes among properties. Based on the 2006 Completed Assessment Roll, the following graph indicates the impact of these differential changes in market value in the Residential and Business classes.

The bars in the graph show the percentage of properties in the two classes with changes in market value equal to or below the average for their class (left bars) and the percentage of properties with market value increases above the average for the class (right bars). In the residential class approximately 81,000 properties (54.7%) will experience no increase in taxes or a tax reduction from 2005 (prior to a Council imposed increase) compared to approximately 67,000 that will experience an increase. In the commercial class the comparable numbers are 7,100 and 3,400. This represents a significant shift of property tax among the properties within these classes. This phenomenon happens in all assessment neighbourhoods: some properties see increasing taxes as a result of market value change, others see tax reductions.



It is likely that this differential change in market value within the classes has resulted in much of the tax problem identified by the business community. Generally speaking, the largest increases in market value over the last 15 years have been:

- in the most popular neighbourhood commercial centres where business wants to locate because of commercial opportunities. Over the years, many neighbourhood centres have experienced differentially large increases in market value because demand for space in these areas drives up rents and market values.
- in areas where Council has implemented land use decisions that have had significant impacts on property values. The most notable example is downtown south where a change from non-residential to residential zoning has driven up market values, including values for the remaining commercial properties, at a greater rate than the rest of the class.

The result of these market value increases has been a shift of the business class tax levy to these areas resulting in higher taxes for property owners or tenants on triple net leases.

While this is a problem for business, it should be noted - and the graph demonstrates it - that exactly the same situation has occurred in the residential class. Properties in the neighbourhoods where property transactions have pushed up values faster than the class as a

whole have attracted a greater share of the residential tax levy. And like the business class, at different times, the neighbourhood being impacted is different.

While these impacts on individual properties are important, Council does not have the tools to directly control them. No matter how large or small the tax levy, no matter what the distribution of the tax levy among the classes, these shifts among properties within classes will naturally occur. As a result, Council should not set tax distribution policy on the basis of the impact on individual properties. Making policy decisions at this level will complicate the decision-making process, as there will always be winners and losers among individual properties from year to year. The only mechanism Council has to mitigate these shifts is the Land Assessment Averaging Program which phases in the increases in value and their tax impact. Council approved continuation of the averaging program for 2006 on March 23, 2006.

The Fair Tax Coalition Proposal

The Vancouver Fair Tax Coalition (FTC) is a coalition of local Business Improvement Associations (BIAs) and other business representatives, headed by the Vancouver Board of Trade. This group and its predecessors have argued that there is a fundamental inequity in the current distribution of the tax levy and is calling for lower non-residential property taxes. In support of this position, the group makes the following arguments:

- the widening relationship between residential and non-residential tax rates (that is, the increasing ratio of Class 6 rates to Class 1 rates),
- the indication in the 1995 KMPG consumption study that the business class was paying 60% of the property tax levy but consuming only 30% of municipal services, and
- the increasing property tax pressure on small- and medium-sized business in Vancouver.

When considering these arguments, it is important to note the following:

- whether or not Council agrees with the argument that small and medium sized business is under pressure from the current tax distribution, there is no short term solution that can be targetted at these taxpayers. All business properties, from the largest office buildings downtown to the neighbourhood retail store on Fraser Street sit in Class 06 Business / Other and all will share in any change in the distribution of the tax levy.

In April, 2005, Council passed the following motion related to this issue:

THAT the City of Vancouver request the Provincial Government to review Class 6 in order to establish a new class or classes to promote fairer assessment for tax purposes, especially for small business including retail establishments, and FURTHER THAT this motion be forwarded to the Lower Mainland Municipal Association and Union of BC Municipalities conventions.

Recognizing this was primarily an issue for Vancouver and perhaps other lower mainland municipalities, the 2005 UBCM convention referred the issue to the Lower Mainland Municipal Association convention in 2006 for further discussion and clarification. This approach was seen as the most likely way to see if there is a

consensus among urban municipalities that can be used to as the basis for identifying a solution.

- Given Council's "fixed share" policy, combined with the relative changes in market property values in these classes over the last twenty years, this increasing tax rate ratio between residential and non-residential is exactly what would have been expected. Residential values have grown faster than non-residential values so the ratio has increased. Under Council's current tax policy, the tax rate ratio is not an appropriate benchmark for tax impacts on existing properties.
- For the residential or non-residential classes, the tax burden has not changed since 1985 except through physical changes to the classes and Council decisions on the distribution. With the exception of the outcomes for individual properties within each class discussed above, market value changes have not resulted in higher taxes. On the other hand, new properties that have been added to the roll have contributed new market value and new taxes and have led to minor changes in the distribution of the levy.
- The results of the KPMG study pointed out that, based on the study assumptions about which classes "consume" tax supported services, the non-residential properties were paying a greater share of taxes than is indicated by their rate of consumption. However, as noted above, consumption is only one of many criteria that should be utilized to establish tax policy. Council did agree that the burden was too high and has approved some tax shifts from the non-residential classes in the intervening years. This is exactly the way the system is designed to work, with Council making the tax distribution decision base on their objectives for the tax system.

In 2005, the Fair Tax Coalition called for a change in the tax distribution until a tax rate ratio of 3:1 was achieved between business and residential. However, under Council's "fixed burden" approach, this ratio could not be maintained as differential market value changes among the classes will work against it. The decision of Council was to maintain the current distribution policy meaning that easing the tax burden on business must be achieved by shifting some of the current tax levy from the non-residential to the residential classes.

In 2006, the Coalition proposal has both a short-term and a long-term component:

- i. **In the short-term**, the Coalition is proposing that the property tax levies for the non-residential classes be held at the 2005 level of \$256 million in 2006 with any tax increase being absorbed entirely by the residential classes.

The modelling below is based on the Fair Tax Coalition proposal using a 4% tax increase. Holding the non-residential levy at the 2005 level plus net non-market change or \$258 million, would result in approximately \$12 million being shifted to the residential classes. The impact of this proposal is summarized below.

Table 3: Summary of Impacts from Fair Tax Coalition Proposal

	<u>CURRENT DISTRIBUTION</u>		<u>CURRENT DISTRIBUTION</u>		<u>FAIR TAX COALITION PROPOSAL</u>	
	Before Property Tax Increase		4% Tax Increase Applied to All Property Classes		Residential Classes Absorb Entire Tax Levy Increase In 2006	
	TAX RATE PER \$1,000 VALUE	SHARE OF LEVY	TAX RATE PER \$1,000 VALUE	SHARE OF LEVY	TAX RATE PER \$1,000 VALUE	SHARE OF LEVY
Residential	\$2.24	43.9%	\$2.33	43.9%	\$2.44	46.0%
Business / Other	\$13.98	52.5%	\$14.54	52.5%	13.84	50.5%
All Other Classes	-	3.6%	-	3.6%	-	3.5%
<u>Property Tax Effects</u>	PROPERTY TAXES		PROPERTY TAXES	% CHANGE	PROPERTY TAXES	% CHANGE
Residential (\$500,000)	\$1,122	-	\$1,167	4.0%	\$1,224	5.0%
Business (\$500,000)	\$6,991	-	\$7,270	4.0%	\$6,992	(4.0%)

For a residential property valued at \$500,000, taxes would increase by \$45 with a 4% increase and an additional \$59 with the shift of taxes for a total increase of \$100 or 8.9%. For a similarly valued business property, 2006 taxes would remain virtually unchanged from the 2006 opening position. For higher valued properties in each class the actual cost impacts will be magnified (percentage change will be the same for all properties), while for lower valued properties the actual cost impacts will be less significant. The impact based on 2005 taxes will vary depending on how properties changed in market value in 2006 compared to the average for the class. However, as noted above, shifts within the residential and business class will result in some properties paying considerably more than the average and some paying considerably less.

- ii. **In the longer term**, the Coalition is also requesting that Council establish a task group made up of business representatives and City staff “. . . as a first step in achieving the longer term goal of adopting a permanent policy to bring the municipal property tax rate for Vancouver commercial properties in line with the regional average.” It should be noted that by concentrating on the business tax rate rather than the share of the tax levy paid by the business class, maintaining such a relationship would require changing the City’s tax distribution policy to a “fixed rate ratio” approach and presumably one that establishes a relationship between Vancouver tax rates and those in the region.

In 2005, staff recommended that if Council wished to undertake a review of the current tax distribution policy that it been done by a third party under the direction of City staff and with input from residential, business, industrial and other stakeholders groups. Ideally, such a process would present Council with a set of choices for a tax distribution policy that could be used to guide future decision making. While staff have established an ongoing relationship with the Fair Tax Coalition and have provided information and comment for use in their analysis - and will continue to do so - tax policy should be established in a public forum where all stakeholders can provide input.

Tax Distribution Policy of Other Taxing Authorities

One measure by which Council can assess the City's tax distribution policy is to compare it to that of other taxing jurisdictions. This section provides some information on the tax distributions of various Canadian municipalities as well as those of other taxing authorities that levy property taxes in Vancouver.

In comparing the City's tax distribution to other jurisdictions, it is important to note that there are several factors that may justify the different tax distributions, such as:

- The composition of the assessment roll in every municipality is different;
- Councils apply different weights to the criteria used for establishing the tax distribution based on their unique circumstances and objectives;
- municipalities - and especially those outside British Columbia - tend to offer a different mix of services (e.g., transit, ambulance, social services) than Vancouver;
- municipalities enjoy different mixes of revenue sources in addition to property taxes (e.g., utility and user fees); and
- the property classification and assessment system outside British Columbia may be very different.

The tax distribution decisions made by councils across the province vary significantly. Table 4a below summarizes the shares of the overall tax levy borne by the residential and non-residential classes in selected cities in 2005, including several BC municipalities and four major cities outside BC. More detailed information about municipal taxation in BC is included in Appendix B.

Table 4a: Tax Distribution Among Residential & Non-Residential Classes For Selected Municipalities, 2005

MUNICIPALITY	% OF TOTAL ASSESSED VALUE		% OF TOTAL TAX LEVY	
	RESIDENTIAL	NON-RESIDENTIAL	RESIDENTIAL	NON-RESIDENTIAL
<u>BC Municipalities</u>				
Vancouver	83%	17%	45%	55%
Burnaby	81%	19%	47%	53%
Richmond	79%	21%	51%	49%
Coquitlam	88%	12%	57%	43%
Surrey	89%	11%	70%	30%
North Vancouver District	93%	7%	72%	28%
West Vancouver	96%	4%	92%	8%
Abbotsford	86%	14%	66%	34%
Kelowna	85%	15%	69%	31%
Victoria	75%	25%	47%	53%

MUNICIPALITY	% OF TOTAL ASSESSED VALUE		% OF TOTAL TAX LEVY	
	RESIDENTIAL	NON-RESIDENTIAL	RESIDENTIAL	NON-RESIDENTIAL
<u>Municipalities Outside BC</u>				
Toronto	n/a	n/a	37%	63%
Montreal	n/a	n/a	49%	51%
Calgary	n/a	n/a	50%	50%
Edmonton	n/a	n/a	55%	45%

Note: The non-residential levy in municipalities outside BC includes any business occupancy tax charged in those jurisdictions. Vancouver phased out the business occupancy tax in 1983/84 by transferring the tax requirement to the assessment based property tax levy.

As can be seen, Vancouver has the highest distribution of the tax levy falling on the non-residential classes among the BC municipalities listed followed by Burnaby, with a similar mix of assessment on its role and a 47% residential:53% non-residential distribution. On the other hand, West Vancouver, with 96% of its value in residential, allocates 92% of its tax levy to the residential class.

Table 4b summarizes the distribution of tax levies of the other taxing authorities in Vancouver.

Table 4b: Tax Distribution Among Residential & Non-Residential Classes For Selected Vancouver Taxing Authorities, 2004

TAXING AUTHORITY	% OF TOTAL ASSESSED VALUE		% OF TOTAL TAX LEVY	
	RESIDENTIAL	NON-RESIDENTIAL	RESIDENTIAL	NON-RESIDENTIAL
Translink	83%	17%	51%	49%
Provincial School Tax	83%	17%	52%	48%
BCAA	83%	17%	60%	40%
Municipal Finance Authority	83%	17%	92%	9%

Note: Translink also allocates costs to residential properties through the Hydro levy and beginning in 2006 to the non-residential classes through the Parking Tax. Neither of these allocations is included in this table.

Options for Tax Distribution

Within the current "fixed share" approach to managing the property tax levy reducing property taxes on business properties can only be achieved by shifting a portion of the current non-residential tax levy to the residential classes. This section summarizes the impacts on residential and non-residential properties in Vancouver of various distribution options. Appendix D provides information about how these options would impact on several individual properties in the residential and non-residential classes in the City. All impacts are shown

prior to the application of land assessment averaging and on the assumption of a 4% general purposes property tax increase. As other taxing authorities have not yet provided information on their levies, these impacts are based on changes in the general purposes levy only.

1. Maintain the Current Distribution

Maintaining the current distribution will result in the residential classes paying 43.9% of the general purposes levy and the non residential classes paying 56.1%, a shift of 0.5% from 2005 as a result of physical changes to the assessment roll. As noted in Table 3 above, the following impacts on a \$500,000 residential property and a similarly valued business class property can be expected:

Property Valued at \$500,000	Current Distribution Including 4% Tax Increase		
	Tax Rate Per \$1000	Property Tax	Increase over 2005
Residential Property	2.33	\$1,166	\$45
Business Property	14.40	\$7,199	\$280

2. 1% Shift to Residential

This is the approach that Council has taken in selected years since 1994 where 1% of the property tax levy is shifted from the non-residential to the residential classes. Each 1% change in the distribution would require shifting approximately \$4.7 million. For a \$500,000 residential property that would translate to a tax increase of \$71 (\$45 as a result of the tax increase and \$27 from the shift). A similarly valued business class property would see an overall increase in taxes of \$150 (compared to \$280 without the shift).

Property Valued at \$500,000	Change Distribution by 1% Including 4% Tax Increase		
	Tax Rate Per \$1000	Property Tax	Increase over 2005
Residential Property	2.39	\$1,166	\$71
Business Property	14.28	\$7,199	\$150

Based on this calculation, achieving the 50% residential:50% non-residential distribution in other Canadian cities reported in Table 4a would require shifting approximately \$28.7 million from the non-residential classes to the residential classes. Impacts on the sample residential property in the table above would be an increase of \$204 (\$160 beyond the \$45 tax increase). The business property would see an overall tax reduction of \$500.

Property Valued at \$500,000	Change Distribution to 50:50 Including 4% Tax Increase		
	Tax Rate Per \$1000	Property Tax	Increase over 2005
Residential Property	2.65	\$1,326	\$204
Business Property	12.98	\$6,492	(\$499)

3. The Fair Tax Coalition Proposal

As noted above, the Fair Tax Coalition proposal is to freeze taxes on non-residential properties in 2006 and to have the residential classes absorb any tax increase. This can be achieved by applying any tax increase in 2006 differentially among the residential and non-residential classes or by applying the same tax increase to all classes and then shifting taxes from the non-residential to the residential classes to hold the non-residential portion of the levy at the 2005 level plus any changes that follow from physical changes in these classes.

As noted in Table 3, achieving the Fair Tax Coalition proposal would require a shift of approximately \$10.3 million to the residential classes. Achieving this result would lead to an additional tax increase of 5.0% in the residential classes. With this shift, the distribution of the tax levy would be approximately 46.1% residential (43.6% in 2005) and 53.9% non-residential (56.4% in 2005).

As a result of this change in the distribution of the levy, a \$500,000 residential property would pay an additional \$102 in taxes (\$45 tax increase and \$57 from the shift). A similarly valued business class property would see no overall change in the taxes paid.

Property Valued at \$500,000	Change Distribution 2.15% Including 4% Tax Increase		
	Tax Rate Per \$1000	Property Tax	Increase over 2005
Residential Property	2.39	\$1,224	\$102
Business Property	14.28	\$6,992	\$0

4. Adopt a Distribution Similar to Other Regional Municipalities

The Fair Tax Coalition has recommended that in the longer term, Vancouver's business tax rate should be adjusted to be "in line" with the regional average. If regional benchmarking were an objective for Council, it would be more appropriate under the City's tax policy to use a benchmark based on the tax levy distributions in other regional municipalities.

A review of Table 4a and Appendix B showing the tax levy for a number of BC municipalities indicates that most municipalities in the region have a distribution weighted more to the residential class than does Vancouver. Among regional

municipalities, only Burnaby and North Vancouver City distribute less than 50% of their tax levies to residential properties. However, the distribution in individual municipalities depends on a number of factors including the make up of the assessment roll and Council's other taxation system objectives.

The median distribution among regional municipalities with similar assessment distributions to Vancouver is approximately 56% residential and 44% non-residential compared to the City's anticipated distribution in 2006 of 44%:56%. The distributions range from 47%:53% in Burnaby and 51%:49% in Richmond to 70%:30% in Surrey and 60%:40% in New Westminister. Achieving this median distribution in Vancouver would require a shift of approximately 12% of the tax levy or \$52.5 million. For the \$500,000 residential property, taxes would increase by approximately \$337 while the same valued business class property would see a reduction of \$1,147.

Property Valued at \$500,000	Change Distribution 11.0% Including 4% Tax Increase		
	Tax Rate Per \$1000	Property Tax	Increase over 2005
Residential Property	2.92	\$1,459	\$337
Business Property	11.69	\$5,844	(\$1,147)

Because of the magnitude of the change, achieving such a distribution could only be accomplished over a longer period of time. Council should also consider that achieving a distribution similar to the regional median would not ensure that there is tax equality with other municipalities in the region. Overall, taxes would be lower for the non-residential classes in Vancouver than they are currently, however, there will still be a differential between the taxes paid by those properties with the highest value increases in the residential and business classes and those with the lowest.

CONCLUSION

Property taxation is the primary revenue tool that Council has available to pay for City services: two thirds of Operating Budget expenditures are received from this source. Determining how this cost should be allocated to the various classes of property in the City is one of the most complex and difficult decisions a Council has to make. There is no formula and no right answer to the tax distribution question.

Over the last 10 years, Council has acknowledged the concerns of the business community that their tax burden is too high and that a portion of that burden should be shifted to residential properties. Since 1994, the share of the tax levy paid by non-residential properties has declined from 60% to approximately 56%. Further changes will result in residential properties paying a greater share of the tax levy. In assessing the need for a change in the distribution of the tax levy, the primary consideration should be whether there is justification for that result.

* * * * *

TABLE A1. TAX CAPPING & LAND AVERAGING POLICIES IN THE CITY OF VANCOUVER

	CLASS 1 RESIDENTIAL	CLASS 6 BUSINESS/OTHER
1989	<ul style="list-style-type: none"> Capped land value increases at 61% 	<ul style="list-style-type: none"> Capped tax increases at 40%
1990	<ul style="list-style-type: none"> No adjustment to taxation methodology 	<ul style="list-style-type: none"> Capped tax increases at 10.1%
1991	<ul style="list-style-type: none"> Capped tax increases at 5.5% No limit on tax credit 	<ul style="list-style-type: none"> Capped tax increases at 7.5% \$400,000 limit on tax credit
1992	<ul style="list-style-type: none"> Capped tax increases at 6.0% \$5,000 limit on tax credit 	<ul style="list-style-type: none"> Capped tax increases at 10.0% \$100,000 limit on tax credit
1993	<ul style="list-style-type: none"> Implemented three-year land value averaging Tax increases capped at 25% for select properties 	<ul style="list-style-type: none"> Implemented three-year land value averaging Tax increases capped at 25% for select properties
1994	<ul style="list-style-type: none"> Continued three year land value averaging Tax increases capped at 10% for select properties \$500 limit on tax credit 	<ul style="list-style-type: none"> Continued three year land value averaging Tax increases capped at 10% for select properties \$15,000 limit on tax credit
1995	<ul style="list-style-type: none"> Continued three year land value averaging No tax capping 	<ul style="list-style-type: none"> Continued three year land value averaging Tax increases capped at 15% for select properties under a phasing out methodology \$10,000 limit on tax credit
1996	<ul style="list-style-type: none"> Continued three year land value averaging No tax capping 	<ul style="list-style-type: none"> Continued three year land value averaging Tax increases capped at 20% for select properties under a phasing out methodology \$7,500 limit on tax credit
1997	<ul style="list-style-type: none"> Continued three year land value averaging No tax capping 	<ul style="list-style-type: none"> Continued three year land value averaging Tax increases capped at 25% for select properties under a phasing out methodology \$5,000 limit on tax credit Last year of tax increase capping
1998	<ul style="list-style-type: none"> Continued three year land value averaging Implementation of solid waste utility 	<ul style="list-style-type: none"> Continued three year land value averaging
1999-2005	<ul style="list-style-type: none"> Continued three year land value averaging 	<ul style="list-style-type: none"> Continued three year land value averaging

TABLE A2. COUNCIL-DIRECTED SHIFTS IN THE CITY OF VANCOUVER TAX DISTRIBUTION

1994	Shifted \$3.0 million from Class 6 to Class 1
1995	Shifted \$3.0 million from all non-residential classes to Class 1
1996	No shift
1997	Shifted \$2.9 million from all non-residential classes to Class 1
1998	No shift
1999	No shift
2000	Shifted \$3.7 million from all non-residential classes to Class 1
2001	No shift
2002	No shift
2003	Shifted \$2.0 million from all non-residential classes to Class 1
2004	No shift
2005	No shift

Municipality	Property Class	Authenticated Roll General Taxable Values	% Total Assess- -ment	Municipal Purposes Tax Rates	Tax Class Multiples	Total Municipal Variable Rate Taxes	% Total Taxes
Vancouver	Residential	78,282,055,969	82.8	2.78956	1.00	218,372,498	45
unaveraged	Utilities	187,493,273	0.2	33.46482	12.00	6,274,429	1
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0
	Major Industry	207,908,800	0.2	28.31661	10.15	5,887,272	1
	Light Industry	305,897,700	0.3	15.52713	5.57	4,749,713	1
	Business	15,398,543,129	16.3	16.44104	5.89	253,168,064	52
	Managed Forest	0	0.0	0.00000	0.00	0	0
	Recreation	112,737,000	0.1	2.52391	0.90	284,538	0
	Farm	95,300	0.0	2.52391	0.90	241	0
	Totals	94,494,731,171	100.0	0.00000	0.00	488,736,755	100
Burnaby	Residential	21,442,948,200	80.6	3.11220	1.00	66,734,744	47.2
	Utilities	148,840,940	0.6	40.00000	12.85	5,953,638	4.2
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	101,933,300	0.4	51.49170	16.55	5,248,719	3.7
	Light Industry	459,736,100	1.7	12.96660	4.17	5,961,214	4.2
	Business	4,425,143,214	16.6	12.96660	4.17	57,379,064	40.6
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	37,776,000	0.1	2.18780	0.70	82,646	0.1
	Farm	1,445,200	0.0	10.98750	3.53	15,879	0.0
	Totals	26,617,822,954	100.0	0.00000	0.00	141,375,904	100.0
Richmond	Residential	19,023,303,591	78.7	3.06250	1.00	58,258,867	50.5
	Utilities	10,021,625	0.0	39.71195	12.97	397,978	0.3
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	80,442,300	0.3	11.00720	3.59	885,445	0.8
	Light Industry	322,078,700	1.3	13.63613	4.45	4,391,907	3.8
	Business	4,625,086,864	19.1	11.05461	3.61	51,128,533	44.3
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	93,108,700	0.4	1.45088	0.47	135,090	0.1
	Farm	26,061,839	0.1	8.05702	2.63	209,981	0.2
	Totals	24,180,103,619	100.0	0.00000	0.00	115,407,801	100.0
Coquitlam	Residential	12,559,846,317	88.3	3.40580	1.00	42,776,326	57.1
	Utilities	13,033,190	0.1	47.24630	13.87	615,770	0.8
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	17,671,300	0.1	55.82850	16.39	986,562	1.3
	Light Industry	138,392,700	1.0	19.03410	5.59	2,634,180	3.5
	Business	1,466,540,900	10.3	18.90150	5.55	27,719,824	37.0
	Managed Forest	0	0.0	10.21740	3.00	0	0.0

Municipality	Property Class	Authenticated Roll General Taxable Values	% Total Assess- -ment	Municipal Purposes Tax Rates	Tax Class Multiples	Total Municipal Variable Rate Taxes	% Total Taxes
	Recreation	19,905,000	0.1	11.47430	3.37	228,396	0.3
	Farm	672,500	0.0	13.67060	4.01	9,193	0.0
	Totals	14,216,061,907	100.0	0.00000	0.00	74,970,251	100.0
Delta	Residential	10,344,272,900	81.5	3.82880	1.00	39,606,152	54.1
	Utilities	11,560,450	0.1	39.99990	10.45	462,417	0.6
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	201,686,400	1.6	28.54480	7.46	5,757,098	7.4
	Light Industry	367,578,700	2.9	14.46990	3.78	5,318,827	7.3
	Business	1,683,389,850	13.3	12.85900	3.36	21,646,710	29.6
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	33,937,100	0.3	4.50250	1.18	152,802	0.2
	Farm	43,882,300	0.3	12.57770	3.29	551,938	0.8
	Totals	12,686,307,700	100.0	0.00000	0.00	73,495,944	100.0
New	Residential	4,975,679,006	86.6	4.59040	1.00	22,840,358	59.1
Westminster	Utilities	10,859,950	0.2	44.41090	9.67	482,300	1.2
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	84,630,600	1.5	31.23440	6.80	2,643,386	6.8
	Light Industry	55,724,400	1.0	31.73630	6.91	1,768,486	4.6
	Business	612,502,136	10.7	17.76440	3.87	10,880,733	28.1
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	8,328,500	0.1	4.59040	1.00	38,231	0.1
	Farm	52,600	0.0	4.59040	1.00	241	0.0
	Totals	5,747,777,192	100.0	0.00000	0.00	38,653,735	100.0
North	Residential	5,594,175,913	80.7	2.90504	1.00	16,251,305	48.1
Vancouver City	Utilities	7,080,010	0.1	40.00000	13.77	283,200	0.8
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	128,411,200	1.9	27.50000	9.47	3,531,308	10.7
	Light Industry	28,069,800	0.4	19.81765	6.82	556,277	1.6
	Business	1,168,914,900	16.9	11.17116	3.85	13,058,135	38.7
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	2,441,100	0.0	4.85311	1.67	11,847	0.0
	Farm	0	0.0	0.00000	0.00	0	0.0
	Totals	6,929,092,923	100.0	0.00000	0.00	33,692,072	100.0
North	Residential	13,845,858,400	93.0	2.92208	1.00	40,458,706	72.2
Vancouver	Utilities	4,971,739	0.0	40.00000	13.69	198,870	0.4
District	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	118,029,700	0.8	42.68615	14.61	5,038,233	7.6

Municipality	Property Class	Authenticated Roll General Taxable Values	% Total Assess- -ment	Municipal Purposes Tax Rates	Tax Class Multiples	Total Municipal Variable Rate Taxes	% Total Taxes
	Light Industry	42,242,800	0.3	26.15748	8.95	1,104,965	2.0
	Business	859,795,708	5.8	11.46353	3.92	9,856,294	17.6
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	24,204,100	0.2	5.80024	1.98	140,390	0.3
	Farm	0	0.0	0.00000	0.00	0	0.0
	Totals	14,895,102,447	100.0	0.00000	0.00	56,797,458	100.0
Port Coquitlam	Residential	4,902,331,200	86.4	4.02430	1.00	19,728,452	58.4
	Utilities	6,654,285	0.1	40.00000	9.94	266,171	0.8
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	0	0.0	0.00000	0.00	0	0.0
	Light Industry	134,875,900	2.4	23.66940	5.88	3,192,432	9.5
	Business	625,992,312	11.0	16.79170	4.17	10,511,475	31.1
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	5,300,200	0.1	11.08670	2.75	58,762	0.2
	Farm	946,048	0.0	16.43990	4.09	15,553	0.0
	Totals	5,676,099,945	100.0	0.00000	0.00	33,772,845	100.0
Port Moody	Residential	3,070,900,385	91.7	3.61260	1.00	11,093,935	63.4
	Utilities	1,768,665	0.1	38.69700	10.71	68,442	0.4
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	73,882,000	2.2	54.76390	15.16	4,046,067	19.2
	Light Industry	14,689,000	0.4	28.20740	7.81	414,338	2.4
	Business	186,395,554	5.6	13.61360	3.77	2,537,514	14.5
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	2,913,400	0.1	7.58720	2.10	22,105	0.1
	Farm	0	0.0	0.00000	0.00	0	0.0
	Totals	3,350,549,004	100.0	0.00000	0.00	18,182,401	100.0
Langley City	Residential	1,820,094,400	74.7	4.59000	1.00	8,354,234	53.9
	Utilities	2,224,860	0.1	40.00000	8.71	88,994	0.6
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	0	0.0	11.52000	2.51	0	0.0
	Light Industry	55,859,600	2.3	11.52000	2.51	643,503	4.2
	Business	550,695,000	22.6	11.52000	2.51	6,344,007	40.9
	Managed Forest	0	0.0	11.52000	2.51	0	0.0
	Recreation	6,206,900	0.3	11.52000	2.51	71,503	0.5
	Farm	18,000	0.0	4.59000	1.00	83	0.0
	Totals	2,435,098,760	100.0	0.00000	0.00	15,502,324	100.0
Langley District	Residential	10,038,530,901	85.0	3.50580	1.00	35,193,082	61.6

Municipality	Property Class	Authenticated Roll General Taxable Values	% Total Assess- -ment	Municipal Purposes Tax Rates	Tax Class Multiples	Total Municipal Variable Rate Taxes	% Total Taxes
	Utilities	16,897,635	0.1	39.22032	11.19	662,731	1.2
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	5,909,000	0.1	13.53557	3.86	79,982	0.1
	Light Industry	242,324,200	2.1	14.86297	4.24	3,601,657	6.3
	Business	1,396,512,851	11.8	12.07922	3.45	16,868,786	29.5
	Managed Forest	0	0.0	10.50853	3.00	0	0.0
	Recreation	40,970,800	0.3	4.38446	1.25	179,635	0.3
	Farm	65,267,900	0.6	7.72139	2.20	503,959	0.9
	Totals	11,806,413,287	100.0	0.00000	0.00	57,089,832	100.0
Surrey	Residential	34,999,008,809	88.3	2.90395	1.00	101,635,371	69.6
	Utilities	29,410,277	0.1	33.74509	11.62	992,452	0.7
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	61,603,000	0.2	15.67948	5.40	965,903	0.7
	Light Industry	545,724,000	1.4	9.49551	3.27	5,181,928	3.5
	Business	3,884,931,641	9.8	9.49551	3.27	36,889,408	25.3
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	79,517,400	0.2	2.90395	1.00	230,915	0.2
	Farm	35,532,895	0.1	2.90395	1.00	103,186	0.1
	Totals	39,635,728,022	100.0	0.00000	0.00	145,999,163	100.0
West	Residential	13,725,803,950	96.0	2.86020	1.00	39,258,543	91.5
Vancouver	Utilities	6,122,800	0.0	13.27510	4.64	81,281	0.2
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	0	0.0	11.57280	4.05	0	0.0
	Light Industry	0	0.0	11.57280	4.05	0	0.0
	Business	534,864,100	3.7	6.36020	2.22	3,401,843	7.9
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	31,665,300	0.2	5.16270	1.81	163,478	0.4
	Farm	0	0.0	0.00000	0.00	0	0.0
	Totals	14,298,456,150	100.0	0.00000	0.00	42,905,145	100.0
Abbotsford	Residential	8,856,001,502	84.6	4.83072	1.00	42,780,863	63.1
	Utilities	54,068,956	0.5	39.78671	8.24	2,151,226	3.2
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	0	0.0	0.00000	0.00	0	0.0
	Light Industry	143,754,000	1.4	15.23717	3.15	2,190,404	3.2
	Business	1,272,862,200	12.2	14.79867	3.06	18,836,667	27.8
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	10,074,300	0.1	7.18345	1.49	72,368	0.1
	Farm	136,611,581	1.3	13.18655	2.73	1,801,435	2.7

Municipality	Property Class	Authenticated Roll General Taxable Values	% Total Assess- ment	Municipal Purposes Tax Rates	Tax Class Multiples	Total Municipal Variable Rate Taxes	% Total Taxes
	Totals	10,473,372,539	100.0	0.00000	0.00	67,832,963	100.0
Chilliwack	Residential	4,770,109,322	85.9	5.14553	1.00	24,544,742	69.1
	Utilities	41,801,007	0.8	39.74395	7.72	1,661,337	4.7
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	0	0.0	0.00000	0.00	0	0.0
	Light Industry	78,219,200	1.4	11.04635	2.15	864,037	2.4
	Business	560,426,425	10.1	13.30658	2.59	7,457,359	21.0
	Managed Forest	350,200	0.0	21.19120	4.12	7,421	0.0
	Recreation	23,489,500	0.4	2.83768	0.55	66,656	0.2
	Farm	78,731,924	1.4	11.91472	2.32	938,069	2.6
	Totals	5,553,127,578	100.0	0.00000	0.00	35,539,621	100.0
Kamloops	Residential	4,557,034,950	81.2	8.17000	1.00	37,230,976	57.5
	Utilities	61,741,242	1.1	49.86000	6.10	3,078,418	4.8
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	83,811,600	1.5	71.60000	8.76	6,000,910	9.3
	Light Industry	33,107,600	0.6	28.60000	3.50	946,877	1.5
	Business	861,782,946	15.3	20.08000	2.46	17,304,601	26.7
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	12,499,300	0.2	9.61000	1.18	120,118	0.2
	Farm	5,099,453	0.1	10.34000	1.27	52,728	0.1
	Totals	5,615,077,091	100.0	0.00000	0.00	64,734,628	100.0
Kelowna	Residential	10,552,735,454	84.9	4.59760	1.00	48,517,256	68.7
	Utilities	11,608,968	0.1	22.98910	5.00	266,880	0.4
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	16,558,000	0.1	18.25900	3.97	302,333	0.4
	Light Industry	93,707,700	0.8	11.92030	2.59	1,117,024	1.6
	Business	1,683,892,763	13.6	11.92030	2.59	20,072,506	28.6
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	43,533,100	0.4	4.59760	1.00	200,148	0.3
	Farm	22,206,684	0.2	0.50000	0.11	11,103	0.0
	Totals	12,424,242,669	100.0	0.00000	0.00	70,487,250	100.0
Prince George	Residential	2,864,417,389	72.8	10.36677	1.00	29,694,756	53.7
	Utilities	21,691,935	0.6	45.11282	4.35	978,584	1.8
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	219,075,300	5.6	43.77495	4.22	9,590,010	17.3
	Light Industry	48,142,400	1.2	20.05015	1.93	965,262	1.7
	Business	778,619,583	19.8	18.04513	1.74	14,050,291	25.4

Municipality	Property Class	Authenticated Roll General Taxable Values	% Total Assessment	Municipal Purposes Tax Rates	Tax Class Multiples	Total Municipal Variable Rate Taxes	% Total Taxes
	Managed Forest	0	0.0	10.36677	1.00	0	0.0
	Recreation	2,525,900	0.1	10.36677	1.00	26,185	0.0
	Farm	1,003,400	0.0	3.89846	0.38	3,912	0.0
	Totals	3,935,475,907	100.0	0.00000	0.00	55,309,000	100.0
Squamish	Residential	1,681,620,100	81.7	3.41979	1.00	5,750,788	46.7
	Utilities	32,435,090	1.6	40.00000	11.70	1,297,404	10.5
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	49,496,000	2.4	55.12483	16.12	2,728,459	19.2
	Light Industry	21,975,200	1.1	14.40313	4.21	316,512	2.6
	Business	265,501,627	12.9	9.46108	2.77	2,511,932	20.4
	Managed Forest	583,000	0.0	89.24464	26.10	52,030	0.4
	Recreation	5,485,800	0.3	6.13694	1.79	33,666	0.3
	Farm	27,500	0.0	70.18579	20.52	1,930	0.0
	Totals	2,057,124,317	100.0	0.00000	0.00	12,692,721	100.0
Victoria	Residential	7,728,143,915	74.8	4.38300	1.00	33,872,454	47.0
	Utilities	15,805,060	0.2	28.50470	6.50	450,518	0.6
	Unmanaged Forest	0	0.0	0.00000	0.00	0	0.0
	Major Industry	0	0.0	0.00000	0.00	0	0.0
	Light Industry	24,007,500	0.2	19.25880	4.39	462,356	0.6
	Business	2,540,242,415	24.6	14.62420	3.34	37,149,013	51.5
	Managed Forest	0	0.0	0.00000	0.00	0	0.0
	Recreation	16,710,000	0.2	9.74030	2.22	162,760	0.2
	Farm	0	0.0	0.00000	0.00	0	0.0
	Totals	10,324,908,890	100.0	0.00000	0.00	72,097,101	100.0

TABLE C1. CITY OF VANCOUVER GENERAL TAX LEVY BY PROPERTY CLASS (\$000)

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM	TOTAL
1984	\$66,244	\$2,898	\$6,187	-	\$91,192	\$159	\$1	\$166,680
1985	\$69,008	\$3,839	\$6,673	-	\$96,141	\$154	\$1	\$175,815
1986	\$73,962	\$3,061	\$7,025	-	\$104,192	\$239	\$1	\$188,479
1987	\$75,704	\$3,119	\$6,671	-	\$105,951	\$255	\$1	\$191,700
1988	\$83,609	\$2,762	\$3,657	\$3,554	\$116,456	\$286	\$1	\$210,325
1989	\$88,754	\$5,604	\$3,848	\$3,460	\$123,684	\$304	\$1	\$225,655
1990	\$95,329	\$5,877	\$4,099	\$3,579	\$133,024	\$304	\$1	\$242,212
1991	\$102,338	\$6,005	\$4,238	\$3,401	\$143,596	\$321	\$0	\$259,899
1992	\$109,464	\$6,247	\$4,422	\$3,539	\$153,938	\$269	\$0	\$277,878
1993	\$115,518	\$6,530	\$4,630	\$3,074	\$163,999	\$317	\$0	\$294,068
1994	\$125,919	\$6,676	\$6,166	\$3,146	\$172,589	\$310	\$0	\$314,806
1995	\$133,142	\$6,997	\$6,189	\$3,150	\$171,443	\$321	\$0	\$321,242
1996	\$137,541	\$6,735	\$5,944	\$3,091	\$174,789	\$287	\$0	\$328,385
1997	\$149,311	\$6,479	\$4,047	\$4,893	\$183,069	\$306	\$0	\$348,105
1998	\$146,997	\$6,540	\$5,122	\$2,798	\$190,017	\$235	\$0	\$351,707
1999	\$155,022	\$5,832	\$4,730	\$3,219	\$197,528	\$265	\$0	\$366,596
2000	\$157,622	\$5,932	\$4,689	\$3,302	\$197,158	\$283	\$0	\$368,985
2001	\$155,680	\$5,949	\$4,739	\$3,898	\$201,698	\$273	\$0	\$372,237
2002	\$164,764	\$6,004	\$5,070	\$4,134	\$210,027	\$327	\$0	\$390,326
2003	\$177,769	\$5,953	\$4,863	\$4,383	\$221,568	\$327	\$0	\$414,863
2004	\$187,582	\$6,111	\$6,268	\$4,413	\$228,961	\$338	\$0	\$433,673
2005	\$197,577	\$6,274	\$5,887	\$4,750	\$239,095	\$285	\$0	\$453,868

TABLE C2. SHARE OF CITY OF VANCOUVER GENERAL TAX LEVY PAID BY EACH PROPERTY CLASS

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM	TOTAL
1984	39.7%	1.7%	3.7%	-	54.7%	0.1%	0.0%	100.0%
1985	39.3%	2.2%	3.8%	-	54.7%	0.1%	0.0%	100.0%
1986	39.2%	1.6%	3.7%	-	55.3%	0.1%	0.0%	100.0%
1987	39.5%	1.6%	3.5%	-	55.3%	0.1%	0.0%	100.0%
1988	39.8%	1.3%	1.7%	1.7%	55.4%	0.1%	0.0%	100.0%
1989	39.3%	2.5%	1.7%	1.5%	54.8%	0.1%	0.0%	100.0%
1990	39.4%	2.4%	1.7%	1.5%	54.9%	0.1%	0.0%	100.0%
1991	39.4%	2.3%	1.6%	1.3%	55.3%	0.1%	0.0%	100.0%
1992	39.4%	2.2%	1.6%	1.3%	55.4%	0.1%	0.0%	100.0%
1993	39.3%	2.2%	1.6%	1.0%	55.8%	0.1%	0.0%	100.0%
1994	40.0%	2.1%	2.0%	1.0%	54.8%	0.1%	0.0%	100.0%
1995	41.4%	2.2%	1.9%	1.0%	53.4%	0.1%	0.0%	100.0%
1996	41.9%	2.1%	1.8%	0.9%	53.2%	0.1%	0.0%	100.0%
1997	42.9%	1.9%	1.2%	1.4%	52.6%	0.1%	0.0%	100.0%
1998	41.8%	1.9%	1.5%	0.8%	54.0%	0.1%	0.0%	100.0%
1999	42.3%	1.6%	1.3%	0.9%	53.9%	0.1%	0.0%	100.0%
2000	42.7%	1.6%	1.3%	0.9%	53.4%	0.1%	0.0%	100.0%
2001	41.8%	1.6%	1.3%	1.0%	54.2%	0.1%	0.0%	100.0%
2002	42.2%	1.5%	1.3%	1.1%	53.8%	0.1%	0.0%	100.0%
2003	42.9%	1.4%	1.2%	1.1%	53.4%	0.1%	0.0%	100.0%
2004	43.3%	1.4%	1.4%	1.0%	52.8%	0.1%	0.0%	100.0%
2005	43.5%	1.4%	1.3%	1.0%	52.7%	0.1%	0.0%	100.0%

TABLE C3. TAXABLE VALUE BY PROPERTY CLASS, CITY OF VANCOUVER PROPERTIES
WITHOUT THREE-YEAR LAND AVERAGING (\$000s)

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM	TOTAL
1984	\$12,723,101	\$159,506	\$340,312	-	\$5,768,962	\$30,957	-	\$19,022,837
1985	\$14,207,601	\$204,735	\$309,147	-	\$6,040,930	\$25,808	-	\$20,788,221
1986	\$14,499,868	\$150,340	\$296,869	-	\$6,229,061	\$38,426	-	\$21,214,564
1987	\$15,805,280	\$117,246	\$276,360	-	\$6,528,468	\$44,792	-	\$22,772,145
1988	\$16,151,362	\$121,207	\$134,793	\$131,008	\$6,618,520	\$47,114	-	\$23,204,005
1989	\$22,094,920	\$233,242	\$133,181	\$120,147	\$7,970,413	\$60,008	-	\$30,611,911
1990	\$22,643,341	\$240,183	\$135,871	\$134,713	\$8,198,168	\$60,941	\$52	\$31,413,268
1991	\$34,523,366	\$261,719	\$172,239	\$141,556	\$11,811,424	\$97,133	\$49	\$47,007,486
1992	\$35,208,109	\$269,831	\$171,917	\$138,586	\$12,041,047	\$86,507	\$49	\$47,916,044
1993	\$43,351,825	\$242,695	\$180,855	\$127,681	\$12,695,838	\$118,862	\$34	\$56,717,789
1994	\$47,585,781	\$246,043	\$204,875	\$124,807	\$11,705,167	\$118,221	\$63	\$59,984,959
1995	\$50,348,576	\$258,727	\$204,861	\$121,845	\$11,483,914	\$121,526	\$55	\$62,539,504
1996	\$53,006,709	\$244,406	\$192,897	\$118,888	\$12,094,421	\$110,443	\$56	\$65,767,821
1997	\$53,723,659	\$211,509	\$130,591	\$178,742	\$12,739,332	\$110,111	\$75	\$67,094,019
1998	\$54,036,440	\$222,561	\$177,229	\$100,481	\$13,268,355	\$86,229	\$76	\$67,891,370
1999	\$51,144,758	\$189,205	\$153,965	\$111,725	\$13,246,016	\$87,375	\$76	\$64,933,120
2000	\$50,698,715	\$198,257	\$153,536	\$220,987	\$13,195,466	\$90,903	\$73	\$64,557,937
2001	\$51,814,750	\$199,694	\$159,454	\$260,295	\$13,457,316	\$86,889	\$73	\$65,978,471
2002	\$53,301,369	\$192,073	\$181,315	\$268,834	\$13,647,333	\$107,326	\$84	\$67,698,334
2003	\$58,336,221	\$183,449	\$232,095	\$272,341	\$13,768,486	\$107,412	\$82	\$72,900,086
2004	\$65,157,108	\$185,219	\$219,262	\$275,466	\$14,291,843	\$117,536	\$85	\$80,246,519
2005	\$78,282,056	\$187,493	\$207,909	\$305,898	\$15,398,543	\$112,737	\$95	\$94,494,731

TABLE C4. SHARE OF TAXABLE VALUE BY PROPERTY CLASS, CITY OF VANCOUVER PROPERTIES
WITHOUT THREE-YEAR LAND AVERAGING (\$000s)

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM	TOTAL
1984	66.9%	0.8%	1.8%	0.0%	30.3%	0.2%	0.0%	100.0%
1985	68.3%	1.0%	1.5%	0.0%	29.1%	0.1%	0.0%	100.0%
1986	68.3%	0.7%	1.4%	0.0%	29.4%	0.2%	0.0%	100.0%
1987	69.4%	0.5%	1.2%	0.0%	28.7%	0.2%	0.0%	100.0%
1988	69.6%	0.5%	0.6%	0.6%	28.5%	0.2%	0.0%	100.0%
1989	72.2%	0.8%	0.4%	0.4%	26.0%	0.2%	0.0%	100.0%
1990	72.1%	0.8%	0.4%	0.4%	26.1%	0.2%	0.0%	100.0%
1991	73.4%	0.6%	0.4%	0.3%	25.1%	0.2%	0.0%	100.0%
1992	73.5%	0.6%	0.4%	0.3%	25.1%	0.2%	0.0%	100.0%
1993	76.4%	0.4%	0.3%	0.2%	22.4%	0.2%	0.0%	100.0%
1994	79.3%	0.4%	0.3%	0.2%	19.5%	0.2%	0.0%	100.0%
1995	80.5%	0.4%	0.3%	0.2%	18.4%	0.2%	0.0%	100.0%
1996	80.6%	0.4%	0.3%	0.2%	18.4%	0.2%	0.0%	100.0%
1997	80.1%	0.3%	0.2%	0.3%	19.0%	0.2%	0.0%	100.0%
1998	79.6%	0.3%	0.3%	0.1%	19.5%	0.1%	0.0%	100.0%
1999	78.8%	0.3%	0.2%	0.2%	20.4%	0.1%	0.0%	100.0%
2000	78.5%	0.3%	0.2%	0.3%	20.4%	0.1%	0.0%	100.0%
2001	78.5%	0.3%	0.2%	0.4%	20.4%	0.1%	0.0%	100.0%
2002	78.7%	0.3%	0.3%	0.4%	20.2%	0.2%	0.0%	100.0%
2003	80.0%	0.3%	0.3%	0.4%	18.9%	0.1%	0.0%	100.0%
2004	81.2%	0.2%	0.3%	0.3%	17.8%	0.1%	0.0%	100.0%
2005	82.8%	0.2%	0.2%	0.3%	16.3%	0.1%	0.0%	100.0%

TABLE C5. CITY OF VANCOUVER GENERAL PURPOSE TAX RATES
(DOES NOT INCLUDE TAX RATES OF OTHER TAXING AUTHORITIES)

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM
1984	\$5.207	\$18.166	\$18.180	-	\$13.641	\$5.143	\$4.467
1985	\$4.857	\$18.750	\$21.584	-	\$15.915	\$5.972	\$5.071
1986	\$5.101	\$20.361	\$23.663	-	\$16.727	\$6.212	\$6.594
1987	\$4.790	\$28.823	\$24.139	-	\$16.229	\$5.696	\$7.304
1988	\$5.177	\$22.790	\$27.126	\$27.126	\$17.596	\$6.073	\$7.899
1989	\$4.104	\$24.026	\$29.512	\$28.799	\$15.518	\$5.069	\$8.092
1990	\$4.210	\$24.470	\$30.164	\$26.571	\$17.315	\$4.983	\$10.177
1991	\$3.289	\$22.945	\$24.604	\$24.027	\$13.959	\$3.608	\$11.543
1992	\$3.337	\$23.151	\$25.723	\$25.536	\$15.621	\$3.110	\$3.110
1993	\$2.922	\$26.908	\$25.598	\$24.075	\$13.279	\$2.666	\$2.666
1994	\$2.869	\$27.134	\$30.098	\$25.203	\$15.233	\$2.621	\$2.621
1995	\$2.745	\$27.043	\$30.210	\$25.849	\$15.006	\$2.644	\$2.644
1996	\$2.661	\$27.555	\$30.814	\$25.998	\$14.558	\$2.595	\$2.595
1997	\$2.812	\$30.632	\$30.993	\$27.372	\$14.526	\$2.779	\$2.779
1998	\$2.697	\$29.383	\$28.897	\$27.841	\$14.507	\$2.720	\$2.720
1999	\$2.883	\$30.827	\$30.721	\$28.809	\$14.895	\$3.031	\$3.031
2000	\$2.995	\$29.921	\$30.540	\$14.941	\$14.874	\$3.109	\$3.109
2001	\$3.011	\$29.959	\$29.720	\$14.863	\$14.827	\$3.015	\$3.015
2002	\$3.117	\$31.257	\$28.134	\$15.451	\$15.483	\$3.098	\$3.098
2003	\$3.172	\$32.451	\$27.717	\$16.092	\$16.367	\$3.047	\$3.047
2004	\$3.062	\$32.995	\$28.585	\$16.020	\$16.755	\$2.879	\$2.879
2005	\$2.790	\$33.465	\$28.317	\$15.527	\$16.441	\$2.524	\$2.524

TABLE C6. CITY OF VANCOUVER GENERAL PURPOSE TAX RATE RATIOS
(DOES NOT INCLUDE TAX RATES OF OTHER TAXING AUTHORITIES)

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM
1984	1.0	3.5	3.5	-	2.6	1.0	0.9
1985	1.0	3.9	4.4	-	3.3	1.2	1.0
1986	1.0	4.0	4.6	-	3.3	1.2	1.3
1987	1.0	6.0	5.0	-	3.4	1.2	1.5
1988	1.0	4.4	5.2	5.2	3.4	1.2	1.5
1989	1.0	5.9	7.2	7.0	3.8	1.2	2.0
1990	1.0	5.8	7.2	6.3	4.1	1.2	2.4
1991	1.0	7.0	7.5	7.3	4.2	1.1	3.5
1992	1.0	6.9	7.7	7.7	4.7	0.9	0.9
1993	1.0	9.2	8.8	8.2	4.5	0.9	0.9
1994	1.0	9.5	10.5	8.8	5.3	0.9	0.9
1995	1.0	9.9	11.0	9.4	5.5	1.0	1.0
1996	1.0	10.4	11.6	9.8	5.5	1.0	1.0
1997	1.0	10.9	11.0	9.7	5.2	1.0	1.0
1998	1.0	10.9	10.7	10.3	5.4	1.0	1.0
1999	1.0	10.7	10.7	10.0	5.2	1.1	1.1
2000	1.0	10.0	10.2	5.0	5.0	1.0	1.0
2001	1.0	10.0	9.9	4.9	4.9	1.0	1.0
2002	1.0	10.0	9.0	5.0	5.0	1.0	1.0
2003	1.0	10.2	8.7	5.1	5.2	1.0	1.0
2004	1.0	10.8	9.3	5.2	5.5	0.9	0.9
2005	1.0	12.0	10.2	5.6	5.9	0.9	0.9

TABLE C7. CITY OF VANCOUVER NUMBER OF PROPERTIES IN EACH PROPERTY CLASS
(BASED ON BC ASSESSMENT AUTHORITY "OCCURENCES")

YEAR	CLASS 1 RESIDENTIAL	CLASS 2 UTILITIES	CLASS 4 MAJOR INDUSTRY	CLASS 5 LIGHT INDUSTRY	CLASS 6 BUSINESS/ OTHER	CLASS 8 SEASONAL	CLASS 9 FARM	TOTAL
1984	-	-	-	-	-	-	-	-
1985	-	-	-	-	-	-	-	-
1986	-	-	-	-	-	-	-	-
1987	-	-	-	-	-	-	-	-
1988	-	-	-	-	-	-	-	-
1989	-	-	-	-	-	-	-	-
1990	110,834	234	46	172	9,181	652	3	121,122
1991	112,585	245	43	159	9,142	655	3	122,832
1992	114,682	244	41	154	9,002	654	3	124,780
1993	116,469	254	41	139	9,033	651	3	126,590
1994	119,553	254	51	133	9,111	661	6	129,769
1995	124,400	241	51	131	9,449	669	5	134,946
1996	128,673	238	50	123	10,116	667	6	139,873
1997	131,190	224	51	125	10,726	681	10	143,007
1998	134,828	174	42	149	11,082	708	10	146,993
1999	138,581	173	41	146	11,647	729	10	151,327
2000	142,043	169	44	347	12,082	738	10	155,433
2001	144,116	176	44	398	13,074	735	10	158,553
2002	145,938	191	44	423	13,498	746	11	160,851
2003	147,584	189	36	426	13,581	865	10	162,691
2004	150,678	189	29	424	13,642	875	10	165,847
2005	152,891	198	30	446	13,490	864	11	167,930

2006 PROPERTY TAX DISTRIBUTION OPTIONS
 IMPACT OF POLICY OPITONS ON SAMPLE PROPERTIES

Calculated without Assessment Averaging in 2005

Property	2005		2006				
	Total Value	General Taxes	Total Value	Base Taxes	Taxes 4% Increase	Taxes 1% Shift	Taxes FTC
Class 1 Residential		\$2.52		\$2.24	\$2.33	\$2.39	\$2.45
Strata Units							
2763 Chandlery Place	\$154,200	\$389	\$171,000	\$383	\$399	\$408	\$419
1415 W Georgia St	\$830,000	\$2,092	\$910,000	\$2,038	\$2,124	\$2,172	\$2,228
SFR - West Side							
2936 Waterloo St	\$865,000	\$2,180	\$866,000	\$1,940	\$2,021	\$2,067	\$2,120
5825 Vine St	\$2,677,000	\$6,746	\$2,879,000	\$6,449	\$6,719	\$6,881	\$7,025
SFR - East Side							
2676 East 23 rd St	\$597,000	\$1,504	\$628,000	\$1,407	\$1,466	\$1,499	\$1,537
3837 Clark St	\$349,200	\$880	\$361,500	\$810	\$844	\$864	\$882
Class 6 Business		\$15.53		\$13.98	\$14.54	\$14.28	\$13.98
Retail							
2952 West 4 th Ave	\$303,900	\$4,720	\$362,600	\$5,070	\$5,273	\$5,179	\$5,070
2388 West 4 th Ave	\$1,811,000	\$28,125	\$1,921,000	\$26,859	\$27,933	\$27,435	\$26,862
1202 Davie Street	\$2,257,000	\$35,051	\$2,348,000	\$32,829	\$34,142	\$33,533	\$32,833
1156 Bute Street	\$400,000	\$6,212	\$400,000	\$5,593	\$5,816	\$5,713	\$5,593
Office							
925 West Georgia	\$88,603,000	\$1,376,005	\$108,332,000	\$1,514,669	\$1,575,255	\$1,547,154	\$1,514,839
777 West Broadway	\$15,176,000	\$235,683	\$16,927,000	\$236,669	\$246,135	\$241,745	\$236,695
Class 5 Light Industrial		\$15.53		\$13.98	\$14.54	\$14.28	\$13.84
105 Commercial	\$13,049,000	\$202,651	\$13,049,000	\$182,448	\$189,745	\$186,361	\$182,468
1350 E Kent South	\$3,270,000	\$50,783	\$3,434,000	\$48,013	\$49,934	\$49,043	\$48,019
1859 Franklin	\$414,000	\$6,429	\$436,000	\$6,096	\$6,340	\$6,227	\$6,097

2006: Change in General Taxes				
Value Change from 2005	Change in Base Tax from 2005	4% Tax Increase over Base Taxes	4% Increase and 1% Shift over Base Taxes	4% Increase and FTC Proposal over Base Taxes
\$16,800	(\$6)	\$16	\$25	\$36
\$80,000	(\$54)	\$85	\$134	\$189
\$1,000	(\$240)	\$81	\$127	\$180
\$202,000	(\$297)	\$270	\$432	\$576
\$31,000	(\$97)	\$59	\$92	\$131
\$12,300	(\$70)	\$34	\$54	\$72
\$58,700	\$350	\$203	\$109	\$1
\$110,000	(\$1,266)	\$1,074	\$576	\$3
\$91,000	(\$2,222)	\$1,313	\$704	\$4
\$0	(\$619)	\$224	\$120	\$1
\$19,729,000	\$138,664	\$60,586	\$32,486	\$170
\$1,751,000	\$986	\$9,467	\$5,076	\$27
\$0	(\$20,203)	\$7,298	\$3,913	\$20
\$164,000	(\$2,770)	\$1,920	\$1,030	\$5
\$22,000	(\$333)	\$244	\$131	\$1