

LATE DISTRIBUTION FOR COUNCIL - MAY 1, 2007

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CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: April 26, 2007
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Meeting Date: May 1, 2007

TO: Vancouver City Council

FROM: General Manager of Corporate Services / Director of Finance

SUBJECT: 2007 Property Taxation: Taxation Bylaws and Averaging Resolutions

INFORMATION

THAT Council receive the following for INFORMATION.

COUNCIL POLICY

The Vancouver Charter requires that Council adopt the final operating budget as submitted by the Director of Finance as a formal resolution. That approval was given by Council on March 13, 2007.

The Vancouver Charter also requires that Council adopt an annual rating bylaw establishing general purposes property tax rates for each class of property in the City and the amount to be raised as the City's general purposes levy for the year.

Legislation governing the Greater Vancouver Regional District requires that Council approve a rating bylaw establishing the tax rate for each class of property in the City to raise the requisition of the district in the current tax year.

On March 15, 2007, Council approved the averaging of taxable land values for Class 1 (Residential), Class 5 (Light Industry) and Class 6 (Business and Other) properties for the 2007 tax year. Under the authority of the Vancouver Charter, Council must extend averaging to the calculation of taxes levied by other taxing authorities through resolutions which alter the tax rates of those authorities to make the impact of land value averaging revenue neutral. This is done by approving a resolution to vary the applicable tax rates established by those taxing authorities.

PURPOSE

The purpose of this report is to summarize the property tax levies of the various taxing authorities that tax property in the City.

Appendix A provides an overall summary of the tax rates and tax levies of these taxing authorities.

BACKGROUND

On March 13, 2007, Council approved a resolution adopting the revenue and expenditure estimates of the City for the 2007 budget year. This budget, totalling \$847,918,000, provides for all of the revenues and expenditures of the City for 2007 and is based on an increase in the general purposes tax levy of 3.98%. With final roll adjustments, the effective increase was reduced to approximately 3.7%.

On March 15, 2007, through passage of Bylaw 9449, Council approved a program of averaging the assessed value of land for Class 1 (Residential), Class 5 (Light Industry) and Class 6 (Business and Other) over three years for the purpose of calculating 2007 property taxes.

On April 19, 2007, Council approved a recommendation that the 2007 general purposes property tax rates be calculated by applying the full property tax levy increase differentially so that the entire increase is allocated to the residential classes and the non-residential tax levies are frozen at the 2006 level (excepting non-market change).

DISCUSSION

The following sections summarize the levies of the various taxing authorities that are included on the invoice received by City taxpayers. A summary of these levies and the associated tax rates are attached as Appendix A. Appendix B summarizes the tax and utility charges on an average single family property in Vancouver with comparative information for 2006. Overall, this property will pay approximately \$170 or 5.0% more in 2007 compared to 2006.

2007 GENERAL PURPOSE TAX LEVY

To balance the 2007 Operating Budget approved by Council, the general purposes tax levy is set at \$500,137,986. The tax rates necessary to raise this amount, incorporating the 2007 Land Assessment Averaging Program are shown below.

Class	Tax Rate	2007 Levy	2006 Levy
Residential	2.42045	235,934,596	214,239,164
Utilities	37.70146	6,291,090	6,295,619
Heavy Industry	30.25422	5,457,054	4,528,886
Light Industry	13.34754	4,494,536	5,542,339
Business	13.34754	247,662,925	246,450,733
Seasonal /Recreational	2.08653	297,588	291,164
Farm	2.08653	197	226
Total		\$500,137,986	\$477,348,131
Increase			4.8%

Of this change, \$5.3 million (1.1%) arose from supplementary roll adjustments and the addition of new value to the roll, and \$17.5 million (3.7%) arose from the increase in the general purposes taxes approved by Council as part of the 2007 Operating Budget process.

Before Council this day is a bylaw, *2007 Rating Bylaw: General Purposes Taxes* that will give effect to these tax rates.

OTHER TAXING AUTHORITIES

The following summarizes the property tax levies of the other taxing authorities whose levies appear on the City's tax bill.

1. Provincial School Levy

The Provincial Government levies all school taxes in the province. The tax rates submitted by the Surveyor of Taxes generate the following 2007 tax levy, with 2006 comparisons:

Class	Tax Rate	2007 Levy	2006 Levy
Residential	1.6685	188,559,085	182,495,524
Utilities	14.7000	7,473,141	7,189,166
Major Industry	12.5000	2,254,666	2,433,806
Light Industry	7.9000	2,983,678	2,916,322
Business	7.9000	166,711,400	159,342,730
Seasonal /Recreational	3.9000	550,902	507,128
Farm	6.8000	321	321
Total		\$368,533,193	\$354,884,997
Increase			3.8%

It should be noted that the distribution of the school levy is 51.2% residential and 48.8% non residential.

2. Greater Vancouver Regional District (GVRD) Requisition

The GVRD requisition to the City is \$12,491,109 representing an increase of \$936,940 or 8.1% from the 2006 level. A bylaw establishing tax rates for this levy is before Council this day.

3. Municipal Finance Authority Levy

The Municipal Finance Authority has set tax rates that generate a tax levy of \$36,454, an increase of \$7,404 or 25.5% from the 2006 level. Although the City does not utilize the services of the MFA, our tax base shares in the some of the overhead costs associated with the authority.

4. BC Assessment Authority Levy

The BC Assessment Authority has set tax rates that generate a tax levy of \$12,650,498, an increase of \$423,512 or 3.5% from the 2006 level.

5. Greater Vancouver Transportation Authority (TransLink) Levy

The Greater Vancouver Transportation Authority has set tax rates that generate a property tax levy of \$83,110,905, an increase of \$2,239,848 or 2.8% from the 2006 level. This increase reflects funding for the three year financial plan approved by the Translink Board.

The Translink Board also levies a Parking Tax on non residential properties in the region. This tax will be billed at \$0.78 per square meter (\$8.40 per square foot) of taxable parking space as specified in the GVTA Taxing Bylaw. This rate will generate a levy of \$3,114,035 in Vancouver, an increase of \$82,742 or 2.7% from the 2006 levy. As part of the governance review of Translink, it is proposed this tax be converted to a non residential property tax.

AVERAGING RESOLUTIONS

Approval of the land assessment averaging program in 2007 requires that the tax rates submitted by these other taxing authorities for Class 1 (Residential), Class 5 (Light Industry) and Class 6 (Business and Other) be varied. The required resolutions are before Council this day as Administrative Motions.

FINANCIAL IMPLICATIONS

There are no financial implications.

CONCLUSION

Approval of the averaging resolutions and rating bylaws submitted to Council this day will complete the process of developing property tax rates and will allow the billing to proceed. Taxpayers can expect tax bills to arrive during the first week of June. Property taxes are due by Wednesday July 4, 2007. Taxpayers have two billing options and several options for paying their bill:

The standard billing format will be a printed bill delivered by post mail in late May. However, taxpayers may also register to receive an electronic bill at *e-post.ca*.

Payments may be made:

- At any chartered bank and most trust companies and credit unions,
- Through electronic banking arrangements with most financial institutions,
- By dropping a cheque in the mail slot or drop box at City Hall,
- In person at City Hall during regular business hours,
- By post mail.

Beginning in mid May, the City will also offer the ability to claim Homeowner Grants online rather than using the form attached to the tax bill. This service will be available at *vancouver.ca/ehog* and requires a personal access code included on both the 2006 and 2007 property tax bill.

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City of Vancouver

2007 PROPERTY TAX RATES (per \$1000 taxable value)

Including: averaging of Class 01, 05 and 06 land assessments.
3.7% tax increase applied to Classes 01, 08 and 09 only

Levy per	Residential	Utilities	Major	Light	Business	Seasonal	Farm
	Class 1	Class 2	Industry Class 4	Industry Class 5	Class 6	Class 8	Class 9
General	2.42045	37.70146	30.25422	13.34754	13.34754	2.08653	2.08653
Provincial School: Residential	1.93546						
Provincial School: Non-Residential		14.70000	12.50000	8.86071	8.94972	3.90000	6.80000
TransLink	0.42769	2.66450	2.59010	2.90508	2.11214	0.36870	0.36870
BC Assessment Authority	0.07853	0.48650	0.48650	0.24978	0.25224	0.06770	0.06770
Municipal Finance Authority	0.00035	0.00050	0.00050	0.00056	0.00011	0.00020	0.00020
Greater Vancouver Regional District	0.08569	0.29991	0.29134	0.29134	0.20996	0.08569	0.08569
TOTAL	4.94817	55.85287	46.12266	25.65501	24.87171	6.50882	9.40882

2007 PROPERTY TAX REVENUE BY LEVY

Levy	Residential	Utilities	Major	Light	Business	Seasonal	Farm	TOTAL
	Class 1	Class 2	Industry Class 4	Industry Class 5	Class 6	Class 8	Class 9	
General	235,934,741	6,291,090	5,457,054	4,494,532	247,662,925	297,588	197	500,138,100
Provincial School: Residential	188,559,368	-	-	-	-	-	-	188,559,400
Provincial School: Non-Residential	-	7,473,141	2,254,666	2,983,677	166,711,379	550,902	321	179,974,100
TransLink	41,666,636	756,148	467,185	978,231	39,190,650	51,886	17	83,110,800
BC Assessment Authority	7,650,590	138,062	87,752	84,109	4,680,300	9,527	3	12,650,300
Municipal Finance Authority	34,098	142	90	189	2,041	28	0	36,600
Greater Vancouver Regional District	8,348,135	85,110	52,550	98,103	3,895,797	12,059	4	12,491,800
TOTAL	482,193,568	14,743,693	8,319,296	8,638,840	462,143,093	921,990	543	976,961,100

Percent of Total Levy	47.2%	1.3%	1.1%	0.9%	49.5%	0.1%	0.0%	100.0%
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City of Vancouver
PROPERTY TAX ANALYSIS:
Single Family Residential Property

AVERAGED VALUE		<u><u>\$696,000</u></u>	<u><u>\$585,900</u></u>	18.8%	
Levy	2007	2006	Change:		
			\$	%	
General Taxes	1,684.63	1,559.51	125.12	8.0%	
Sewer Fee	171.00	162.00	9.00	5.6%	
Solid Waste Fee	159.00	159.00	0.00	0.0%	
Water Rates	349.00	329.00	20.00	6.1%	
TOTAL CITY CHARGES	2,363.63	2,209.51	131.44	6.3%	
Provincial Schools gross	1,347.08	1,329.14	17.94	1.3%	
Homeowner Grant basic	(570.00)	(570.00)	0.00	0.0%	
NET SCHOOL TAXES	777.08	759.14	17.94	2.4%	
BC Assessment	54.66	53.29	1.37	2.6%	
Municipal Finance	0.24	0.19	0.05	26.0%	
Regional District	59.64	55.34	4.30	7.8%	
TransLink	297.67	306.14	(8.47)	-2.8%	
TOTAL OTHER LEVIES	1,189.29	1,174.10	15.19	1.3%	
TOTAL TAXES (net)	2,873.93	2,733.61	140.31	5.1%	
TOTAL TAXES AND UTILITIES	3,552.93	3,383.61	169.31	5.0%	
Advance Billing	1,691.81				
Main Billing	1,861.12				

Notes:

This calculation assumes:

1. Based on Averaged Taxable Value
2. Basic Homeowner Grant at \$570 for 2007 and 2006.
 - The grant is reduced by \$5 for each \$1000 of value over \$950,000 in 2007 resulting in no grant at values exceeding \$1,064,000.
 - The grant is reduced by \$5 for each \$1000 of value over \$780,000 in 2006 resulting in no grant at values exceeding \$894,000.
 - The Senior's Grant of \$275 may also apply.
3. No local improvements or other non-tax charges, except water rates, solid waste and sewer.
4. No taxes in arrears or prepayments of 2007 taxes.