

# LATE DISTRIBUTION FOR COUNCIL - MAY 5, 2009

# A10



## ADMINISTRATIVE REPORT

Report Date: May 4, 2009  
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Meeting Date: May 5, 2009

TO: Vancouver City Council  
FROM: Director of Finance  
SUBJECT: 2009 Property Taxation: Taxation By-laws and Averaging Resolutions

### RECOMMENDATION

- A. *THAT Council receive the 2009 Property Taxation: Taxation By-laws and Averaging Resolutions Report for information.*
- B. *THAT Council instruct the Director of Legal Services to prepare the applicable rating by-laws establishing the municipal general purpose tax rates and the Greater Vancouver Regional District tax rates for each class of property for enactment by Council.*
- C. *THAT Council adopt the averaging resolutions varying the applicable tax rates established by other taxing authorities to give effect to the land assessment averaging program as required by statute.*

### COUNCIL POLICY

The *Vancouver Charter* requires that the Director of Finance submit to Council each year the detailed estimates of revenues and expenditures of the City for the year no later than April 30; and that Council adopt a resolution approving the budget and a rating by-law establishing general purpose tax rates for each class of property and the amount of general purpose tax levies to be raised as soon thereafter as possible.

The *Vancouver Charter* further requires that, if land assessment averaging is adopted for the calculation of general purpose tax levies, the same be extended to the calculation of taxes levied by other taxing authorities through resolutions that vary the applicable tax rates established by those authorities to make the impact of land assessment averaging revenue-neutral.

Legislation governing Metro Vancouver requires that Council approve a rating by-law establishing the tax rate for each class of property to raise the requisition of the district in the current tax year.

## **PURPOSE**

The purpose of this report is to summarize the property taxes levied by the City and other taxing authorities for each class of property.

## **BACKGROUND**

On March 23, 2009, by By-law No. 9822, Council approved the continuation of the three-year land assessment averaging program in 2009 for the purpose of calculating property taxes for Class 1 Residential, Class 5 Light Industry, and Class 6 Business & Other.

On April 7, 2009, Council approved a resolution thereby adopting the final 2009 Operating Budget totaling \$923,582,000 with an increase in the general purpose tax levies of 5.85%.

On April 23, 2009, Council approved the calculation of the 2009 general purpose tax rates that incorporate a one percent shift of tax levies from non-residential properties (Classes 2, 4, 5 and 6) to residential properties (Classes 1, 8 and 9) to achieve a distribution of approximately 50% residential and 50% non-residential.

## **DISCUSSION**

The property tax bill issued by the City includes municipal general purpose tax levies and utility fees, as well as taxes levied by other taxing authorities over which Council has no control.

The following sections summarize the 2009 property taxes levied by the City and other taxing authorities for each class of property with 2008 comparative data. A table summarizing these levies and the associated tax rates is available in Appendix A.

### **Municipal General Purpose Tax Levies**

To bring the Council-approved final estimates into balance, the amount of general purpose tax levies required for 2009 is \$552,205,899, an increase of \$35.6 million (6.9%) from 2008. Of that, \$30.5 million (5.85%) represents Council-directed general purpose tax increase and \$5.1 million (1%) represents supplementary roll adjustments arising from assessment appeals and non-market changes, including new construction, in 2008.

The tax rates necessary to raise this amount, incorporating the land assessment averaging program, are shown below.

	2009 Unavg'd Rate	2009 Avg'd Rate	2008 Tax Levies	2009 Tax Levies
Class 1 Residential	\$2.08871	\$2.13692	\$250,127,890	\$275,492,629
Class 2 Utilities	\$39.40612	\$39.40612	\$5,991,957	\$6,921,143
Class 3 Supportive Housing	\$0.00000	\$0.00000	\$0	\$0
Class 4 Major Industry	\$30.28937	\$30.28937	\$6,035,424	\$6,073,325
Class 5 Light Industry	\$9.92553	\$10.34798	\$4,514,893	\$4,661,697
Class 6 Business & Other	\$9.92553	\$10.34798	\$249,554,010	\$258,505,566
Class 8 Seasonal & Recreational	\$2.08871	\$2.08871	\$339,226	\$551,296
Class 9 Farm	\$2.08871	\$2.08871	\$207	\$243
			\$516,563,607	\$552,205,899

Before Council today is the *2009 Rating By-law: General Purpose Taxes* that will give effect to these tax rates.

### Taxes Levied by Other Taxing Authorities

Adoption of land assessment averaging in 2009 requires that the tax rates established by other taxing authorities for Class 1 Residential, Class 5 Light Industry, and Class 6 Business & Other be varied to make the impact of averaging revenue-neutral.

Before Council today are the required Resolutions that will give effect to these tax rates.

#### 1. Provincial School

The provincial government has set tax rates that generate a tax levy of \$400,236,920 in 2009, an increase of \$11,132,199 (2.9%) from 2008. The tax levy distribution is 51.1% residential and 48.9% non-residential.

	2009 Unavg'd Rate	2009 Avg'd Rate	2008 Tax Levies	2009 Tax Levies
Class 1 Residential	\$1.54330	\$1.57888	\$195,285,038	\$203,443,538
Class 2 Utilities	\$14.50000	\$14.50000	\$7,942,797	\$8,075,677
Class 3 Supportive Housing	\$0.10000	\$0.10000	\$0	\$0
Class 4 Major Industry	\$7.00000	\$7.00000	\$1,984,332	\$1,403,571
Class 5 Light Industry	\$7.00000	\$7.48227	\$3,243,427	\$3,370,713
Class 6 Business & Other	\$7.00000	\$7.29402	\$180,017,417	\$182,988,295
Class 8 Seasonal & Recreational	\$3.70000	\$3.70000	\$631,344	\$954,724
Class 9 Farm	\$6.90000	\$6.90000	\$365	\$402
			\$389,104,721	\$400,236,920

#### 2. South Coast British Columbia Transportation Authority (TransLink)

Translink has set tax rates that generate a tax levy of \$95,919,524 in 2009, an increase of \$5,370,672 (5.9%) from 2008. The tax levy distribution is 50.6% residential and 49.4% non-residential.

	2009 Unavg'd Rate	2009 Avg'd Rate	2008 Tax Levies	2009 Tax Levies
Class 1 Residential	\$0.36770	\$0.37618	\$43,905,587	\$48,471,109
Class 2 Utilities	\$2.76050	\$2.76050	\$824,631	\$833,793
Class 3 Supportive Housing	\$1.38800	\$1.38800	\$0	\$0
Class 4 Major Industry	\$2.39320	\$2.39320	\$499,497	\$479,861
Class 5 Light Industry	\$2.13280	\$2.27974	\$1,047,627	\$1,027,008
Class 6 Business & Other	\$1.72960	\$1.80239	\$44,212,527	\$45,025,832
Class 8 Seasonal & Recreational	\$0.31860	\$0.31860	\$58,966	\$81,900
Class 9 Farm	\$0.34680	\$0.34680	\$18	\$20
			\$90,548,852	\$95,919,524

As a result of legislative amendments, effective January 1, 2008, the parking site tax is eliminated. However, Translink is granted the authority to assess a replacement tax of up to \$18 million against Classes 1, 2, 4, 5 and 6 in whatever proportions Translink may determine. In 2009, the replacement tax will be applied to all permitted classes and is incorporated in the above tax rates.

### 3. British Columbia Assessment Authority (BC Assessment)

BC Assessment has set tax rates that generate a tax levy of \$14,086,859 in 2009, an increase of \$624,337 (4.6%) from 2008. The tax levy distribution is 60.1% residential and 39.9% non-residential.

	2009 Unavg'd Rate	2009 Avg'd Rate	2008 Tax Levies	2009 Tax Levies
Class 1 Residential	\$0.06410	\$0.06558	\$7,986,376	\$8,449,818
Class 2 Utilities	\$0.49510	\$0.49510	\$145,380	\$149,542
Class 3 Supportive Housing	\$0.06410	\$0.06410	\$0	\$0
Class 4 Major Industry	\$0.49510	\$0.49510	\$102,140	\$99,273
Class 5 Light Industry	\$0.20260	\$0.21656	\$92,724	\$97,558
Class 6 Business & Other	\$0.20260	\$0.21113	\$5,125,173	\$5,274,187
Class 8 Seasonal & Recreational	\$0.06410	\$0.06410	\$10,726	\$16,478
Class 9 Farm	\$0.06410	\$0.06410	\$3	\$4
			\$13,462,522	\$14,086,859

### 4. Greater Vancouver Regional District (GVRD)

The GVRD tax levy is \$13,157,473 in 2009, an increase of \$176,356 (1.4%) from 2008. The tax levy distribution is 66.7% residential and 33.3% non-residential.

	2009 Avg'd Rate	2008 Tax Levies	2009 Tax Levies
Class 1 Residential	\$0.06797	\$8,594,210	\$8,757,796
Class 2 Utilities	\$0.23789	\$77,871	\$71,853
Class 3 Supportive Housing	\$0.06797	\$0	\$0
Class 4 Major Industry	\$0.23109	\$53,147	\$46,336
Class 5 Light Industry	\$0.23109	\$96,552	\$104,105
Class 6 Business & Other	\$0.16652	\$4,146,557	\$4,159,906
Class 8 Seasonal & Recreational	\$0.06797	\$12,777	\$17,472
Class 9 Farm	\$0.06797	\$4	\$4
		\$12,981,117	\$13,157,473

Before Council today is the *2009 Rating By-law: Greater Vancouver Regional District* that will give effect to these tax rates.

**5. Municipal Finance Authority (MFA)**

The MFA has set tax rates that generate a tax levy of \$40,121 in 2009, an increase of \$10,981 (37.7%) from 2008. The tax levy distribution is 65.8% residential and 34.2% non-residential.

Although the City does not use the services provided by the MFA, our tax base shares some of their overhead costs.

	2009 Unavg'd Rate	2009 Avg'd Rate	2008 Tax Levies	2009 Tax Levies
Class 1 Residential	\$0.00020	\$0.00020	\$25,972	\$26,364
Class 2 Utilities	\$0.00070	\$0.00070	\$152	\$211
Class 3 Supportive Housing	\$0.00020	\$0.00020	\$0	\$0
Class 4 Major Industry	\$0.00070	\$0.00070	\$107	\$140
Class 5 Light Industry	\$0.00070	\$0.00075	\$238	\$337
Class 6 Business & Other	\$0.00050	\$0.00052	\$2,636	\$13,016
Class 8 Seasonal & Recreational	\$0.00020	\$0.00020	\$35	\$51
Class 9 Farm	\$0.00020	\$0.00020	\$0	\$0
			\$29,140	\$40,121

**Sample Tax Bill**

For a single family property valued at \$783,000, in 2009, it will pay approximately \$1,673 in general purpose tax levies, \$764 in utility fees, and \$1,066 in taxes levied by other taxing authorities totaling \$3,503.

Further details are available in Appendix B.

**Next Steps**

Approval of the rating by-laws and averaging resolutions submitted to Council today will complete the process of establishing tax rates for each class of property and allow billing to

proceed. Taxpayers can expect tax bills to arrive by the first week of June. Property taxes are due by July 3, 2009.

Taxpayers have two billing options and several payment options.

The standard billing format is a printed bill delivered by post mail in late May. Taxpayers may also register to receive an electronic bill at *epost.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

Commencing mid-May, home owner's grants can be applied online rather than using the form attached to the tax bill. This service is available at *vancouver.ca/ehog* and requires a personal access code included on both the 2008 and 2009 property tax bill.

#### **FINANCIAL IMPLICATIONS**

There are no financial implications.

#### **CONCLUSION**

Adoption of the 2009 rating by-laws and averaging resolutions will give effect to the property tax rates for each class of property and allow billing to proceed.

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2009 Property Tax Rates (per \$1000 Taxable Value)

	Residential	Utilities	Supportive Housing	Major Industry	Light Industry	Business & Other	Seasonal & Recreational	Farm
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 8	Class 9
General Purpose Tax Levies	\$2.13692	\$39.40612	\$0.00000	\$30.28937	\$10.34798	\$10.34798	\$2.08871	\$2.08871
Provincial School: Residential	\$1.57888							
Provincial School: Non-residential		\$14.50000	\$0.10000	\$7.00000	\$7.48227	\$7.29402	\$3.70000	\$6.90000
Translink	\$0.37618	\$2.76050	\$1.38800	\$2.39320	\$2.27974	\$1.80239	\$0.31860	\$0.34680
BC Assessment	\$0.06558	\$0.49510	\$0.06410	\$0.49510	\$0.21656	\$0.21113	\$0.06410	\$0.06410
GVRD	\$0.06797	\$0.23789	\$0.06797	\$0.23109	\$0.23109	\$0.16652	\$0.06797	\$0.06797
Municipal Finance Authority	\$0.00020	\$0.00070	\$0.00020	\$0.00070	\$0.00075	\$0.00052	\$0.00020	\$0.00020
<b>Total</b>	<b>\$4.22573</b>	<b>\$57.40031</b>	<b>\$1.62027</b>	<b>\$40.40946</b>	<b>\$20.55839</b>	<b>\$19.82257</b>	<b>\$6.23958</b>	<b>\$9.46778</b>

2009 Property Tax Levies

	Residential	Utilities	Supportive Housing	Major Industry	Light Industry	Business & Other	Seasonal & Recreational	Farm	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 8	Class 9	
General Purpose Tax Levies	\$275,492,629	\$6,921,143	\$0	\$6,073,325	\$4,661,697	\$258,505,566	\$551,296	\$243	552,205,899
Provincial School: Residential	\$203,443,538								203,443,538
Provincial School: Non-residential		\$8,075,677	\$0	\$1,403,571	\$3,370,713	\$182,988,295	\$954,724	\$402	196,793,381
Translink	\$48,471,109	\$833,793	\$0	\$479,861	\$1,027,008	\$45,025,832	\$81,900	\$20	95,919,524
BC Assessment	\$8,449,818	\$149,542	\$0	\$99,273	\$97,558	\$5,274,187	\$16,478	\$4	14,086,859
GVRD	\$8,757,796	\$71,853	\$0	\$46,336	\$104,105	\$4,159,906	\$17,472	\$4	13,157,473
Municipal Finance Authority	\$26,364	\$211	\$0	\$140	\$337	\$13,016	\$51	\$0	40,121
<b>Total</b>	<b>\$544,641,256</b>	<b>\$16,052,219</b>	<b>\$0</b>	<b>\$8,102,505</b>	<b>\$9,261,418</b>	<b>\$495,966,803</b>	<b>\$1,621,921</b>	<b>\$673</b>	<b>\$1,075,646,796</b>
Tax Levy Distribution	50.6%	1.5%	0.0%	0.8%	0.9%	46.1%	0.2%	0.0%	100.0%

**TAX BILL AT A GLANCE  
FOR A SINGLE FAMILY PROPERTY VALUED AT \$783,000**

GENERAL PURPOSE TAXES	\$1,673.21	48%
UTILITY FEES		
Sewer Fees	\$195.00	6%
Solid Waste Fees	\$190.00	5%
Water Fees	\$379.00	11%
TOTAL UTILITY FEES	\$764.00	22%
<b>TOTAL CITY CHARGES</b>	<b>\$2,437.21</b>	<b>70%</b>
PROVINCIAL SCHOOL TAX	\$1,236.26	35%
LESS: HOME OWNER'S GRANT	(\$570.00)	-16%
NET PROVINCIAL SCHOOL TAX	\$666.26	19%
TRANSLINK	\$294.55	8%
BC ASSESSMENT	\$51.35	1%
METRO VANCOUVER	\$53.22	2%
MUNICIPAL FINANCE AUTHORITY	\$0.16	0%
<b>TOTAL OTHER TAXING AUTHORITIES</b>	<b>\$1,065.54</b>	<b>30%</b>
<b>TOTAL CHARGES ON TAX BILL</b>	<b>\$3,502.75</b>	<b>100%</b>

Notes:

- 1) Basic Home Owner's Grant - \$570  
Grant is reduced by \$5 for each \$1,000 of assessed value over \$1,050,000  
No grant for property valued more than \$1,164,000
- 2) Senior Home Owner's Grant may apply - \$275
- 3) Local improvements and other non-tax charges may apply
- 4) Assume no taxes in arrears and no prepayment of taxes