

LATE DISTRIBUTION

For City Services and Budgets MAY 6, 2010



ADMINISTRATIVE REPORT

Report Date: May 4, 2010
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Meeting Date: May 6, 2010

TO: City Services and Budgets
FROM: Director of Finance
SUBJECT: 2010 Property Taxation: Taxation By-laws and Averaging Resolutions

RECOMMENDATION

- A. *THAT Council receive the report for information.*
- B. *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.*
- C. *THAT Council adopt the necessary rating by-laws establishing the municipal general purpose tax rates and the Greater Vancouver Regional District tax rates for each class of property for 2010.*

CITY MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

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 the general purpose tax rate for each property class and the amount of general purpose tax levy 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 levy, 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.

The *Local Government Act* and *Community Charter* requires that Metro Vancouver submit requisitions for regional district costs to the City and that Council approve a rating by-law establishing the tax rate for each property class to raise the requisition in the current tax year.

PURPOSE

The purpose of this report is to present to Council the property taxes levied by the City and other taxing authorities for each property class, and seek Council adoption of the applicable rating by-laws and resolutions.

BACKGROUND

On December 18, 2009, Council approved the 2010 Operating Budget and an overall general purpose tax levy of \$567.2 million. Based on the *2010 Revised Roll*, this levy can be generated with a tax increase of 2.08%, compared to the earlier estimate of 2.26%.

On March 25, 2010, by By-law No. 10021, Council approved the continuation of the three-year land assessment averaging program in 2010 for the purpose of property tax calculations for Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) properties, with the exception of those properties that are impacted by the Downtown Official Development Plan Amendments and relevant zoning changes initiated by the Director of Planning in relation to the Metro Core Jobs and Economy Land Use Plan.

On April 22, 2010, Council approved the calculation of the 2010 general purpose tax rates that incorporate a one percent shift of tax levy from non-residential properties (Classes 2, 4, 5 and 6) to residential properties (Classes 1, 8 and 9) to achieve a distribution of approximately 51% residential and 49% non-residential.

DISCUSSION

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

The following sections summarize the 2010 property taxes levied by the City and other taxing authorities for each property class with 2009 comparative data. A table summarizing these levies and the associated tax rates is available in Appendix A.

Municipal General Purpose Tax Levies

In December 2009, Council approved the 2010 Operating Budget and an overall general purpose tax levy of \$567.2 million. This represents a year-over-year increase of \$15.0 million (2.72%) of which \$11.6 million (2.08%) represents the Council-directed tax increase and \$4.0 million (0.75%) represents supplementary roll adjustments arising from assessment appeals in 2009 and new constructions and other non-market changes in 2010. This levy is offset by \$0.6 million (0.11%) in forgone taxes as a result of the provincial-legislated municipal tax rate caps on eligible Port properties. The tax levy distribution is 51.1% residential and 48.9% non-residential.

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

	2010 Avg'd Rate	2009 Tax Levy	2010 Tax Levy
Class 1 Residential	\$2.14861	\$275,491,752	\$289,715,607
Class 2 Utilities	\$39.91096	\$6,921,143	\$6,877,237
Class 3 Supportive Housing	\$0.00000	\$0	\$0
Class 4 Major Industry	\$30.64936	\$6,073,325	\$6,101,092
Class 5 Light Industry	\$9.78076	\$4,779,444	\$5,272,629
Class 6 Business & Other	\$9.78076	\$258,387,750	\$259,299,492
Class 8 Recreational & Non-profit	\$2.15381	\$551,296	\$604,146
Class 9 Farm	\$2.15381	\$243	\$252
		\$552,204,953	\$567,870,456

Note: Total tax levy \$567.87 million - Forgone taxes on eligible Port properties \$0.63 million = Council-approved tax levy \$567.24 million

Before Council today is the *2010 Rating By-law: General Purpose Taxes* that will give effect to these tax rates.

Taxes Levied by Other Taxing Authorities

Adoption of the land assessment averaging program in 2010 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 \$404,158,308 in 2010, an increase of \$3,921,388 (1.0%) from 2009. The tax levy distribution is 51.9% residential and 48.1% non-residential.

	2010 Avg'd Rate	2009 Tax Levy	2010 Tax Levy
Class 1 Residential	\$1.55095	\$203,443,538	\$208,998,772
Class 2 Utilities	\$14.40000	\$8,075,677	\$8,021,304
Class 3 Supportive Housing	\$0.10000	\$0	\$0
Class 4 Major Industry	\$6.80000	\$1,403,571	\$1,353,615
Class 5 Light Industry	\$6.78545	\$3,370,713	\$3,657,914
Class 6 Business & Other	\$6.80610	\$182,988,295	\$181,170,343
Class 8 Recreational & Non-profit	\$3.50000	\$954,724	\$955,961
Class 9 Farm	\$6.80000	\$402	\$397
		\$400,236,920	\$404,158,308

2. South Coast British Columbia Transportation Authority (TransLink)

Translink has set tax rates that generate a tax levy of \$98,137,849 in 2010, an increase of \$2,218,325 (2.3%) from 2009. The tax levy distribution is 52.2% residential and 47.8% non-residential.

	2010 Avg'd Rate	2009 Tax Levy	2010 Tax Levy
Class 1 Residential	\$0.37928	\$48,471,109	\$51,109,890
Class 2 Utilities	\$2.68080	\$833,793	\$814,975
Class 3 Supportive Housing	\$1.41580	\$0	\$0
Class 4 Major Industry	\$2.29260	\$479,861	\$456,367
Class 5 Light Industry	\$1.98944	\$1,027,008	\$1,072,468
Class 6 Business & Other	\$1.68231	\$45,025,832	\$44,599,376
Class 8 Recreational & Non-profit	\$0.31150	\$81,900	\$84,751
Class 9 Farm	\$0.35210	\$20	\$21
		\$95,919,524	\$98,137,849

The above tax levy includes a component called the Replacement Tax which was formerly the Parking Site Tax applicable to Classes 1, 2, 4, 5 and 6.

3. British Columbia Assessment Authority (BC Assessment)

BC Assessment has set tax rates that generate a tax levy of \$14,577,565 in 2010, an increase of \$490,706 (3.5%) from 2009. The tax levy distribution is 61.4% residential and 38.6% non-residential.

	2010 Avg'd Rate	2009 Tax Levy	2010 Tax Levy
Class 1 Residential	\$0.06624	\$8,449,818	\$8,926,083
Class 2 Utilities	\$0.50510	\$149,542	\$153,553
Class 3 Supportive Housing	\$0.06640	\$0	\$0
Class 4 Major Industry	\$0.50510	\$99,273	\$100,546
Class 5 Light Industry	\$0.19827	\$97,558	\$106,886
Class 6 Business & Other	\$0.19888	\$5,274,187	\$5,272,427
Class 8 Recreational & Non-profit	\$0.06640	\$16,478	\$18,066
Class 9 Farm	\$0.06640	\$4	\$4
		\$14,086,859	\$14,577,565

4. Greater Vancouver Regional District (GVRD)

The GVRD tax levy is \$13,940,810 in 2010, an increase of \$783,337 (5.9%) from 2009. The tax levy distribution is 66.3% residential and 33.7% non-residential.

	2010 Avg'd Rate	2009 Tax Levy	2010 Tax Levy
Class 1 Residential	\$0.06849	\$8,757,796	\$9,229,029
Class 2 Utilities	\$0.23971	\$71,853	\$72,872
Class 3 Supportive Housing	\$0.06849	\$0	\$0
Class 4 Major Industry	\$0.23286	\$46,336	\$46,353
Class 5 Light Industry	\$0.23286	\$104,105	\$125,530
Class 6 Business & Other	\$0.16780	\$4,159,906	\$4,448,387
Class 8 Recreational & Non-profit	\$0.06849	\$17,472	\$18,634
Class 9 Farm	\$0.06849	\$4	\$4
		\$13,157,473	\$13,940,810

Before Council today is the *2010 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 \$40,936 in 2010, an increase of \$815 (2.0%) from 2009. 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.

	2010 Avg'd Rate	2009 Tax Levy	2010 Tax Levy
Class 1 Residential	\$0.00020	\$26,364	\$26,886
Class 2 Utilities	\$0.00070	\$211	\$213
Class 3 Supportive Housing	\$0.00020	\$0	\$0
Class 4 Major Industry	\$0.00070	\$140	\$139
Class 5 Light Industry	\$0.00070	\$337	\$377
Class 6 Business & Other	\$0.00050	\$13,016	\$13,267
Class 8 Recreational & Non-profit	\$0.00020	\$51	\$54
Class 9 Farm	\$0.00020	\$0	\$0
		\$40,121	\$40,936

Single Family Residential Sample Tax Bill

A sample tax bill for a single family (detached) property valued at \$781,000 in 2010 is attached as Appendix B. This property will pay approximately \$1,678 in general purpose tax levy, \$865 in utility fees, and \$1,043 in taxes levied by other taxing authorities for a total of \$3,586.

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 5, 2010.

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 the property tax bill.

FINANCIAL IMPLICATIONS

There are no financial implications.

CONCLUSION

Adoption of the 2010 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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2010 Property Tax Rates (per \$1,000 Taxable Value)

	Residential	Utilities	Supportive Housing	Major Industry	Light Industry	Business & Other	Recreational & Non-profit	Farm
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 8	Class 9
General Purpose Tax Levy	\$2.14861	\$39.91096	\$0.00000	\$30.64936	\$9.78076	\$9.78076	\$2.15381	\$2.15381
Provincial School: Residential	\$1.55095							
Provincial School: Non-residential		\$14.40000	\$0.10000	\$6.80000	\$6.78545	\$6.80610	\$3.50000	\$6.80000
Translink	\$0.37928	\$2.68080	\$1.41580	\$2.29260	\$1.98944	\$1.68231	\$0.31150	\$0.35210
BC Assessment	\$0.06624	\$0.50510	\$0.06640	\$0.50510	\$0.19827	\$0.19888	\$0.06640	\$0.06640
GVRD	\$0.06849	\$0.23971	\$0.06849	\$0.23286	\$0.23286	\$0.16780	\$0.06849	\$0.06849
Municipal Finance Authority	\$0.00020	\$0.00070	\$0.00020	\$0.00070	\$0.00070	\$0.00050	\$0.00020	\$0.00020
Total	\$4.21377	\$57.73727	\$1.65089	\$40.48062	\$18.98748	\$18.63635	\$6.10040	\$9.44100

2010 Property Tax Levies

	Residential	Utilities	Supportive Housing	Major Industry	Light Industry	Business & Other	Recreational & Non-profit	Farm	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 8	Class 9	
General Purpose Tax Levy	\$289,715,607	\$6,877,237	\$0	\$6,101,092	\$5,272,629	\$259,299,492	\$604,146	\$252	567,870,456
Provincial School: Residential	\$208,998,772								208,998,772
Provincial School: Non-residential		\$8,021,304	\$0	\$1,353,615	\$3,657,914	\$181,170,343	\$955,961	\$397	195,159,535
Translink	\$51,109,890	\$814,975	\$0	\$456,367	\$1,072,468	\$44,599,376	\$84,751	\$21	98,137,849
BC Assessment	\$8,926,083	\$153,553	\$0	\$100,546	\$106,886	\$5,272,427	\$18,066	\$4	14,577,565
GVRD	\$9,229,029	\$72,872	\$0	\$46,353	\$125,530	\$4,448,387	\$18,634	\$4	13,940,810
Municipal Finance Authority	\$26,886	\$213	\$0	\$139	\$377	\$13,267	\$54	\$0	40,936
Total	\$568,006,268	\$15,940,154	\$0	\$8,058,113	\$10,235,805	\$494,803,292	\$1,681,613	\$678	\$1,098,725,923
Tax Levy Distribution	51.7%	1.5%	0.0%	0.7%	0.9%	45.0%	0.2%	0.0%	100.0%

Note: Total tax levy \$567.87 million - Forgone taxes on eligible Port properties \$0.63 million = Council-approved tax levy \$567.24 million

GENERAL PURPOSE TAX LEVY	\$1,678	47%
UTILITY FEES		
Sewer Fees	\$227	6%
Solid Waste Fees	\$221	6%
Water Fees	\$417	12%
TOTAL UTILITY FEES	\$865	24%
TOTAL CITY CHARGES	\$2,543	71%
PROVINCIAL SCHOOL TAX	\$1,211	34%
LESS: HOME OWNER'S GRANT	(\$570)	-16%
NET PROVINCIAL SCHOOL TAX	\$641	18%
TRANSLINK	\$296	8%
BC ASSESSMENT	\$52	1%
METRO VANCOUVER	\$53	1%
MUNICIPAL FINANCE AUTHORITY	\$0	0%
TOTAL OTHER TAXING AUTHORITIES	\$1,043	29%
TOTAL CHARGES ON TAX BILL	\$3,586	100%

Notes:

- 1) Basic Home Owner 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