CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date:	April 14, 2014
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Meeting Date:	April 16, 2014

TO: Standing Committee on City Finance and Services

FROM: Director of Finance

SUBJECT: 2014 Property Taxation - Distribution of Property Tax Levy

RECOMMENDATION

THAT Council instruct the Director of Finance to calculate the 2014 general purpose tax rates for all property classes to achieve a tax distribution of approximately 54.1% residential and 45.9% non-residential.

REPORT SUMMARY

The purpose of this report is to seek Council approval of the distribution of the general purpose tax levy across property classes for the purpose of calculating the 2014 tax rates.

In 2007, the Property Tax Policy Review Commission ("PTPRC") recommended shifting $23.8 million from non-residential to residential property classes at a rate of 1% of tax levy per year to achieve a target distribution of 52% residential and 48% non-residential. Once the target was achieved, the City should leave the tax share unchanged for a period of five years, unless the business tax differential between the City and its neighbors in Metro Vancouver widened considerably, or the balance of business investment tilted away from Vancouver to other parts of the region. The program was completed in 2012.

In April 2013, Council reconvened the PTPRC to update its work on i) tax stability and predictability and ii) tax distribution. With regards to tax distribution, in its report to Council in February 2014, the PTPRC affirmed that there was no evidence of an increasing business tax differential or of business investment moving to neighboring municipalities, and made the following recommendations:

- *THAT Council leave the Class 5 and 6 tax shares unchanged at this point in time.*

- *THAT Council endorse and use the eight metrics identified*[1] *to guide future decisions on the distribution of the municipal property tax burden among tax classes.*
- *THAT Council invest the resources necessary to refine and strengthen the data for the metrics.*

Staff therefore recommend no tax shift for 2014, and will report to Council with an analysis of the rest of the recommendations and appropriate implementation strategies for Council's consideration in summer of 2014.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 219 of the *Vancouver Charter* requires that, by April 30, the Director of Finance submits to Council a report that sets out the distribution of the general purpose tax levy across property classes for that year.

It has been Council policy that the tax rates for Class 1, 8 and 9 and for Class 5 and 6 be calculated on a blended basis, which means the classes within these two groups are taxed at the same rate before application of land assessment averaging.

Since 1983, it has been Council policy to distribute the general purpose tax levy across property classes through a "tax share" approach under which the share of the levy collected from each property class remains constant over time, subject to adjustments arising from non-market changes on the *Assessment Roll* (e.g. transfer of properties among classes, new construction within each class) and Council decisions to adjust the tax share for each class. This approach ensures that tax share is set by Council policy, not by market value changes. This policy was reaffirmed by Council in April 2005, and endorsed by the "PTPRC" in its final recommendations to Council in September 2007.

In March 2008, Council adopted the PTPRC's recommendation of shifting $23.8 million proportionately from non-residential to residential property classes at a rate of 1% of the overall tax levy per year to achieve a target distribution of 52% residential and 48% non-residential (based on the *2007 Assessment Roll*). The program was completed in 2012.

In December 2013, Council approved the 2014 Operating Budget of $1.2 billion of which $630.2 million is to be funded from general purpose tax levy, requiring an estimated tax increase of 1.9% (final tax increase based on the *2014 Revised Roll* is 1.62%).

In March 2014, Council adopted the *2014 Land Assessment Averaging By-law* that authorized the use of three-year land assessment averaging for the purpose of calculating property taxes for Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) properties.

In April 2013, Council reconvened the PTPRC to work with staff on two key areas:

- assess viable options to enhance property tax stability and predictability arising from significant year-over-year market value changes; and

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[1] Eight metrics recommended by the PTPRC: i) tax share ii) Class 6 tax rates iii) Class 6 taxes per sq. ft. iv) Class 6 taxes per capita v) tax rate ratio vi) change in Class 6 building permits vii) change in Class 6 assessment viii) change in Class 6 vacancy rates

- assess viable options for tax distribution; validate whether the tax share of 53% residential/ 47% non-residential continues to be an appropriate distribution; and recommend metrics for monitoring tax share over the long-term and its impact on residents and business climate.

In February 2014, Council received the report from the PTPRC, and deferred Council decision on its recommendations until staff report back with an analysis and implementation strategies in summer of 2014.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

Vancouver has consistently been ranked by leading global authorities as one of the most livable cities in the world, and was ranked by KPMG as having one of the best business tax environments in 2012. To capitalize on this competitive advantage, the City needs to maintain an affordable environment for both businesses and residents.

While the City's property tax regime generally functions well, every tax system has inherent limitations and challenges. Over the years, most discussions and debates revolve around two areas: assessment volatility and tax share; both of which have some impact on affordability and business climate. The complexity of these challenges is apparent on consideration of "hot" properties with triple net leases where landlords transfer the entire tax burden to small business tenants while benefiting from future capital gain upon redevelopment.

To enhance business climate, Council adopted the 2007 PTPRC recommendations by redistributing $23.8 million of tax levy from non-residential to residential over 5 years (completed in 2012) which reduced the business tax share and the tax rate ratio to 47% and 4.3 respectively (both at historical lows); and by seeking an amendment to the *Vancouver Charter* to allow the City to use up to 5 years of land values in the averaging formula (enacted in 2013) to further mitigate tax volatility.

In addition to tax policies, Council has also taken a number of proactive steps to enhance affordability and support economic development. These include:

- keeping property tax increase in line with inflation;
- bringing transformative changes through the Vancouver Service Review that streamline City operations for greater efficiencies, reduced duplication, and improved oversight and accountability;
- launching the first Vancouver Economic Action Strategy in 2011;
- adopting Transportation 2040 to enable a sustainable, efficient transportation system; and
- adopting land use policies that preserve commercial and industrial space and promote affordable housing to attract and retain workforce talent.

The result of these actions is significant, as commercial and office development activities have been robust in recent years, and Vancouver continues to enjoy one of the lowest vacancy rates in Metro Vancouver.

To ensure that the City's tax policies continue to be progressive and current in meeting the needs of businesses and residents, and align with the broader public policies and long-term goals, Council reconvened the PTPRC in 2013 to provide an updated assessment of the tax volatility and tax share issues, and recommend further actions as appropriate for Council's consideration. The report was presented to Council on February 18, 2014. To ensure Council and key stakeholders have time to review and absorb the contents of the report, staff will report to Council with an analysis and appropriate implementation strategies for Council's consideration in summer of 2014, in time for Council to set tax policies for 2015.

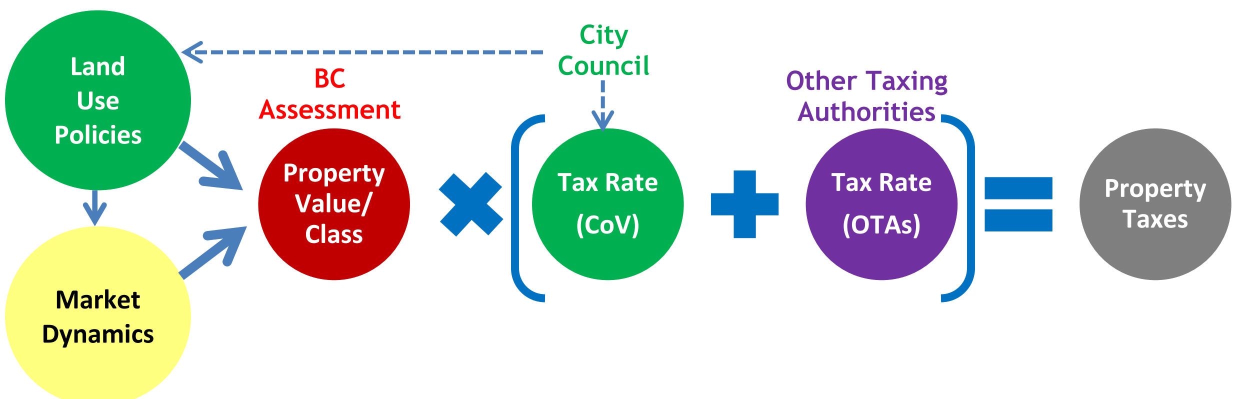
REPORT

Background/Context

BC's property taxation framework has been recognized as one of the best in class due mainly to the segregation of assessment and taxation functions that ensures objectivity and credibility; and the annual market valuation approach that ensures currency, equity and transparency.

Figure 1 below shows the key drivers and stakeholders within the property taxation framework.

Figure 1: Property Taxation Framework



Property taxes are levied by taxing authorities based on real property values, which are driven by zoning as defined in **land use policies** and by **market dynamics**.

BC Assessment determines the value of all real properties in BC based on their "highest and best use" as defined by zoning and market evidence, and assigns them to appropriate property class(es) based on their "actual use" in accordance with the *Assessment Act*. An *Assessment Roll* is produced annually for municipalities and other taxing authorities (OTAs) such as Provincial School, Translink, Metro Vancouver, Municipal Finance Authority and BC Assessment to levy property taxes.

City Council sets land use policies that define zoning; determines the amount of general purpose tax levy required to support City operations; sets residential and business tax share and tax rates; and levies property taxes using the *Assessment Roll*. Council may also decide whether to apply mitigation tools such as land assessment averaging in any given year. The City's general purpose tax portion accounts for ~50% of the overall tax rate.

OTAs set tax share and tax rate for each property class, and levy property taxes using the *Assessment Roll*. If land assessment averaging is applied, the tax rates for the impacted property classes will be adjusted to ensure revenue neutrality. OTAs accounts for ~50% of the overall tax rate.

A discussion on various tax distribution approaches, tax rate calculation, and mitigation measures is presented in Appendix A. The history of Council-directed tax redistribution between residential and non-residential property classes and tax distribution is presented in Appendix B and C.

Strategic Analysis

In December 2013, Council approved the 2014 Operating Budget of $1.2 billion of which $630.2 million is to be funded from general purpose tax levy and $547.3 million from other revenue sources. Based on the *2014 Revised Roll*, the required tax levy can be generated with a tax increase of 1.62% compared to the earlier estimate of 1.9%.

I. 2014 Revised Roll

Key facts relating to the *2014 Revised Roll* are as follows. Reconciliation of the assessment base and overall tax levy between 2013 and 2014 is presented in Appendix E.

(i) The taxable assessment base has increased by $5.1 billion (2.3%).

(ii) The overall increase in property tax levy for the City is $15.2 million (2.5%), which is comprised of the following:

2013 -	
Supplementary adjustments arising from assessment appeals	-$0.1 million
2014 -	
New construction	+$5.3 million
Class transfers & other non-market changes	+$0.1 million
Increased tax forgone from tax rate cap on port properties	-$0.2 million
Final tax increase (1.62%) to generate $630.2 million tax levy	+$10.1 million
Total Increase in Tax Levy	+$15.2 million

(iii) New construction, class transfers and other non-market changes have shifted 0.4% of the overall tax levy from non-residential to residential property classes.

(iv) Three Class 6 – Business & Other properties have been converted to Class 8 – Recreational properties (e.g. parks & gardens) totalling $13.5 million in assessed value, resulting in savings of approximately $78,600 in general purpose tax.

(v) 13 properties (20 folios) totaling $110.8 million in assessed value are eligible for heritage tax exemptions, resulting in approximately $0.7 million of forgone general purpose tax levy which is shared by taxable properties in the course of balancing the annual operating budget.

(vi) To-date, 92 property folios have been designated as Class 3 Supportive Housing[2] (11 folios added in 2014), resulting in approximately $1.3 million of forgone general purpose tax levy and payment-in-lieu of taxes. This represents additional subsidies from Vancouver beyond the City's land and capital funding contribution towards the development of supportive housing, as the forgone tax has to be picked up by all taxpayers.

(vii) As part of the Ports Competitiveness Initiative that took effect in 2004 and extended through 2018, the Province has legislated municipal tax rate caps to eligible tenant-occupied port properties: $27.50 (per $1,000 taxable value) on existing properties and $22.50 (per $1,000 taxable value) on new investments. Seven folios are eligible under this provision, resulting in approximately $1.2 million of net forgone general purpose tax levy.

II. Distribution of General Purpose Tax Levy

Consistent with Council policy of distributing the general purpose tax levy through a "tax share" approach, staff have calculated the following tax distribution and resulting tax rates using the *2014 Revised Roll* available at the time of the report. Applying the *Average Assessment Roll* will change the taxable values and the applicable tax rates for Classes 1, 5 and 6, but the overall tax levy and the tax distribution across property classes will be the same. The final tax rates, including those levied by other taxing authorities (Provincial School, Translink, BC Assessment, Metro Vancouver, and Municipal Finance Authority), will be reported to Council in May 2014 for adoption.

As noted above, to ensure that the City's tax policies continue to be progressive and current in meeting the needs of businesses and residents, and align with the broader public policies and long-term goals, Council reconvened the PTPRC in April 2013 to work with staff on the two key areas:

- assess viable options to enhance property tax stability and predictability and minimize "hot spots" arising from significant year-over-year market value increases; and
- assess viable options for tax distribution; validate whether the current residential and business tax share continues to be an appropriate distribution; and recommend metrics for monitoring tax share over the long-term and its impact on residents and business climate.

In 2007, the PTPRC recommended shifting $23.8 million from non-residential to residential property classes at a rate of 1% of tax levy per year to achieve a target distribution of 52% residential and 48% non-residential (based on the 2007 Assessment Roll). Once the target was achieved, the City should leave the tax share unchanged for a period of five years, unless the business tax differential between the City and its neighbors in Metro Vancouver widened considerably, or the balance of business investment tilted away from Vancouver to other parts of the region. The program was completed in 2012. In 2014, incorporating all non-market changes, the tax share would be 54.1% residential and 45.9% non-residential subject to Council approval.

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[2] Designated properties, in whole or in part, are subject to special valuation rules that reduce the assessed value of the Class 3 portion of the property to a nominal amount and therefore effectively exempt the property from property taxes.

In its current study, the PTPRC found no evidence of an increasing business tax differential or of business investment moving to neighboring municipalities. As well, the PTPRC reiterated that there is no single definition of the “correct”, most appropriate share of municipal property tax burden that should be borne by the commercial sector. The task of allocating the burden therefore requires a degree of judgment. In its view, taken together, the following metrics compare the commercial property tax situation in Vancouver to that in other Metro Vancouver municipalities, and gauge Vancouver’s ability to retain and attract business investment relative to its neighbors: i) tax share ii) Class 6 tax rates iii) Class 6 taxes per sq. ft. iv) Class 6 taxes per capita v) tax rate ratio vi) change in Class 6 building permits vii) change in Class 6 assessment viii) change in Class 6 vacancy rates.

In its report to Council in February 2014, the PTPRC made the following recommendations on tax distribution:

- THAT Council leave the Class 5 and 6 tax shares unchanged at this point in time.
- THAT Council endorse and use the eight metrics identified to guide future decisions on the distribution of the municipal property tax burden among tax classes.
- THAT Council invest the resources necessary to refine and strengthen the data for the metrics.

Staff therefore recommend no tax shift for 2014, and will report to Council with an analysis of the rest of the recommendations and appropriate implementation strategies for Council’s consideration in summer of 2014.

Table 1 below summarizes the distribution of tax levy across property classes and the tax rate for each class.

Table 1: 2014 Tax Levy Distribution

	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	
Taxable Value	$184,853,304,652	$189,366,920	$96	$190,192,400	$955,616,800	$35,396,533,691	$290,905,600	$195,040	$221,876,115,199
Base Tax Levy	$336,232,713	$6,562,029	$0	$6,321,267	**in Class 6**	$272,191,144	**in Class 1**	**in Class 1**	$621,307,153
Tax Increase	$5,446,970	$106,305	$0	$102,405	**in Class 6**	$4,409,497	**in Class 1**	**in Class 1**	$10,065,176
Final Tax Levy	$341,142,462	$6,668,334	$0	$6,423,672	$0	$276,600,641	$536,860	$360	$631,372,329
Share of Tax Levy	*54.03%*	*1.06%*		*1.02%*	*0.00%*	*43.81%*	*0.09%*	*0.00%*	*100.00%*
UNAVERAGED TAX RATES	1.84548	35.21383	0.00000	33.77460	7.60892	7.60892	1.84548	1.84548	

	Residential (Class 1, 3, 8 & 9)	Non-Residential (Class 2, 4, 5 & 6)
Taxable Value	83.44%	16.56%
Tax Levy Distribution	54.12%	45.88%

Note: Total tax levy $631.4 million – Forgone taxes on eligible Port properties $1.2 million = Council-approved tax levy $630.2 million

Table 2 below summarizes the overall tax impact on a property valued at $1 million in Class 1 - Residential and Class 6 - Business & Other.

Table 2: 2014 Tax Impact - Residential vs. Business

	Property valued @ $1 million[3]	
	Residential	**Business**
General Purpose Tax Levy[4]		
Base	$1,816	$7,488
Tax Increase	$29	$121
Total[5]	**$1,845**	**$7,609**

While the Council-directed tax increase applies to the overall tax levy, the extent of change in a property's tax is also influenced by how that property's assessed value has changed relative to the average change in value within its property class. Properties with higher increases in values relative to the class average will see increases in their taxes beyond the Council-directed increase, while properties with lower increases in values may see no change or a reduction in their taxes. This applies to both residential and non-residential property classes.

The following **Provincial tax relief measures** are available to BC residential property owners which can be applied independently or in combination to alleviate some taxation impact.

Assessment Act s19(8) - available to property owners who have continuously occupied their principal residence for at least 10 years; the land will be assessed based on current zoning rather than anticipated zoning and development potential.

Property Tax Deferment - available to property owners 55 years of age or older who occupy their principal residence and families with children under 18 years of age.

Home Owner Grant - available to property owners who occupy their principal residence of which the value falls within the qualifying range.

Regardless of the tax distribution approach, intra-class tax shifts arising from differential market value changes will naturally occur. Since 1993, it has been Council policy to use land assessment averaging to phase in property tax impacts arising from volatility in land values. In March 2014, Council approved the continuation of the 3-year land assessment averaging program for the purpose of calculating property taxes for Residential (Class 1), Light Industrial (Class 5), and Business and Other (Class 6) properties.

As part of the 2013 review, the PTPRC assessed various options to enhance tax stability and predictability. In its report to Council on February 18, 2014, the PTPRC recommended that Council endorse the Targeted Five-Year Land Assessment Averaging method in place of the existing Three-Year Land Assessment Averaging program for Classes 1, 5 and 6 that focuses on

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[3] Average value of residential property in Vancouver.

[4] Taxes levied by other taxing authorities – Provincial School, Translink, BC Assessment, Metro Vancouver, and Municipal Finance Authority – are not included. Council has no control over the amounts collected by these taxing authorities.

[5] Impact on individual properties may vary depending on the relative change in value of a property compared to other properties in the same class, and the impact that the City's rolling 3-year land assessment averaging program has on the value of a property for tax calculation purposes.

"hot" properties defined as "properties that experience an unanticipated, year-over-year increase in total net assessed value, before land averaging is applied, which exceeds the average assessment increase for the same property class by more than ten percent". Unlike the current land assessment averaging program that applies to all eligible properties in Class 1, 5 and 6 on a continuous basis, the targeted 5-year land assessment averaging method is designed to address only "hot" properties in those same property classes. The intent is to reduce the severity of the increase in assessments until such time as the property is no longer "hot". As such, the percentage change in land value will decrease during such time when intervention is applied.

Staff will report to Council with further analysis on the implication of the proposed changes and appropriate implementation strategies for Council's consideration in summer of 2014, in time for Council to set tax policies for 2015.

III. Vancouver Tax Distribution Compared to Other Metro Vancouver Municipalities

In comparing the City's tax distribution to other Metro Vancouver municipalities, it is important to note that a number of factors may contribute to such differences:

- Different Council priorities and public policy objectives
- Different programs and services levels
- Different revenue strategies: property tax, utility charges, and user fees
- Different mix of residential and non-residential properties on the *Assessment Roll*
- Different funding mechanisms for public transit, tourism and other programs:
  - public transit - the federal gas tax is allocated directly to Translink for all Metro Vancouver municipalities, while such funding flows through other municipalities (e.g. Abbotsford)
  - tourism – some municipalities retain the hotel room tax (up to 2% of sales of accommodation); in Vancouver, such funding has been directed by the Province to Tourism Vancouver

Table 3 below summarizes the distribution of tax levy between residential and non-residential property classes in selected Metro Vancouver municipalities with a population of 100,000 or more in 2013.

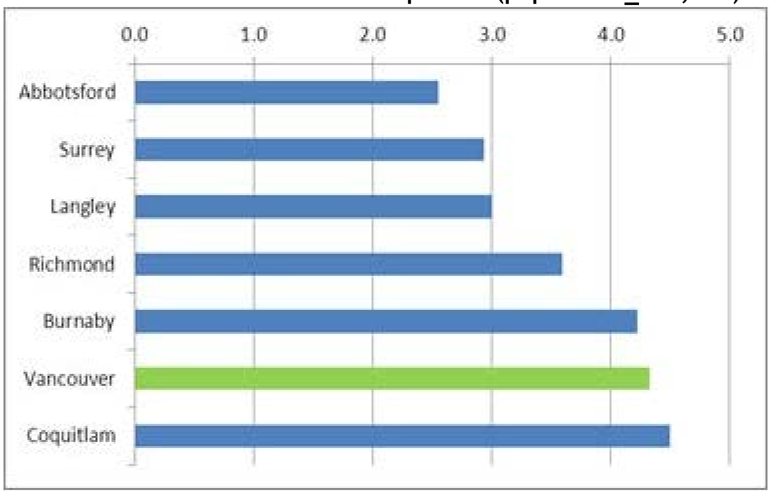
Table 3: 2013 Tax Distribution -
Selected Metro Vancouver Municipalities (population≥100,000)

	% of Assessment Base		% of Tax Levy	
	Residential	Non-residential	Residential	Non-residential
Abbotsford	81%	19%	62%	38%
Burnaby	81%	19%	48%	52%
Coquitlam	88%	12%	62%	38%
Delta	81%	19%	54%	46%
Langley, District	83%	17%	61%	39%
Richmond	81%	19%	54%	46%
Surrey	87%	13%	69%	31%
Vancouver	***84%***	***16%***	***54%***	***46%***

Source data: http://www.cd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2013.htm

Upon conclusion of the 5-year, $23.8 million tax shift program in 2012, Vancouver's business tax rate is now below the regional average, the tax rate ratio (business tax rate/residential tax rate) improved substantially from 5.5 in 2007 to 4.3 in 2013 (see Figure 2 below), and the business tax share reduced from 60% in the mid-90's to 46% in 2013, both at historical lows.

Figure 2: 2013 Tax Rate Ratio (Business Tax Rate/Residential Tax Rate) - Selected Metro Vancouver Municipalities (population≥100,000)



Source data: http://www.cd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2013.htm

Table 5 below summarizes the distribution of tax levy between residential and non-residential property classes for other taxing authorities in 2013.

Table 5: 2013 Tax Distribution - Other Taxing Authorities

	% of Assessment Base		% of Tax Levy	
	Residential	Non-residential	Residential	Non-residential
BC Assessment	84%	16%	63%	37%
Metro Vancouver	84%	16%	67%	33%
Municipal Finance Authority	84%	16%	67%	33%
Provincial School	84%	16%	52%	48%
Translink	84%	16%	53%	47%

Note: Translink also allocates costs to residential properties through the hydro levy which is not included in the above.

Table 6 below summarizes the general purpose tax rates (per $1,000 assessed value), tax levy and utility charges on an average single family (detached) unit in selected Metro Vancouver municipalities. As some municipalities have not established their 2014 tax rates, the comparison is based on 2013 data.

Table 6: 2013 Municipal Tax Levy & Utility Charges
Average Single Family Detached Property in Selected Metro Vancouver Municipalities

	General Purpose Tax Rate (per $1,000 Assessed Value)	Avg Property $ (Single Family Detached)	General Purpose Tax Levy	Utility Fees	Total Charges (Tax + Utility Fees)	Total Charges (Tax + Utility Fees) (per $1,000 Assessed Value)
Surrey	2.3791	643,600	1,531	$995	$2,526	$3.93
Langley, City	3.8061	459,000	1,747	$911	$2,658	$5.79
Langley, Township	3.2743	513,700	1,682	$1,083	$2,765	$5.38
Pitt Meadows	3.9066	450,400	1,760	$1,049	$2,808	$6.23
Maple Ridge	4.2833	459,100	1,966	$917	$2,884	$6.28
Abbotsford	5.0772	400,200	2,032	$872	$2,904	$7.26
Port Coquitlam	3.8224	528,900	2,022	$899	$2,921	$5.52
Delta	3.3150	608,200	2,016	$930	$2,946	$4.84
North Vancouver, City	2.4497	892,000	2,185	$909	$3,094	$3.47
Burnaby	2.2419	949,800	2,129	$1,002	$3,132	$3.30
Coquitlam	3.0560	702,100	2,146	$1,137	$3,283	$4.68
Richmond	2.1225	971,700	2,062	$1,335	$3,397	$3.50
Vancouver	***1.8950***	***1,297,200***	***2,458***	***$1,054***	***$3,512***	***$2.71***
Port Moody	3.4015	760,600	2,587	$962	$3,550	$4.67
New Westminster	3.5483	695,700	2,469	$1,145	$3,614	$5.19
White Rock	3.5836	878,800	3,149	$487	$3,636	$4.14
North Vancouver, District	2.3696	1,016,100	2,408	$1,413	$3,820	$3.76
West Vancouver	1.6885	2,144,100	3,620	$1,451	$5,071	$2.37
Metro Vancouver Average	**2.7812**	**798,400**	**2,221**	**$1,031**	**$3,251**	**$4.07**

Source data: http://www.cscd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2013.htm

In 2013, Vancouver's residential general purpose tax rate ranked the second lowest among the selected Metro Vancouver municipalities. Including utility fees, total charges per $1,000 assessed value are also the second lowest within Metro Vancouver. Further details on the assessment base, tax rates and levy of selected municipalities are presented in Appendix D.

Implications/Related Issues/Risk (if applicable)

Financial

In December 2013, Council approved the 2014 Operating Budget of $1.2 billion of which $630.2 million is to be funded from general purpose tax levy and $547.3 million from other revenue sources. Based on the *2014 Revised Roll*, the tax levy can be generated with a tax increase of 1.62% compared to the earlier estimate of 1.9%. The 1.9% tax increase was determined in October 2013 based on BC Assessment's preliminary data available at the time. The current year *Assessment Roll* was finalized in March 2014. Consistent with prior years, to generate the Council-approved tax levy, the final tax increase has been adjusted based on the *Revised Roll*. Should Council approve Recommendation A, the tax distribution between residential and non-residential property classes would be 54.1%/45.9%.

CONCLUSION

Property taxation has been, and will continue to be, the primary, stable funding source for City services and programs. In 2014, over 53% of the Operating Budget is funded from general purpose tax levy. Given the variety of approaches to sharing the costs of tax-supported City services and programs among property classes, tax distribution continues to be one of the most complex and difficult decisions Council has to make.

In 2012, Council completed the 5-year, $23.8 million tax shift program recommended by the PTPRC in 2007. In its update report to Council in February 2014, the PTPRC affirmed that there was no evidence of an increasing business tax differential or of business investment moving to neighboring municipalities, and recommended no further tax shift at this point in time.

* * * * *

TAX DISTRIBUTION

Distribution of the general purpose tax levy across property classes has been a subject of discussion since the mid-1970s when market value assessments were introduced in British Columbia. There are two common approaches to tax distribution:

(i) "Tax Rate Ratio" Approach
"Class multiples" are used to fix the ratio between the Class 1 Residential tax rate and the tax rates of all other property classes. This often leads to significant year-over-year tax shifts between residential and non-residential property classes arising from differential market value changes among those classes.

(ii) "Tax Share" Approach
Distribution of the tax levy across property classes is determined by Council, subject to non-market changes within the classes (e.g. property transfers between classes, new construction) and/or Council decisions to adjust the share for each class. This means differential market value changes will not impact the tax share for each class.

In the late 1970s and early 1980s, the Province established the tax rate ratios for municipal governments annually. This resulted in significant year-over-year inter-class tax shifts arising from differential market value changes. At the request of Council and the Union of British Columbia Municipalities, the Province granted municipal governments the authority to determine their own tax distribution approach beginning in 1983. Since then, it has been Council policy to use the "tax share" approach.

There are different approaches for distributing the costs of tax-supported City services and programs among property classes. The following guiding principles are typically used to evaluate taxation policies; how they fit together is primarily a subjective consideration by Council.

- Equal treatment of equals
- Fairness, based on benefits received
- Fairness, based on ability to pay
- Economic behavior
- Accountability
- Stability and predictability
- Simplicity and ease of administration
- Regional and national competitiveness

Since the early 1990s, representatives of the business community have been advocating that distribution of tax levy be based on "consumption" of tax-supported City services and programs by each property class. Council did not support the use of "consumption" studies as the basis for tax distribution in 1995 and again in 2007. One of the key reasons is that consumption models in general focus on properties that receive immediate and direct benefits, though fall short on identifying those that receive secondary and/or ultimate benefits from city services and programs. Furthermore, determining benefits received is only one of the several aforementioned guiding principles to be considered in setting tax distribution. Nevertheless, to address the impacts of tax distribution on businesses, Council agreed to gradually shift the tax levy from non-residential property classes to residential property classes.

In November 2006, Council established the PTPRC to address two key issues concerning the impact the City's taxation policies have on Vancouver's economy:

> ***Tax Share*** – Recommend a long-term policy that will define and achieve a "fair" tax distribution for commercial property taxpayers, addressing the perceived inequity in the share of the City's general purpose tax levy that is paid by the non-residential property classes.
>
> ***Volatility*** – Recommend a strategy to enhance the stability and predictability of property taxes for individual properties in the face of sudden, large year-over-year increases in market value.

In March 2008, Council approved the following recommendations brought forward by the PTPRC:

> ***Tax Share*** – Redistribute $23.8 million of tax levy proportionately from Classes 2, 4, 5 and 6 to Classes 1, 8 and 9 over five years, at a rate of 1% of the overall tax levy per year, in order to achieve the PTPRC's recommended tax levy distribution of 52% residential and 48% non-residential *(based on 2007 Assessment Roll)* and to avoid the significant impact of the shift in one year.
>
> ***Volatility*** - Seek an amendment to the *Vancouver Charter* to enable the City to use up to five years of assessed land values, as opposed to three years currently allowable, in the land assessment averaging formula for calculating property taxes. A request for the amendment was submitted to the Province and enacted in 2013.

It should also be noted that the use of "consumption" studies within the context of property taxation policies was also considered by the PTPRC and was not recommended due largely to the reasons cited above.

Between 1994 and 2013, $53.3 million of tax levy was redistributed from non-residential to residential property classes, reducing the business tax share from 60% to 46%. Although the relative tax burden on non-residential property classes has been declining, the rate at which they are levied (per $1,000 taxable value) has been increasing relative to the rate at which residential properties are levied. This is primarily the result of the differential escalation in property values: non-residential property values have not appreciated as fast as residential values. As such, it is important to note that a higher tax rate ratio between the non-residential property classes and Class 1 - Residential is not always an indicator of increasing tax burden on non-residential properties and that the tax rate ratio by itself is a misleading index of tax equity.

CALCULATION OF TAX RATES

Under the "tax share" approach, Council determines the share of tax levy for each property class, but not for each individual property within the class. Section 374.2 (1) of *Vancouver*

Charter further stipulates that Council determines and imposes a single tax rate for each property class, but not for each individual property within the class. To generate the Council-approved tax levy, when the total assessed value of a property class increases, the tax rate for the class is adjusted down; when the total assessed value decreases, the tax rate is adjusted up.

As a general rule, the extent of change in a property's taxes year-over-year is determined primarily by how that property's assessed value has changed relative to the average change within its property class. While changes in assessed values will not change the total general purpose tax levy generated from each property class, differential changes among properties within the same class will result in differential shifts in taxes paid by individual property owners from year to year. This situation is particularly prevalent in neighborhoods with significant growth opportunities and/or development potential where property values could experience a much higher increase relative to other areas in the City and, as a result, pay higher taxes.

Table 7 below outlines how volatility in a property's assessed value impacts its property taxes in general terms. It does not, however, reflect the impact of non-market changes (e.g. new construction, class transfers) and redistribution of taxes among property classes.

Table 7: Impact of Assessed Value on Property Taxes

If a property's value has increased…	its property tax…
…*at the same rate* as the property class average change,	…will increase *at the same rate* as the property class average increase.
…*more* than the property class average change,	…will increase *more* than the property class average increase.
…*less* than the property class average change,	…will increase *less* than the property class average increase.

MITIGATING MEASURES

Over the last few decades, Vancouver has experienced cycles of a very active real estate market, particularly residential, from neighborhood to neighborhood which has resulted in uneven property value increases and taxation impacts across the City. There are a number of provincial and municipal mechanisms available for property owners which, when applied independently or in combination, could mitigate the taxation impact.

PROVINCIAL MITIGATING MEASURES (RESIDENTIAL PROPERTIES ONLY)

(i) ***Assessment Act* s19(8)** (property value reduction)
This option applies to properties within an area where there is a change in the land use policy involving "upzoning" and additional development potential which significantly increases the underlying land value. Under s19(8), residential property owners who have continuously owned and occupied the property as their principal residence for at least 10

years are eligible for a reduced property assessment. For eligible properties, the land portion of the assessed value will be based on current zoning rather than on anticipated future zoning and development potential. BC Assessment has been proactive in notifying potentially eligible property owners of this option. Any reduction in assessed values could shift tax burden among property owners, but the total general purpose tax levy remains the same; City revenue is not impacted.

(ii) Property Tax Deferment (tax deferral)
Eligible residential property owners who occupy their principal residence may defer all or a portion of the taxes owing net of home owner grant, if applicable. The Province finances the property tax payments at prescribed low interest rates and puts a charge against the property. Repayment is not required until ownership is transferred. Property tax deferment is available to individuals who are 55 years of age or older and, effective 2010, to families with children under 18 years of age. Financing is provided by the Province; City revenue is not impacted.

(iii) Home Owner Grant (tax reduction)
Residential property owners who occupy their principal residence are eligible for the Home Owner Grant if the value of their home falls within the qualifying range. The grant is applied first to offset school taxes, and any residual grant is then applied to reduce the general purpose tax levy. Effective 2006, individuals who are 65 years of age or older who fall within the lower income levels are able to claim the full senior home owner grant irrespective of the value of their property. Grants are funded by the Province; City revenue is not impacted.

CITY OF VANCOUVER MITIGATING MEASURE – LAND ASSESSMENT AVERAGING
(RESIDENTIAL & BUSINESS PROPERTIES)

Since 1993, it has been Council policy to apply the three-year land assessment averaging program for the purpose of calculating property taxes for Residential (Class 1) and Business & Other (Class 6) properties; in 2007, Council extended the program to Light Industrial (Class 5) properties.

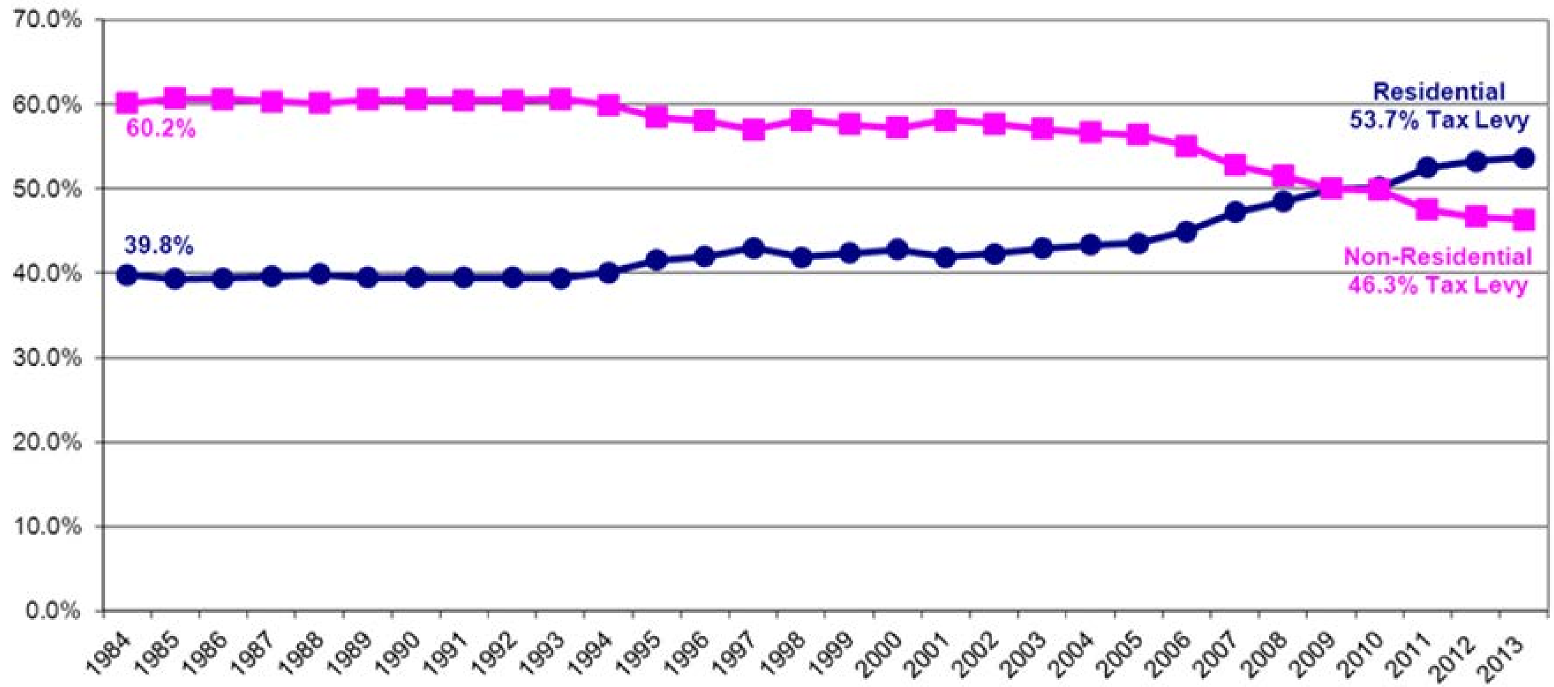
This mechanism entails averaging three years of land value (current year and two prior years) to phase in year-over-year property tax impacts arising from land value changes and to reduce the number of properties that experience extreme volatility in property taxes driven by significant increases and decreases in land values. The current assessed improvement value is then added to the adjusted land value for calculating property taxes. Vancouver is the only municipality in British Columbia that applies land assessment averaging.

In 2007, the PTPRC recommended using up to five years of assessed land values (instead of the current three years) in the averaging formula to enhance property tax stability and predictability. In Spring 2013, the Province enacted the necessary amendments to the *Vancouver Charter* to enable this approach.

Land assessment averaging is revenue neutral to the City as the total general purpose tax levy collected from each property class is the same with or without application of this mechanism.

YEAR	
1994	▪ Shifted $3.0 million from Class 6 to Class 1
1995	▪ Shifted $3.0 million from non-residential classes to Class 1
1996	▪ No shift
1997	▪ Shifted $2.9 million from non-residential classes to Class 1
1998	▪ No shift
1999	▪ No shift
2000	▪ Shifted $3.7 million from non-residential classes to residential classes
2001	▪ No shift
2002	▪ No shift
2003	▪ Shifted $2.1 million from non-residential classes to residential classes
2004	▪ No shift
2005	▪ No shift
2006	▪ Shifted $4.8 million from non-residential classes to residential classes
2007	▪ Allocated the entire 3.98% tax increase to residential classes, which is equivalent to a shift of $10 million
2008	▪ Shifted $5.2 million from non-residential classes to residential classes
2009	▪ Shifted $5.5 million from non-residential classes to residential classes
2010	▪ Shifted $5.7 million from non-residential classes to residential classes
2011	▪ Shifted $5.8 million from non-residential classes to residential classes
2012	▪ Shifted $1.6 million from non-residential classes to residential classes
2013	▪ No shift
2014	▪ No shift (subject to Council approval on April 16, 2014)

Note: Tax shifts between 2008 and 2012 were effected as part of the multi-year tax redistribution program recommended by the Property Tax Policy Review Commission. The target was to shift $23.8 million proportionately from non-residential property classes (2, 4, 5 & 6) to residential property classes (1, 8 & 9) at a rate of 1% of the overall tax levy per year.



Note: Over the years, Council has been proactive in addressing the impact of property tax on the business climate. Between 1994 and 2013, $53.3 million of tax levy was redistributed from non-residential to residential property classes, reducing the business tax share from 60% to 46%.

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
Vancouver	Residential	174,233,657,482	84%	1.89502	1.00	330,176,266	54%
(Averaged)	Utilities	187,009,750	0%	36.36144	19.19	6,799,944	1%
	Supportive Housing	80	0%	0.00000	0.00	0	0%
	Major Industry	192,393,100	0%	32.98091	17.40	6,345,300	1%
	Light Industry	706,112,274	0%	8.20424	4.33	5,793,115	1%
	Business/Other	32,462,990,689	16%	8.20424	4.33	266,334,167	43%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	312,012,300	0%	1.81589	0.96	566,580	0%
	Farm	112,981	0%	1.81589	0.96	205	0%
	Totals	**208,094,288,656**	**100%**			**616,015,575**	**100%**
Abbotsford	Residential	14,543,516,497	81%	5.07720	1.00	73,840,342	62%
	Utilities	85,676,801	0%	39.48487	7.78	3,382,937	3%
	Supportive Housing	2	0%	0.00000	0.00	0	0%
	Major Industry	0	0%	0.00000	0.00	0	0%
	Light Industry	459,515,326	3%	10.95173	2.16	5,032,488	4%
	Business/Other	2,605,045,200	15%	12.94302	2.55	33,717,152	28%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	11,727,200	0%	8.32377	1.64	97,615	0%
	Farm	139,554,326	1%	19.04649	3.75	2,658,020	2%
	Totals	**17,845,035,352**	**100%**			**118,728,554**	**100%**
Burnaby	Residential	46,012,896,247	81%	2.24190	1.00	103,156,312	48%
	Utilities	157,166,330	0%	34.35150	15.32	5,398,899	3%
	Supportive Housing	6	0%	2.24190	1.00	0	0%
	Major Industry	145,541,200	0%	44.95180	20.05	6,542,339	3%
	Light Industry	1,363,472,500	2%	9.46120	4.22	12,900,086	6%
	Business/Other	9,029,923,176	16%	9.46120	4.22	85,433,909	40%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	49,874,100	0%	1.47990	0.66	73,809	0%
	Farm	1,299,593	0%	9.46120	4.22	12,296	0%
	Totals	**56,760,173,152**	**100%**			**213,517,650**	**100%**
Coquitlam	Residential	23,879,607,242	88%	3.05600	1.00	72,976,080	62%
	Utilities	22,075,670	0%	40.00000	13.09	883,027	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	0	0%	29.19840	9.55	0	0%
	Light Industry	435,681,100	2%	13.59940	4.45	5,925,002	5%
	Business/Other	2,776,966,952	10%	13.75540	4.50	38,198,291	32%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	30,270,900	0%	14.73950	4.82	446,178	0%
	Farm	885,790	0%	17.24280	5.64	15,273	0%
	Totals	**27,145,487,654**	**100%**			**118,443,851**	**100%**
Delta	Residential	17,771,847,271	81%	3.31500	1.00	58,913,674	54%
	Utilities	21,577,178	0%	39.99220	12.06	862,919	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	251,806,000	1%	33.80310	10.20	8,511,823	8%
	Light Industry	1,482,237,600	7%	10.63290	3.21	15,760,484	14%
	Business/Other	2,313,129,203	11%	10.63290	3.21	24,595,272	22%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	38,954,000	0%	7.21220	2.18	280,944	0%
	Farm	42,912,578	0%	17.59230	5.31	754,931	1%
	Totals	**21,922,463,830**	**100%**			**109,680,047**	**100%**

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
Langley (City)	Residential	3,003,818,803	72%	3.80610	1.00	11,432,835	52%
	Utilities	2,156,840	0%	40.00000	10.51	86,274	0%
	Supportive Housing	2	0%	3.80610	1.00	0	0%
	Major Industry	0	0%	0.00000	0.00	0	0%
	Light Industry	136,572,000	3%	9.80060	2.57	1,338,488	6%
	Business/Other	1,018,060,482	24%	8.78440	2.31	8,943,050	41%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	6,899,000	0%	8.78440	2.31	60,604	0%
	Farm	11,936	0%	3.80610	1.00	45	0%
	Totals	**4,167,519,063**	**100%**			**21,861,295**	**100%**
Langley (District)	Residential	18,665,688,775	83%	3.27430	1.00	61,117,065	61%
	Utilities	39,873,575	0%	27.94980	8.54	1,114,458	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	27,822,600	0%	8.83280	2.70	245,751	0%
	Light Industry	1,078,896,800	5%	9.90890	3.03	10,690,681	11%
	Business/Other	2,655,549,536	12%	9.82990	3.00	26,103,786	26%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	48,593,300	0%	5.37592	1.64	261,234	0%
	Farm	64,891,593	0%	10.04650	3.07	651,933	1%
	Totals	**22,581,316,179**	**100%**			**100,184,909**	**100%**
Maple Ridge	Residential	11,435,395,979	91%	4.28330	1.00	48,981,232	78%
	Utilities	12,641,896	0%	40.00000	9.34	505,676	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	17,972,000	0%	37.23420	8.69	669,173	1%
	Light Industry	214,480,500	2%	12.23070	2.86	2,623,247	4%
	Business/Other	830,953,773	7%	12.23070	2.86	10,163,146	16%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	2,975,800	0%	12.09830	2.82	36,002	0%
	Farm	5,286,543	0%	27.86460	6.51	147,307	0%
	Totals	**12,519,706,491**	**100%**			**63,125,783**	**100%**
New Westminster	Residential	10,428,101,650	86%	3.54830	1.00	37,002,033	60%
	Utilities	7,523,885	0%	32.98600	9.30	248,183	0%
	Supportive Housing	10	0%	3.54830	1.00	0	0%
	Major Industry	49,377,900	0%	28.56440	8.05	1,410,450	2%
	Light Industry	169,806,500	1%	20.58630	5.80	3,495,688	6%
	Business/Other	1,498,542,939	12%	13.01990	3.67	19,510,879	32%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	11,258,580	0%	3.54830	1.00	39,949	0%
	Farm	38,888	0%	3.54830	1.00	138	0%
	Totals	**12,164,650,352**	**100%**			**61,707,320**	**100%**
North Vancouver (C	Residential	10,962,331,128	83%	2.44972	1.00	26,854,642	54%
(City)	Utilities	9,070,240	0%	40.00000	16.33	362,810	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	121,911,300	1%	31.53642	12.87	3,844,646	8%
	Light Industry	44,106,700	0%	8.61408	3.52	379,939	1%
	Business/Other	2,102,356,200	16%	8.61408	3.52	18,109,864	37%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	7,176,100	0%	3.20932	1.31	23,030	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**13,246,951,668**	**100%**			**49,574,931**	**100%**

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
North Vancouver (District)	Residential	24,190,832,317	92%	2.36961	1.00	57,322,838	71%
(District)	Utilities	2,332,191	0%	40.00000	16.88	93,288	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	235,102,300	1%	36.76622	15.52	8,643,823	11%
	Light Industry	71,052,300	0%	10.91026	4.60	775,199	1%
	Business/Other	1,627,045,500	6%	8.60129	3.63	13,994,690	17%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	30,793,100	0%	6.09045	2.57	187,544	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**26,157,157,708**	**100%**			**81,017,382**	**100%**
Pitt Meadows	Residential	2,545,677,488	85%	3.90660	1.00	9,944,944	62%
	Utilities	5,795,045	0%	39.84330	10.20	230,894	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	3,393,000	0%	37.52650	9.61	127,327	1%
	Light Industry	46,905,500	2%	16.78590	4.30	787,351	5%
	Business/Other	350,983,500	12%	12.11050	3.10	4,250,586	27%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	22,628,500	1%	10.30980	2.64	233,295	1%
	Farm	15,563,429	1%	29.87790	7.65	465,003	3%
	Totals	**2,990,946,462**	**100%**			**16,039,399**	**100%**
Port Coquitlam	Residential	8,289,739,979	82%	3.82240	1.00	31,686,702	56%
	Utilities	8,263,960	0%	40.00000	10.46	330,558	1%
	Supportive Housing	4	0%	3.82240	1.00	0	0%
	Major Industry	0	0%	13.53250	3.54	0	0%
	Light Industry	453,900,700	4%	14.77490	3.87	6,706,337	12%
	Business/Other	1,343,424,501	13%	13.10310	3.43	17,603,026	31%
	Managed Forest	0	0%	40.00000	10.46	0	0%
	Recreation	6,852,700	0%	14.21610	3.72	97,419	0%
	Farm	844,851	0%	23.22910	6.08	19,625	0%
	Totals	**10,103,026,695**	**100%**			**56,443,667**	**100%**
Port Moody	Residential	6,343,302,722	92%	3.40150	1.00	21,576,744	66%
	Utilities	2,516,605	0%	40.00010	11.76	100,664	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	92,262,700	1%	65.28500	19.19	6,023,370	18%
	Light Industry	35,212,500	1%	18.64820	5.48	656,650	2%
	Business/Other	435,534,606	6%	10.04200	2.95	4,373,639	13%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	11,085,600	0%	2.49680	0.73	27,679	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**6,919,914,733**	**100%**			**32,758,746**	**100%**
Richmond	Residential	44,663,439,117	81%	2.12246	1.00	94,796,363	54%
	Utilities	23,063,706	0%	39.91246	18.80	920,529	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	115,791,500	0%	14.42822	6.80	1,670,665	1%
	Light Industry	1,902,601,800	3%	8.13367	3.83	15,475,135	9%
	Business/Other	8,197,372,113	15%	7.62851	3.59	62,533,735	36%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	120,715,100	0%	1.96366	0.93	237,043	0%
	Farm	26,618,073	0%	12.25825	5.78	326,291	0%
	Totals	**55,049,601,409**	**100%**			**175,959,762**	**100%**

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
Surrey	Residential	72,191,588,145	87%	2.37908	1.00	171,749,564	69%
	Utilities	53,985,384	0%	33.01815	13.88	1,782,498	1%
	Supportive Housing	14	0%	0.00000	0.00	0	0%
	Major Industry	103,150,900	0%	11.41012	4.80	1,176,964	0%
	Light Industry	1,667,961,200	2%	6.25559	2.63	10,434,081	4%
	Business/Other	9,088,567,811	11%	6.98799	2.94	63,510,821	26%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	135,607,500	0%	2.29499	0.96	311,218	0%
	Farm	34,003,121	0%	2.58574	1.09	87,923	0%
	Totals	**83,274,864,075**	**100%**			**249,053,069**	**100%**
West Vancouver	Residential	29,699,003,132	97%	1.68850	1.00	50,146,767	93%
	Utilities	9,748,395	0%	9.23690	5.47	90,045	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	2,529,000	0%	13.86750	8.21	35,071	0%
	Light Industry	0	0%	13.86750	8.21	0	0%
	Business/Other	862,565,861	3%	4.23400	2.51	3,652,104	7%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	38,956,000	0%	6.84510	4.05	266,658	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**30,612,802,388**	**100%**			**54,190,644**	**100%**
White Rock	Residential	5,002,122,108	95%	3.58355	1.00	17,925,355	89%
	Utilities	5,940,495	0%	22.51968	6.28	133,778	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	0	0%	0.00000	0.00	0	0%
	Light Industry	0	0%	0.00000	0.00	0	0%
	Business/Other	225,382,002	4%	8.92836	2.49	2,012,292	10%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	4,398,200	0%	3.48932	0.97	15,347	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**5,237,842,805**	**100%**			**20,086,771**	**100%**

Source data: http://www.cscd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2013.htm

IMPACT OF ASSESSMENT CHANGES (MARKET & NON-MARKET) ON TAX DISTRIBUTION BEFORE TAX INCREASE

	Residential Class 1	Utilities Class 2	Supportive Housing Class 3	Major Industry Class 4	Light Industry Class 5	Business & Other Class 6	Recreational & Non-profit Class 8	Farm Class 9	Total
ASSESSMENT BASE									
2013 Revised Roll	181,825,980,128	187,009,750	80	192,393,100	732,675,600	33,537,119,477	312,012,300	112,981	216,787,303,416
2013 Adjustments	126,140,800	(144,600)	2	(184,495)	(5,012,700)	(34,529,700)	35,300	0	86,304,607
2013 Supplementary Roll	181,952,120,928	186,865,150	82	192,208,605	727,662,900	33,502,589,777	312,047,600	112,981	216,873,608,023
Share of Assessment Base	*83.90%*	*0.09%*	*0.00%*	*0.09%*	*0.34%*	*15.45%*	*0.14%*	*0.00%*	*100.00%*
2014 Market Change	(30,334,777)	9,215,770	(4)	(1,476,205)	210,650,200	1,857,871,312	15,588,700	1	2,061,514,997
	181,921,786,151	196,080,920	78	190,732,400	938,313,100	35,360,461,089	327,636,300	112,982	218,935,123,020
Share of Assessment Base	*83.09%*	*0.09%*	*0.00%*	*0.09%*	*0.43%*	*16.15%*	*0.15%*	*0.00%*	*100.00%*
2014 Non-market Change									
Class Transfers	135,293,701	(106,000)	16	0	18,284,600	(131,785,022)	(36,639,900)	81,195	(14,871,410)
Other	948,060,100	64,600	2	0	(1,546,900)	(125,747,499)	(90,800)	0	820,739,503
New Construction	1,848,164,700	(6,672,600)	0	(540,000)	566,000	293,605,123	0	863	2,135,124,086
	2,931,518,501	(6,714,000)	18	(540,000)	17,303,700	36,072,602	(36,730,700)	82,058	2,940,992,179
2014 Assessment Base for Tax Rate Calculation	**184,853,304,652**	**189,366,920**	**96**	**190,192,400**	**955,616,800**	**35,396,533,691**	**290,905,600**	**195,040**	**221,876,115,199**
Share of Assessment Base	*83.31%*	*0.09%*	*0.00%*	*0.09%*	*0.43%*	*15.95%*	*0.13%*	*0.00%*	*100.00%*
GENERAL PURPOSE TAX LEVY									
2013 Opening Tax Levy	330,175,979	6,799,944	0	6,345,300	5,817,979	266,309,211	566,580	205	616,015,197
2013 Roll Adjustments	229,058	(5,258)	0	(6,085)	(39,804)	(274,191)	64	0	(96,216)
2013 Adjusted Tax Levy	330,405,037	6,794,686	0	6,339,215	5,778,175	266,035,020	566,644	205	615,918,981
Share of Tax Levy	*53.64%*	*1.10%*	*0.00%*	*1.03%*	*0.94%*	*43.19%*	*0.09%*	*0.00%*	*100.00%*
2014 Non-market Change	1,967,579	(1,435)	0	0	103,072	(1,937,550)	(63,525)	147	68,288
2014 New Construction	3,356,623	(231,222)	0	(17,948)	3,485	2,208,943	0	2	5,319,884
	5,324,203	(232,657)	0	(17,948)	106,557	271,393	(63,525)	149	5,388,172
2014 Base Tax Levy (before tax increase)	**335,729,240**	**6,562,029**	**0**	**6,321,267**	**5,884,732**	**266,306,413**	**503,119**	**354**	**621,307,153**
Share of Tax Levy	*54.04%*	*1.06%*	*0.00%*	*1.02%*	*0.95%*	*42.86%*	*0.08%*	*0.00%*	*100.00%*
2014 Tax Increase	5,438,814	106,305	0	102,405	95,333	4,314,164	8,151	6	10,065,176
2014 Final Tax Levy (after tax increase)	**341,142,462**	**6,668,334**	**0**	**6,423,672**	**5,980,064**	**270,620,576**	**536,860**	**360**	**631,372,329**
Share of Tax Levy	*54.03%*	*1.06%*	*0.00%*	*1.02%*	*0.95%*	*42.86%*	*0.09%*	*0.00%*	*100.00%*

Note: Total tax levy $631.4 million – Forgone taxes on eligible Port properties $1.2million = Council-approved tax levy $630.2 million