

# Request for Decision



To: Committee of the Whole  
From: Financial Services  
Date: April 17, 2023  
Subject: 2023 Tax Rates Bylaw No. 2100  
Recommendation: **THAT the Committee of the Whole recommends to Council to give first three readings to the 2023 Tax Rates Bylaw at the April 25th, 2023 Special Meeting.**

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## Purpose

To refer the 2023 Annual Tax Rates bylaw to the April 25<sup>th</sup>, 2023 Special Meeting for first three readings.

## Background

Section 197 of the Community Charter requires the City to adopt an annual property value tax bylaw to establish the tax rates for the collection of municipal revenue as provided in the financial plan, as well as the amounts to be collected on behalf of other local governments or public bodies. The 2023 annual tax rates bylaw must be adopted before May 15, 2023.

The amount of 2023 property tax revenue included in the Five Year Financial Plan is \$4,159,355, an increase of \$121,146 (3%) over 2022.

The City's residential assessments have increased approximately \$2.9 million from 2022 due to non-market change, while commercial assessments have increased about \$1.4 million. Positive non-market change is generally attributable to new construction and building additions or major renovations. The amount of revenue gained due to the non-market change in residential and commercial assessments is approximately \$21,300. Of particular note is that the non-market change for major industry is \$2.8 million which, at the same mill rate as 2022 (but adjusted for market change), would account for almost \$120,000 of additional revenue. The other property classes have relatively minor increase in non-market change, at around \$185,000, with additional tax revenue of \$600 attributable to those classes.

There has been an 11% increase in the market change of residential properties since last year, and 10-11% increases for the business and light industrial classes.

During the budgeting process in February, Staff presented Council with preliminary tax rates based on the Completed Assessment Roll. The Revised Assessment Roll, which is used for tax rate setting, has values reduced by \$1,519,300 for Class 01 Residential. As a result, the tax rates have been recalculated, with the new proposed rates for each class shown in the table below.

Proposed Property Tax Rates					
	Actual 2022	Draft 2023	Revised 2023	2022-2023	
				Change	% Change
Residential	3.5781	3.3059	3.3128	(0.2653)	-7.41%
Utilities	40.0000	40.0000	40.0000	0.0000	0.00%
Major Industry	44.0289	38.6379	38.6378	(5.3911)	-12.24%
Light Industry	12.0467	11.3129	11.3129	(0.7338)	-6.09%
Business And Other	9.3297	8.5455	8.5454	(0.7843)	-8.41%
Rec/Non Profit	3.3427	2.4200	2.2421	(1.1006)	-32.93%
Farm	5.1593	4.2309	4.2308	(0.9285)	-18.00%

The 2023 tax rates included in Schedule A of the bylaw were calculated to maintain the same proportion of revenues from each of the separate classes. In this case, the burden for major industry is consistent with 2022, and has not increased due to the value of the non-market change in this class. The amount of additional revenue for this class calculated here is \$27,218, an increase of 3.2% from 2022.

The reduction of the mill rate for most of the classes, but particularly the residential class, reflects the increases in market change. The Class 2 (Utilities) rate is capped by regulation at the greater of \$40 per \$1,000 of assessed value or 2.5 times the Class 6 rate. Supporting data for the tax rate calculation is provided here:

	2023 Revised Roll		MUNICIPAL TAXES			
	Folio	Net Taxable	Tax Rate	Multiple	Tax	% of
	Count	Value			Revenue	Revenue
01 - Residential	2,487	728,467,000	3.3128	1.0000	2,413,265	58.02%
02 - Utilities	32	1,016,975	40.0000	12.0744	40,679	0.98%
03 - Supportive Housing	1		3.3128	1.0000	-	
04 - Major Industry	7	22,625,100	38.6378	11.6632	874,184	21.02%
05 - Light Industry	11	4,722,500	11.3129	3.4149	53,425	1.28%
06 - Business And Other	406	90,828,250	8.5454	2.5795	776,164	18.66%
07 - Managed Forest			9.9384	3.0000	-	
08 - Rec/Non Profit	75	571,800	2.2421	0.6768	1,282	0.03%
09 - Farm	8	82,962	4.2308	1.2771	351	0.01%
	3,027	848,314,587			\$ 4,159,350	100.00%

According to BC Assessment, the typical assessed value of a single family residential property in Grand Forks has increased approximately 11%, from \$362,000 in 2022 to \$403,000 in 2023. The table below shows the impact of the new proposed rate on an average property using these values.

<b>Municipal Taxes on an Average Residential Property</b>			
	<b>Actual 2022</b>	<b>Draft 2023</b>	<b>Revised 2023</b>
Assessed Value	\$362,000	\$403,000	\$403,000
Municipal Tax Rate	3.5781	3.3059	3.3128
Municipal Taxes	\$1,295.27	\$1,332.28	\$1,335.06
<b>Total Municipal Taxes</b>	<b>\$1,295.27</b>	<b>\$1,332.28</b>	<b>\$1,335.06</b>
Change from 2022		\$37.01	\$39.79
% Change from 2022		2.9%	3.1%

The tax rates for the regional and hospital districts are determined by the amount levied by those authorities, and are based on legislated provincial class multiples. The deadline for these taxing authorities to provide their requisitions to the City was April 6, 2023; these amounts were therefore unknown at the submission date of this report.

Staff has also included a table of municipal tax rates and multiples for the previous five years in addition to 2022/2021 tax rate data for comparable municipalities in the region.

The 2023 Tax Rates Bylaw No. 2100 is presented here for review and discussion by the COTW, with a recommendation to bring this bylaw forward to the Special Meeting scheduled for April 25<sup>th</sup>.

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## **Benefits or Impacts**

### **General**

Adoption of an annual property tax rates bylaw before May 15 is a requirement of the Community Charter. The Five Year Financial Plan determines the amount of revenue to be raised by property value taxes and used in the calculation of tax rates.

The policies regarding property taxation have been established in the asset management policy and annual financial plan and include the following statements:

- that tax shifts and redistributions between the classes will only be undertaken after considerable review and phased in gradually over time.
- tax rates should be kept as competitive as possible to ensure continued investment in the community.
- in setting tax rates, Council will take into consideration the tax rates and conversion ratios of other municipalities and the tax share borne by and conversion ratios for each property class.

### **Finances**

The amount of revenue proposed to be collected through property taxation for 2023 is \$4,159,355.

## Strategic Impact

Property taxation is one of the main sources of revenue for the municipality, without which it could not operate. The tax rates bylaw provides the authority for the City to collect its annual municipal taxes as well as those of other taxing authorities.

## Risk Assessment

### Compliance:

Section 197 of the Community Charter requires the City to adopt an annual tax rates bylaw before May 15.

### Risk Impact:

Low, as long as the annual tax rates bylaw is adopted on May 8th as planned.

### Internal Control Process:

Staff will conduct a test calculation in the Vadim financial system using BC Assessment's uploaded revised roll to verify all the tax rate calculations.

## Next Steps / Communication

This bylaw will be updated with the Regional District and Hospital tax rates and presented to Council for first three readings at the Special Meeting.

Staff plans to revise the budget brochure so that it includes the latest tax rate information based on the revised rather than the completed assessment roll.

## Attachments

Draft 2023 Tax Rates Bylaw No. 2100

Appendix A – Trend of property tax rates and multiples

Appendix B – Table of comparative tax rates for other municipalities

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## Recommendation

**THAT the Committee of the Whole recommends to Council to give first three readings to the 2023 Tax Rates Bylaw at the April 25th, 2023 Special Meeting.**

## Options

1. The COTW could recommend alternatives to change the proportion of taxes collected from the various property classes. For example, some tax burden could be transferred back to major industry to reflect the increased non-market change. In this case, staff would need direction regarding how much and to which classes a redistribution would be made.