

# Request for Decision



To: Regular Meeting  
From: Financial Services  
Date: May 8, 2023  
Subject: 2023 Tax Rates Bylaw No. 2100  
Recommendation: **THAT Council gives final reading to the 2023 Tax Rates Bylaw, No. 2100.**

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## Purpose

To give final reading to the 2023 annual tax rates bylaw.

## 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. 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 increases 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.

On April 17<sup>th</sup>, staff presented the following proposed tax rates to the COTW, which recommended that staff move forward and include these rates in the bylaw.

Proposed Property Tax Rates				
	2022	2023	Change	% Change
Residential	3.5781	3.3128	(0.2653)	-7.41%
Utilities	40.0000	40.0000	0.0000	0.00%
Major Industry	44.0289	38.6378	(5.3911)	-12.24%
Light Industry	12.0467	11.3129	(0.7338)	-6.09%
Business And Other	9.3297	8.5454	(0.7843)	-8.41%
Rec/Non Profit	3.3427	2.2421	(1.1006)	-32.93%
Farm	5.1593	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 calculated here for this class 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>2022</b>	<b>2023</b>
Assessed Value	\$362,000	\$403,000
Municipal Tax Rate	3.5781	3.3128
Municipal Taxes	\$1,295.27	\$1,335.06
<b>Total Municipal Taxes</b>	<b>\$1,295.27</b>	<b>\$1,335.06</b>
Change from 2022		\$39.79
% Change from 2022		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 requisition for the Regional District has increased by 8.8%, from \$1,709,239 in 2022 to \$1,860,000 this year. The Hospital District requisition has decreased very slightly, from \$175,371 to \$173,173. Copies of the Regional District and Hospital requisition are attached here.

The 2023 Tax Rates Bylaw No. 2100 was given first three readings at the April 25<sup>th</sup>, 2023 Special Meeting and is presented here for final reading.

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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 8<sup>th</sup> as planned.

### Internal Control Process:

Staff has conducted a test calculation in the Vadim financial system using BC Assessment's uploaded revised roll to verify the tax rate calculations used here. Another calculation, which will include the remaining taxing authorities (school, police, BC Assessment, etc.), will be performed prior to issuance of the tax notices in May.

## **Next Steps / Communication**

A copy of the bylaw will be provided to the Ministry of Municipal Affairs prior to May 15<sup>th</sup>, as required.

## **Attachments**

2023 Tax Rates Bylaw No. 2100  
Regional District of Kootenay Boundary 2023 Requisition  
West Kootenay-Boundary Regional Hospital District 2023 Requisition.

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## **Recommendation**

**THAT Council gives final reading to the 2023 Tax Rates Bylaw, No. 2100.**

## **Options**

1. Staff is not recommending any other options, as adoption of the tax rates bylaw is required at this meeting in order to comply with the May 15<sup>th</sup> deadline.