



City of Richmond

Report to Committee

To: Finance Committee

Date: March 8, 2007

From: Rob Howard
Councillor

File: 03-0925-01/2007-Vol 01

Re: **Municipal Property Tax Rates**

Recommendation

That staff report back to the Finance Committee on a strategy to address the potential Municipal tax rate imbalance between Commercial/Business and Residential classes and report on the optimal/target tax rate ratio.

A handwritten signature in cursive script that reads "Rob Howard".

Rob Howard
Councillor
(4134)

Report

Over the past number of years there has been a shift in actual tax rates for the property tax burden. The shift has been from Residential to Business. The table below demonstrates the significance of this shift:

Actual Taxation Revenue by Property Class (in \$ 000s)

	2002	2003	2004	2005	2006
Residential	50,242	52,796	55,922	58,259	61,691
Business	44,652	46,969	48,965	51,129	55,218
Other	5,626	5,823	6,014	6,020	6,480
	<u>100,520</u>	<u>105,588</u>	<u>110,901</u>	<u>115,408</u>	<u>123,389</u>

	2002	2003	2004	2005	2006
Residential	50.0%	50.0%	50.4%	50.4%	50.0%
Business	44.4%	44.5%	44.2%	44.3%	44.8%
Other	5.6%	5.5%	5.4%	5.3%	5.2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Actual Tax Rates for Residential and Business/Commercial

	2002	2003	2004	2005	2006
Residential	3.92786	3.70890	3.46533	3.06250	2.86180
Business	10.92123	11.17514	11.30386	11.05461	10.61137
	<u>14.84909</u>	<u>14.88404</u>	<u>14.76919</u>	<u>14.11711</u>	<u>13.47317</u>

Business to Residential Ratio	2.78	3.01	3.26	3.61	3.71
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Recognizing the importance a strong economy plays in a vibrant City and the importance of a competitive tax rate for our businesses, it is recommended that staff report back to Finance Committee on a strategy to address the potential tax rate imbalance and report on the optimal/target tax rate ratio.

Rob Howard
 Councillor
 (4134)