



# City of Richmond

## Report to Committee

**To:** General Purposes Committee

**Date:** April 3, 2013

**From:** Jerry Chong  
Director, Finance

**File:** 03-0925-01/2013-Vol  
01

**Re:** 2013 Annual Property Tax Rates Bylaw No. 9007

### Staff Recommendation

That the 2013 Annual Property Tax Rates Bylaw No. 9007 be introduced and given first, second and third readings.

Jerry Chong  
Director, Finance  
(604-276-4064)

REPORT CONCURRENCE			
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>	
Law	<input checked="" type="checkbox"/>		
<b>REVIEWED BY DIRECTORS</b>	<b>INITIALS:</b>	<b>REVIEWED BY CAO</b>	<b>INITIALS:</b>

## Staff Report

### Origin

Section 197 of the Community Charter requires municipalities to establish property tax rates for the current year after the adoption of the 5 Year Financial Plan and before May 15th. In addition, Council must, under subsection 197(3.1), consider the tax distribution to each assessment class prior to adopting the tax rate bylaw.

### Analysis

BC Assessment provides assessment values that reflect the market condition as of July 1<sup>st</sup> of the previous year. In 2013, average residential assessment values for Richmond declined after two consecutive years of assessment increases. Assessment values for individual single family dwellings changed between -10% to +5% while multi-family strata properties changed between -5% to 0%. These trends are consistent throughout the region.

Table 1 provides a breakdown of the 2013 total assessment into valuation change (market change) and new growth. New growth is the term used for new developments, properties shifting between assessment classes, and any exemptions. New developments add taxable values to the class while new exemptions reduce the value to that class.

*Table 1: Comparison of Assessment Values 2012 - 2013*

	2012 Total Assessment Value	2013 Market Value	2013 New Growth	2013 Total Assessment Value	2013 Net Market Change	% Net Market Change
Class 01 - Residential	45,026,857,841	43,845,296,515	818,142,602	44,663,439,117	(1,181,561,326)	(2.62%)
Class 02 - Utilities	19,684,767	20,224,256	2,839,450	23,063,706	539,489	2.74%
Class 04 - Major Industry	111,751,800	115,466,000	325,500	115,791,500	3,714,200	3.32%
Class 05 - Light Industry	1,614,401,900	1,833,508,600	69,093,200	1,902,601,800	219,106,700	13.57%
Class 06 - Business	8,046,567,614	8,156,117,413	41,254,700	8,197,372,113	109,549,799	1.36%
Class 08 - Seasonal/Rec	111,935,100	112,473,300	8,241,800	120,715,100	538,200	0.48%
Class 09 - Farm	26,572,011	26,736,263	(118,190)	26,618,073	164,252	0.62%
Total	54,957,771,033	54,109,822,347	939,779,062	55,049,601,409	(847,948,686)	(1.54%)

Before new growth, total assessment value decreased by almost \$848 million from \$54.958 billion in 2012 to \$54.110 billion in 2013. This represents a 1.54% reduction in market value. Breaking down the change by assessment class, residential market values decreased by \$1.182 billion or 2.62% while Major Industry, Light Industry, and Business classes all showed increases in market value.

Total new growth in 2013 is approximately \$940M, and \$818M or 87% is due to residential developments.

2013 Tax Rate Calculation

In deriving the 2013 tax rates, the following were incorporated into the calculation:

City Centre Area Transitional Tax (“CCAT”) Exemption

In 2011, Council adopted the City Centre Area Transitional Tax (“CCAT”) Exemption Bylaw which provides a 20% exemption to the land values for qualifying properties for 5 years. Since adoption, owners of 3 properties that qualified for the exemption in 2012 have submitted development applications and do not qualify for a 2013 exemption. The total 2013 CCAT exempted value is approximately \$17.6M for Light Industry (class 05) and \$88.9M for Business (class 06) properties.

As reported to Council at the February 6, 2012 Finance Committee, 1/3 of the resulting tax impact of the CCAT exemption is to be allocated to the Business and Light Industry classes, 1/3 allocated to all remaining tax classes and 1/3 funded by the Appeals Provision. Total CCAT tax impact for 2013 is \$792K.

Tax Ratio

Tax ratio is often a highly discussed topic because it provides tax rate comparisons between assessment classes and between various municipalities. Tax ratio is a direct comparison of the tax rates between all classes against residential tax rates.

Appendix 1 shows Richmond’s 2012 tax ratio ranking in all assessment classes in relation to the comparator group. Richmond’s business to residential tax ratio of 3.77 is 3rd lowest in comparison.

Under the Community Charter, prior to adopting the property tax bylaw, Council must review the City’s property tax distribution. In the City’s Five year Financial Plan, the City’s stated objective in property tax distribution is to maintain the business to residential tax ratio in the middle in comparison to other municipalities in the comparator group to ensure that the City remains competitive in attracting and retaining businesses.

Based on the 2013 Revised Roll and the aforementioned items, the 2013 calculated tax rates, assessment ratios, folio counts, tax distribution, and tax ratio is as follows:

*Table 2 – Breakdown of 2013 Assessments and Tax Distribution*

2013 Assessments and Tax Distribution					
	Calculated Tax Rates	Assessment Ratio	Folio Count	Tax Distribution	Tax Ratio
Class 01 - Residential	2.12246	81.13%	65,585	53.87%	1.00
Class 02 - Utilities	39.91246	0.04%	111	0.52%	18.80
Class 04 - Major Industry	14.42822	0.21%	26	0.95%	6.80
Class 05 - Light Industry	8.13367	3.46%	623	8.79%	3.83
Class 06 - Business	7.62851	14.89%	6,428	35.54%	3.59
Class 08 - Seasonal/Rec	1.96366	0.22%	449	0.14%	0.93
Class 09 - Farm	12.25825	0.05%	680	0.19%	5.78
Total	N/A	100.00%	73,902	100.00%	N/A

The following table provides the 2012 ratios and distribution for comparison purposes:

*Table 3 – Breakdown of 2012 Assessments and Tax Distribution*

2012 Assessments and Tax Distribution					
	Tax Rates	Assessment Ratio	Folio Count	Tax Distribution	Tax Ratio
Class 01 - Residential	2.00128	81.93%	64,751	53.10%	1.00
Class 02 - Utilities	39.90000	0.04%	110	0.46%	19.94
Class 04 - Major Industry	14.43540	0.20%	18	0.84%	7.21
Class 05 - Light Industry	8.99880	2.94%	605	8.19%	4.50
Class 06 - Business	7.53569	14.64%	6,435	37.12%	3.77
Class 08 - Seasonal/Rec	1.91058	0.20%	443	0.10%	0.95
Class 09 - Farm	11.94322	0.05%	696	0.19%	5.97
Total	N/A	100.00%	73,058	100.00%	N/A

Comparing to 2012:

- 2013 residential tax rates proposed increase is \$0.12118 for every \$1000 of assessment. The rate increase is required due to the lower average assessment value and the Council approved overall tax increase announced for 2013. When average assessment values decrease from prior year, the City must adjust the prior year’s tax rates higher in order to collect the same amount of taxes in the current year. Once that adjustment is made, rates are then adjusted for the announced tax increase.
- The number of residential properties increased by 834 units from 64,751 in 2012 to 65,585 in 2013. With this change, tax distribution for the residential class increased by 0.77% from 53.10% in 2012. In 2013, Richmond’s residential class bears 53.87% of the City’s tax burden.
- In 2013, tax burden for the Business class is reduced to 35.54% from 37.12%. Part of this reduction is due to the number of businesses switching from Business to Light Industry class to take advantage of the 60% school tax credit offered by the Province. This migration from Business to Light Industry class is expected to reverse direction in the near future because the Province has recently announced that the 60% school tax credit for Light Industries will be phased out over the next 2 years.
- In 2012, Light Industry and Business had tax ratios of 4.50 and 3.77, respectively. Due to the lower residential tax rate in 2012, Council shifted some tax burden from the Business and Light Industry classes to the Residential class. In 2013, both Light Industry and Business classes show healthy tax ratios of 3.83 and 3.59, respectively. Comparing these ratios to the 2012 ratios for the comparator group (Appendix 1), Richmond’s 2013 Light Industry and Business ratios should remain competitive to attract and retain businesses in the community. Therefore, tax burden shift is not recommended for 2013.
- Appendix 2 provides the various 2012 tax rates for the comparator group. Richmond’s tax rates were consistently in the middle or amongst the lowest in comparison to the group.

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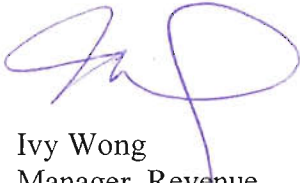
Comparing 2013 rates with Appendix 2, Richmond should be able to maintain the favourable tax position relative to the comparator group.

**Financial Impact**

Tax rates provided in Bylaw 9007 will generate the taxes necessary to balance the 2013 budget.

**Conclusion**

Richmond's tax rates have consistently remained in the middle or amongst the lowest in the comparator group. The proposed rates in Bylaw 9007 will generate the necessary taxes to balance the 2013 budget and to help maintain the current position.



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IW:gjn

## 2012 Tax Ratio Comparison - Sorted by Business Class

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Coquitlam	1.0000	13.2051	9.7509	4.3737	4.6621	4.7986	5.5137
Burnaby	1.0000	16.1453	21.1893	4.5239	4.5239	0.6934	4.5239
Vancouver	1.0000	18.9696	15.8333	4.3470	4.3470	0.8891	0.8891
<b>Richmond</b>	<b>1.0000</b>	<b>19.9372</b>	<b>7.2131</b>	<b>4.4965</b>	<b>3.7654</b>	<b>0.9547</b>	<b>5.9678</b>
Delta	1.0000	12.0109	10.1168	3.2157	3.2157	2.1208	5.2156
Surrey	1.0000	14.0684	4.8521	2.6827	3.0027	0.9721	1.0574

## 2012 Tax Rate Comparison - Sorted by Class 01 - Residential

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>

## 2012 Tax Rate Comparison - Sorted by Class 02 - Utility

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898

## 2012 Tax Rate Comparison - Sorted by Class 04 - Major Industry

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898

## 2012 Tax Rate Comparison - Sorted by Class 05 - Light Industry

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898

## 2012 Tax Rate Comparison - Sorted by Class 06 - Business

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898

## 2012 Tax Rate Comparison - Sorted by Class 08 - Seasonal / Recreational

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000

## 2012 Tax Rate Comparison - Sorted by Class 09 - Farm

Municipalities	Class 01 - Residential	Class 02 - Utility	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Seasonal/ Rec	Class 09 - Farm
Delta	3.3303	39.9999	33.6920	10.7092	10.7092	7.0630	17.3695
Coquitlam	3.1148	41.1311	30.3722	13.6233	14.5215	14.9467	17.1741
<b>Richmond</b>	<b>2.0013</b>	<b>39.9000</b>	<b>14.4354</b>	<b>8.9988</b>	<b>7.5357</b>	<b>1.9106</b>	<b>11.9432</b>
Burnaby	2.2326	36.0459	47.3073	10.1000	10.1000	1.5481	10.1000
Surrey	2.3547	33.1267	11.4253	6.3168	7.0704	2.2891	2.4898
Vancouver	2.0200	38.3190	31.9836	8.7810	8.7810	1.7959	1.7959





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## Annual Property Tax Rates Bylaw No. 9007

The Council of the City of Richmond enacts as follows:

- (a) Parts 1 through 6 excluding Part 3, pursuant to the *Community Charter*; and
- (b) Part 3 pursuant to section 100 of the *Municipalities Enabling and Validating Act*.

### **PART ONE: GENERAL MUNICIPAL RATES**

#### **1.1 General Purposes**

- 1.1.1 The tax rates shown in column A of Schedule A are imposed and levied on the assessed value of all land and improvements taxable for general municipal purposes, to provide the monies required for all general purposes of the **City**, including due provision for uncollectible taxes, and for taxes that it is estimated will not be collected during the year, but not including the monies required under bylaws of the **City** to meet payments of interest and principal of debts incurred by the **City**, or required for payments for which specific provision is otherwise made in the *Community Charter*.

#### **1.2 City Policing, Fire & Rescue and Storm Drainage**

- 1.2.1 The tax rates shown in columns B, C & D of Schedule A are imposed and levied on the assessed value of all land and improvements taxable for general municipal purposes, to provide monies required during the current year for the purpose of providing policing services, fire and rescue services and storm drainage respectively in the City, for which other provision has not been made.

### **2. PART TWO: REGIONAL DISTRICT RATES**

- 2.1 The tax rates appearing in Schedule B are imposed and levied on the assessed value of all land and improvements taxable for hospital purposes and for Greater Vancouver Regional District purposes.

### **PART THREE: TRUNK SEWERAGE RATES**

**3.1** The tax rates shown in Schedule C are imposed and levied on the assessed values of all land only of all real property, which is taxable for general municipal purposes, within the following benefitting areas, as defined by the Greater Vancouver Sewerage & Drainage District:

- (a) Area A, being that area encompassing those portions of sewerage sub-areas and local pump areas contained in the Lulu Island West Sewerage Area of the Greater Vancouver Sewerage and Drainage District as shown on the current plan of the Lulu Island West Sewerage Area; and
- (b) Area B, being that area encompassing Sea, Mitchell, Twigg and Eburne Islands, which is that part of the **City** contained in the Vancouver Sewerage Area of the Greater Vancouver Sewerage and Drainage District as shown on the current plan of the Vancouver Sewerage Area; and
- (c) Area C, being that part of the **City** contained in the Fraser Sewerage Area of the Greater Vancouver Sewerage and Drainage District as shown on the current plan of the Fraser Sewerage Area,

and the total amount raised annually is to be used to retire the debt (including principal and interest) incurred for a sewage trunk system, which includes the collection, conveyance and disposal of sewage, including, without limiting the generality of the foregoing, forcemain sewers and their pumphouses and such ancillary drainage works for the impounding, conveying and discharging the surface and other waters, as are necessary for the proper laying out and construction of the said system of sewerage works, provided however that land classified as "Agriculture Zone" in Section 14.1 of the **Zoning Bylaw**, is exempt from any tax rate imposed or levied pursuant to this Part.

### **PART FOUR: GENERAL PROVISIONS**

#### **4.1 Imposition of Penalty Dates**

4.1.1 All taxes payable under this bylaw must be paid on or before July 2, 2013.

#### **4.2 Designation of Bylaw Schedules**

4.2.1 Schedules A, B and C are attached and designated a part of this bylaw.

**PART FIVE: INTERPRETATION**

5.1 In this bylaw, unless the context otherwise requires:

**CITY** means the City of Richmond.

**ZONING BYLAW** means the Richmond Zoning Bylaw 8500, as amended from time to time.

**PART SIX: PREVIOUS BYLAW REPEAL**

6.1 Annual Property Tax Rates Bylaw No. 8885 (2012) is repealed.

**PART SEVEN: BYLAW CITATION**

7.1 This Bylaw is cited as “Annual Property Tax Rates Bylaw No. 9007”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

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_____
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CITY OF RICHMOND
APPROVED for content by originating dept.
<i>[Signature]</i>
APPROVED for legality by Solicitor
<i>[Signature]</i>

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER

**SCHEDULE A to BYLAW NO. 9007**

<b>PROPERTY CLASS</b>	<b>COLUMN A GENERAL PURPOSES</b>	<b>COLUMN B POLICING SERVICES</b>	<b>COLUMN C FIRE &amp; RESCUE</b>	<b>COLUMN D STORM DRAINAGE</b>	<b>TOTAL</b>
1. Residential	1.24208	0.46556	0.36686	0.04796	2.12246
2. Utilities	23.35702	8.75483	6.89879	0.90182	39.91246
4. Major Industry	8.44348	3.16484	2.49389	0.32601	14.42822
5. Light Industry	4.75987	1.78413	1.40589	0.18378	8.13367
6. Business / other	4.46425	1.67332	1.31857	0.17237	7.62851
8. Recreation / non profit	1.14914	0.43073	0.33942	0.04437	1.96366
9. Farm	7.17361	2.68886	2.11881	0.27697	12.25825

**SCHEDULE B to BYLAW NO. 9007**

<b>PROPERTY CLASS</b>	<b>REGIONAL DISTRICT</b>
1. Residential	0.05915
2. Utilities	0.20703
4. Major Industry	0.20112
5. Light Industry	0.20112
6. Business/other	0.14493
8. Rec/non profit	0.05915
9. Farm	0.05915

**SCHEDULE C to BYLAW NO. 9007**

<b>AREA</b>	<b>RATES</b>
A, B, & C	Sewer Debt Levy (land only) 0.02257