



City of Richmond

Report to Committee

To: General Purposes Committee

Date: April 2, 2014

From: Jerry Chong
Director, Finance

File: 03-0925-01/2014-Vol
01

Re: 2014 Annual Property Tax Rates Bylaw

Staff Recommendation

That the Annual Property Tax Rates (2014) Bylaw No. 9131 be introduced and given first, second and third readings.

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

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS:
APPROVED BY CAO	

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. 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 1st of the previous year. In 2014, average residential assessment values for Richmond's single family dwellings changed between -10% to 0%, while multi-family strata properties changed between -5% to 0%. In comparison, residential properties in the South Fraser region had changes in the -5% to +5% range.

Table 1 provides a comparison between 2013 and 2014 market value changes and 2014 new growth. New growth is the term used for new developments, properties shifting between assessment classes, and any new exemptions. New developments add taxable value to the class while new exemptions reduce the value to that class.

Table 1: Comparison of Assessment Values 2013- 2014

	(1) 2013 Total Assessment Value	(2) 2014 Total Assessment Value	(3) 2014 Market Value	(4) 2014 Net Market Change	(5) 2014 New Growth	(6) % Net Market Change
Class 01 - Residential	44,663,439,117	44,464,212,240	43,387,287,365	-1,276,151,752	1,076,924,875	-2.86%
Class 02 - Utilities	23,063,706	20,887,585	20,770,785	-2,292,921	116,800	-9.94%
Class 04 - Major Industry	115,791,500	125,715,900	125,416,200	9,624,700	299,700	8.31%
Class 05 - Light Industry	1,902,601,800	2,100,088,500	2,151,439,382	248,837,582	-51,350,882	13.08%
Class 06 - Business	8,197,372,113	9,001,342,413	8,869,618,403	672,246,290	131,724,010	8.20%
Class 08 - Seasonal/Rec	120,715,100	97,337,700	112,954,700	-7,760,400	-15,617,000	-6.43%
Class 09 - Farm	26,618,073	26,112,095	26,657,280	39,207	-545,185	0.15%
Total	55,049,601,409	55,835,696,433	54,694,144,115	-355,457,294	1,141,552,318	-0.65%

Comparing to the prior year, total market value decreased by \$355 million (column 4) or 0.65% in 2014. A breakdown of the change by assessment class shows that residential market values decreased by \$1.276 billion or 2.86% while Major Industry, Light Industry and Business classes all showed increases in market value.

Total new growth (column 5) in 2014 is approximately \$1.142 billion with \$1.077 billion or 94% of the growth resulting from new residential developments.

2014 Tax Rate Calculation

Under the Community Charter, Council must review the City's property tax distribution prior to adopting the annual property tax rate bylaw. In the City's *5 year Financial Plan*, the 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 and to ensure that the City remains competitive in attracting and retaining businesses.

Tax Ratio

Tax ratio is a direct comparison of the tax rates between all classes against residential tax rates. Table 2 provides the 2013 tax rates and business to residential ratio ranking for comparative municipalities. Richmond’s business to residential tax ratio of 3.59 was 3rd lowest in comparison.

Table 2: Comparison of 2013 Business to Residential Ratios

Municipalities	Residential	Utilities	Major Industry	Light Industry	Business	Recreation Non-Profit	Farm	Business to Residential Ratio
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428	4.50
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159	4.33
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612	4.22
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583	3.59
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923	3.21
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857	2.94

Tax Distribution

Based on the 2014 Revised Roll, the 2014 calculated tax rates, assessment ratios, folio counts, tax distribution and tax ratios are as follows:

Table 3 – Breakdown of 2014 Assessments and Tax Distribution

2014 Assessments and Tax Distribution					
	Tax Rates	Assessment Ratio	Folio Count	Tax Distribution	Tax Ratio
Class 01 - Residential	2.249560	79.63%	67,186	54.36%	1.00
Class 02 - Utilities	39.912450	0.04%	119	0.45%	17.74
Class 04 - Major Industry	13.715270	0.23%	27	0.94%	6.10
Class 05 - Light Industry	7.286820	3.76%	620	8.32%	3.24
Class 06 - Business	7.286820	16.12%	6,793	35.64%	3.24
Class 08 - Seasonal/Rec	2.160690	0.17%	445	0.11%	0.96
Class 09 - Farm	12.602530	0.05%	679	0.18%	5.60
Total	N/A	100.00%	75,869	100.00%	N/A

For comparison purposes, the 2013 assessment ratios and tax distributions is provided in Table 4.

Table 4 – Breakdown of 2013 Assessments and Tax Distribution

2013 Assessments and Tax Distribution					
	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 proposed 2014 residential tax rate increase is \$0.1271 for every \$1000 of assessment. This increase is required due to the lower average assessment value and Council’s approved overall tax increase for 2014. 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 folios increased by 1,601 units from 65,585 in 2013 to 67,186 in 2014. New growth in residential value increased by \$1.076 billion. Of this amount, a portion of the value is due to residential projects that are still under construction and not yet included in the folio count. As a result of the new growth, tax distribution for the residential class increased by 0.49% from 53.87% in 2013 to 54.36% of total taxes.
- In 2014, the province’s school tax credit for class 5 – Light Industry will be completely phased out, making it more costly for light industries to operate. Historically, Richmond’s tax rates for class 5 properties were slightly higher than the rates for class 6 – Business. With the elimination of the tax credit and a higher tax rate, many businesses with class 5 assessment will be appealing to BC Assessment for a class change. To minimize potential tax losses to the City as a result of future tax appeals and to recognize the fact that City services provided to both classes are similar, class 5 and class 6 tax rates are purposely adjusted to be the same rate by shifting approximately \$250,000 in taxes from class 5 to class 6. This change will put the City in line with other comparator municipalities who also set the same rates for class 5 and class 6.
- Total tax burden for class 6 - Business increased by 0.1% to 35.64% in 2014. Aside from the \$250,000 tax shift from class 5 to class 6, there was also new growth of 365 folios to this class in 2014. The resulting tax ratio is 3.24, a reduction of .35 from prior year’s ratio.

- Appendix 1 (attached) provides the various 2013 tax rates for the comparator group. Richmond's tax rates were consistently in the middle or amongst the lowest in comparison to the group. Comparing 2014 rates with Appendix 1, Richmond should be able to maintain the favourable tax position relative to the comparator group.

Financial Impact

Property tax rates provided in Bylaw 9131 will generate the approximate \$184 million in municipal taxes (subject to subsequent appeal settlements in 2014) necessary to balance the 2014 budget.

Conclusion

Richmond's property tax rates have consistently remained in the middle or amongst the lowest in the comparator group. The proposed rates in Bylaw 9131 will generate the necessary taxes to balance the 2014 budget and to maintain the current level of service.



Ivy Wong
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Att. 1: 2013 Tax Rate Comparison

2013 Tax Rate Comparison - Sorted by Class 01 - Residential

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159

2013 Tax Rate Comparison - Sorted by Class 02 - Utilities

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857

2013 Tax Rate Comparison - Sorted by Class 04 - Major Industry

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857

2013 Tax Rate Comparison - Sorted by Class 05 - Light Industry

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857

2013 Tax Rate Comparison - Sorted by Class 06 - Business

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857

2013 Tax Rate Comparison - Sorted by Class 08 - Recreation Non-Profit

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612

2013 Tax Rate Comparison - Sorted by Class 09 - Farm

Municipalities	Class 01 - Residential	Class 02 - Utilities	Class 04 - Major Industry	Class 05 - Light Industry	Class 06 - Business	Class 08 - Recreation Non-Profit	Class 09 - Farm
Delta	3.3150	39.9922	33.8031	10.6329	10.6329	7.2122	17.5923
Coquitlam	3.0560	40.0000	29.1984	13.5994	13.7554	14.7395	17.2428
Richmond	2.1225	39.9125	14.4282	8.1337	7.6285	1.9637	12.2583
Burnaby	2.2419	34.3515	44.9518	9.4612	9.4612	1.4799	9.4612
Surrey	2.3791	33.0182	11.4101	6.2556	6.9880	2.2950	2.5857
Vancouver	1.8950	36.3614	32.9809	8.2042	8.2042	1.8159	1.8159



Annual Property Tax Rates (2014) Bylaw No. 9131

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, 2014.

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. 9007 is repealed.

PART SEVEN: BYLAW CITATION

7.1 This Bylaw is cited as “Annual Property Tax Rates (2014) Bylaw No. 9131”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

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

SCHEDULE A to BYLAW NO. 9131

PROPERTY CLASS	COLUMN A GENERAL PURPOSES	COLUMN B POLICING SERVICES	COLUMN C FIRE & RESCUE	COLUMN D STORM DRAINAGE	TOTAL
1. Residential	1.33947	0.48760	0.37252	0.04997	2.24956
2. Utilities	23.76537	8.65117	6.60935	0.88656	39.91245
4. Major Industry	8.16659	2.97283	2.27120	0.30465	13.71527
5. Light Industry	4.33885	1.57944	1.20667	0.16186	7.28682
6. Business / other	4.33885	1.57944	1.20667	0.16186	7.28682
8. Recreation / non profit	1.28656	0.46834	0.35780	0.04799	2.16069
9. Farm	7.50402	2.73164	2.08693	0.27994	12.60253

SCHEDULE B to BYLAW NO. 9131

PROPERTY CLASS	REGIONAL DISTRICT
1. Residential	0.05701
2. Utilities	0.19953
4. Major Industry	0.19383
5. Light Industry	0.19383
6. Business/other	0.13967
8. Rec/non profit	0.05701
9. Farm	0.05701

SCHEDULE C to BYLAW NO. 9131

AREA	RATES
A, B, & C	Sewer Debt Levy (land only) 0.00231