



**City of Richmond**

**Report to Committee**

**To:** Finance Committee  
**From:** Jerry Chong  
Director, Finance  
**Re:** 2009 Tax Ratio Report

**Date:** April 3, 2009  
**File:**

**Staff Recommendation**

That the recommended allocations of the tax burden by class as per the attached 2009 Tax Ratio Report be approved as the basis for setting the 2009 annual property tax rates.

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

<b>FOR ORIGINATING DEPARTMENT USE ONLY</b>		
<b>CONCURRENCE OF GENERAL MANAGER</b> 		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
<b>REVIEWED BY CAO</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

## Staff Report

### Origin

Changes to section 165 of the Community Charter requires that Council approve the property tax distribution by property class prior to the adoption of the 2009 Annual Property Tax Rates Bylaw.

### Analysis

Tax burden to the various classes is a function of the total assessment value per class multiplied by the mill rates set each year. The following table provides the 2008 tax burden by Class for the six largest municipalities in the region:

2008 Tax Burden by Assessment Class For Comparator Municipalities						
	Vancouver	Coquitlam	Burnaby	Richmond	Delta	Surrey
Class 01 - Residential	47.78%	56.90%	47.88%	49.58%	54.25%	68.67%
Class 02 - Utilities	1.03%	0.69%	2.70%	0.34%	0.84%	0.64%
Class 04 - Major Industry	1.04%	1.23%	3.47%	0.70%	6.78%	0.60%
Class 05 - Light Industry	0.89%	3.25%	3.77%	6.91%	8.85%	3.31%
Class 06 - Business	49.20%	37.63%	42.13%	42.22%	28.33%	26.61%
Class 08 - Recreation	0.06%	0.29%	0.04%	0.09%	0.22%	0.13%
Class 09 - Farm	0.00%	0.01%	0.01%	0.16%	0.73%	0.04%

Tax ratio between business and residential class is often a controversial topic of discussion. The following table provides the 2008 tax ratios as a percentage of the residential rate for comparable municipalities:

2008 Tax Class Multiples						
	Vancouver	Coquitlam	Burnaby	Richmond	Delta	Surrey
Class 01 - Residential	1.00	1.00	1.00	1.00	1.00	1.00
Class 02 - Utilities	16.22	14.29	13.11	12.53	13.12	13.73
Class 04 - Major	13.27	19.93	17.53	3.72	8.83	5.30
Class 05 - Light Industry	5.08	5.20	3.98	4.31	3.64	3.23
Class 06 - Business	5.08	4.99	3.98	3.49	3.25	3.23
Class 08 - Recreation	0.90	4.39	0.70	0.48	1.59	1.00
Class 09 - Farm	0.90	5.58	5.31	3.89	4.65	1.00

The City of Richmond's business to residential ratio, in comparison to the other large municipalities has always remained in the middle.

Each year, in order to bring in the same tax revenue as was brought in from the previous year, base mill rates are adjusted for all classes. This adjustment and the addition of new growth for each class result in minor changes to the tax burden and tax ratios for the City. The follow tables show 2008 values for comparison, 2009 values as calculated using the Revised Roll totals provided by BC Assessment ("status quo") and 2009 staff recommended values.

Comparison of Tax Burden By Assessment Class			
	2008	2009 Status Quo	2009 Recommendation
Class 01 - Residential	49.58%	49.53%	49.95%
Class 02 - Utilities	0.34%	0.34%	0.40%
Class 04 - Major	0.70%	0.61%	0.71%
Class 05 - Light Industry	6.91%	7.72%	7.73%
Class 06 - Business	42.22%	41.56%	40.91%
Class 08 - Recreation	0.09%	0.08%	0.11%
Class 09 - Farm	0.16%	0.16%	0.19%

Comparison of Tax Class Multiples			
	2008	2009 Status Quo	2009 Recommendation
Class 01 - Residential	1.00	1.00	1.00
Class 02 - Utilities	12.53	12.19	14.05
Class 04 - Major	3.72	3.70	4.28
Class 05 - Light Industry	4.31	4.15	4.12
Class 06 - Business	3.49	3.57	3.49
Class 08 - Recreation	0.48	0.51	0.68
Class 09 - Farm	3.89	3.84	4.51

If the City were to maintain the status quo, business property owners would pay 3.57 times residential for every \$1,000 of assessments. This would be an increase from the 2008 multiple of 3.49. In order not to transfer an increased burden to businesses, staff recommend maintaining the same multiple for businesses as 2008. This will ensure the City will remain competitive with other municipalities in attracting and retaining businesses.

**Financial Impact**

Under the Community Charter, municipalities are required to have a balanced budget and in order to set tax rates staff require direction from Council. There will be no financial impact to the City.

**Conclusion**

That the staff recommended allocations of the tax burden by class be approved as the basis for setting the 2009 annual property tax rates.

 for

Ivy Wong  
 Manager, Revenue  
 (604-276-4046)

IW:iw