



City of Richmond

### Report to Committee

To: General Purposes Committee

Date: March 6, 2008

From: Jerry Chong  
Director, Finance

File: 03-1240-01/2008-Vol 01

Re: Tax Distribution Between Assessment Classes

#### Staff Recommendation

That the 2008 tax distribution between classes as presented in the attached staff report be approved.

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

Att.

<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 2008 Annual Property Tax Rates Bylaw.

**Analysis**

The 2007 tax burden by assessment class for the six largest municipalities in the Lower Mainland is as follows:

Table 1

2007 Percentage of Total Municipal Tax Burden By Assessment Class						
Property Class	Burnaby	Coquitlam	Delta	Richmond	Surrey	Vancouver
Residential	47.88%	56.22%	54.37%	50.08%	69.18%	47.93%
Utilities	2.71%	0.70%	0.73%	0.44%	0.65%	1.10%
Major Industry	3.55%	1.25%	6.79%	0.71%	0.62%	0.88%
Light Industry	3.82%	3.31%	7.64%	4.07%	3.23%	0.88%
Business	41.97%	38.25%	29.50%	44.44%	26.14%	49.16%
Recreation	0.06%	0.27%	0.22%	0.10%	0.14%	0.05%
Farm	0.01%	0.01%	0.75%	0.17%	0.05%	0.00%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

In prior years, Richmond has made an effort to keep tax rates stable so that residential properties share approximately 50% of the tax burden while business properties share between 44 – 45% of the burden.

In comparison, Surrey’s residential class share 69.18% of the tax burden while the business class share 26.14% of the burden. The difference between the two cities can be explained by the following table:

Table 2

% of Total Assessment By Class For 2007						
	Burnaby	Coquitlam	Delta	Richmond	Surrey	Vancouver
Residential	81.2642%	87.5944%	82.1183%	79.0476%	88.6417%	83.7759%
Utilities	0.2841%	0.0755%	0.0871%	0.0574%	0.0579%	0.1237%
Major Industries	0.3150%	0.0967%	1.2874%	0.3014%	0.1331%	0.1337%
Light Industries	1.5018%	0.8967%	2.9983%	1.3895%	1.2031%	0.2800%
Business	16.5074%	11.2327%	13.0304%	18.7835%	9.7261%	15.5808%
Recreation	0.1237%	0.1005%	0.2145%	0.3425%	0.1772%	0.1057%
Farm	0.0037%	0.0036%	0.2640%	0.0782%	0.0609%	0.0001%
Total	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%

This table illustrates the percentage weighting for each class of properties in the six municipalities. Business class represents 9.37261% of Surrey’s total assessment values while business class in

Richmond represents 18.7835% of the total. With more business values in Richmond, it is reasonable for business properties to have a slightly higher tax burden than Surrey.

In past years, there have been many discussions on tax rate multiples between business and residential classes. The following table shows the 2007 tax rate multiples between business and residential properties.

2007	Business to Residential	
	Tax Multiple	Ranking
Delta	3.42	1
Surrey	3.44	2
Richmond	3.73	3
Burnaby	4.32	4
Coquitlam	5.30	5
Vancouver	5.51	6

In 2007, business properties in Vancouver paid 5.51 times that of residential properties while Richmond's business properties paid 3.73 times. When compared to the six largest municipalities in the region, Richmond's business to residential tax multiple ranked 3<sup>rd</sup> lowest.

For consistency purposes, staff recommends that Council approves the following tax distribution:

2008	
Assessment Class	% of Total Taxes
Residential	49.55%
Utilities	0.34%
Major Industries	0.70%
Light Industries	6.91%
Business	42.24%
Recreation	0.09%
Farm	0.16%

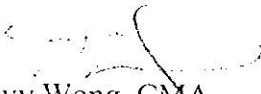
The 2008 tax rate multiple between business and residential properties is 3.49, a slight reduction from previous years. 2008 tax rates for other municipalities are not available for comparison.

**Financial Impact**

None

**Conclusion**

Richmond's tax rates remains consistently competitive in the region

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

IW:jw