



To: Richmond City Council
From: Councillor Bill McNulty, Acting Chair
General Purposes Committee
Date: April 22, 2008
File: 03-1240-01/2008-Vol
01
Re: **TAX DISTRIBUTION BETWEEN ASSESSMENT CLASSES**

The General Purposes Committee, at its meeting held on Monday, April 21, 2008, considered the attached report, and recommends as follows:

Committee Recommendation

None.

Councillor Bill McNulty, Acting Chair
General Purposes Committee

Attach.

VARIANCE

Please note that staff recommended the following:

That the 2008 tax distribution between classes as presented in the staff report (dated March 6, 2008 from the Director, Finance) be approved.

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 3rd 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)

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