

# 2016 TAX DISTRIBUTION POLICY



# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY

### PURPOSE

To establish the methodology for “Tax Class Ratios” or distribution of taxation demand among property classes resulting in the 2016 tax rate

# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY

### BACKGROUND

Provincial legislation empowers local governments to distribute property taxes among property classes

There are nine property classes within the City of Kelowna:

Residential  
Utilities  
Supportive Housing  
Major Industrial

Light Industrial  
Business/Other  
Rec/Non-Profit  
Farm Land  
Farm Improvements

# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY

### TAX CLASS RATIO

A multiple of the tax rate in comparison to the residential rate (base rate)

Used to calculate the Municipal Tax Rate for each Property Class

## 2016 TAX DISTRIBUTION POLICY

### FIXED SHARE TAX DISTRIBUTION

The “Fixed Share” method has been supported by Council since 1989

Compensates for market shifts between property classes

Provides an effective tax increase that is the same for all property classes

# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY

### FIXED SHARE TAX DISTRIBUTION

STEP 1 - CALCULATE ASSESSMENT CHANGE			
Property Class	2015 Assessment Totals	2016 Assessment Totals	Assessment Percentage Change
Res/Rec/NP/SH	20,688.90	22,497.80	8.74%
Utilities	27.10	27.30	0.93%
Major Industrial	27.90	27.90	0.00%
Light Ind/Business/Other	4,065.60	4,296.00	5.67%
Farm Land	21.10	21.40	1.23%
Farm Improvements	249.90	280.90	12.43%
	25,080.50	27,151.30	8.26%
	(In millions)		

# City of Kelowna

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### FIXED SHARE TAX DISTRIBUTION

STEP 2 - IDENTIFY REASONS FOR CHANGE			
Property Class	Percentage Change	Non -Market Change	Market Change
Res/Rec/NP/SH	8.74%	1.54%	7.20%
Utilities	0.93%	-8.05%	8.98%
Major Industrial	0.00%	0.00%	0.00%
Lgt Ind/Business/Other	5.67%	1.53%	4.14%
Farm Land	1.23%	-0.09%	1.32%
Farm Improvements	12.43%	3.43%	9.00%
	8.26%	1.55%	6.71%

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## 2016 TAX DISTRIBUTION POLICY

### FIXED SHARE TAX DISTRIBUTION

Fixed Share method modifies the Tax Class Ratios to account for market change

The effective tax increase is equal among all property classes

STEP 3 - MODIFY THE TAX CLASS RATIOS					
Property Class	Market Change		2015 Tax Class Ratios	2016 Tax Class Ratios (Modified)	Effective Tax Increase
Res/Rec/NP/SH	7.20%		1.0000	1.0000	4.12%
Utilities	8.98%		5.1296	5.0458	4.12%
Major Industrial	0.00%		3.4822	3.7328	4.12%
Lgt Ind/Business/Other	4.14%		2.1307	2.1934	4.12%
Farm Land	1.32%		0.1244	0.1275	1.56%
Farm Improvements	9.00%		0.4882	0.4801	4.12%

*Provisional Budget Tax Increase = 4.12%*



# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY COMPARISON WITH 2015

Property Class	Market Change		2015 Tax Class Ratios	2016 Tax Class Ratios
Res/Rec/NP/SH	7.20%		1.0000	1.0000
Utilities	8.98%		5.1296	5.0458
Major Industrial	0.00%		3.4822	3.7328
Lgt Ind/Business/Other	4.14%		2.1307	2.1934
Farm Land	1.32%		0.1244	0.1275
Farm Improvements	9.00%		0.4882	0.4801

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## ALL TAXING AUTHORITIES

### 2016 TAX CLASS RATIOS

PROPERTY CLASS	MUNICIPAL	2015 SCHOOL	BC ASSESSMENT	RDCO & HOSPITAL
Res/Rec/NP/SH	1.00	1.00	1.00	1.00
Utilities	5.05	6.91	9.20	3.50
Supportive Housing	1.00	0.05	0.00	1.00
Major Industrial	3.73	2.95	9.20	3.40
Light Industrial	2.19	2.95	2.90	3.40
Business/Other	2.19	2.95	2.90	2.45
Recreation/Non-Profit	1.00	1.68	1.00	1.00
Farm Land	0.13	3.51	1.00	1.00

# City of Kelowna

## 2015 RATIOS >75,000

<u>Municipality</u>	<u>Business</u>	<u>Utilities</u>	<u>Major Ind.</u>	<u>Light Ind.</u>
Coquitlam	4.24	12.71	9.17	4.30
Vancouver	4.15	18.99	19.03	4.15
Burnaby	3.98	14.56	19.72	3.98
North Vancouver	3.49	16.85	13.05	5.01
Saanich	3.40	8.10	2.36	2.36
Richmond	3.17	18.25	5.89	3.17
Victoria	3.12	8.49	3.12	3.12
Delta	2.97	11.38	9.33	2.91
Langley	2.97	8.46	2.82	2.89
Surrey	2.82	13.57	4.50	2.45
Maple Ridge	2.75	8.95	7.44	2.75
Kamloops	2.61	7.42	14.60	3.90
Nanaimo	2.49	7.82	2.49	2.49
Abbotsford	2.38	7.84	-	2.07
<b>Kelowna</b>	<b>2.13</b>	5.13	3.48	2.13
Prince George	2.05	5.13	6.02	3.30
Chilliwack	1.98	8.00	-	1.84
<i>Average</i>	<i>2.98</i>			

# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY

### FIXED SHARE TAX DISTRIBUTION

Business Tax Class Ratio below cap of 3.00 :1

Business Tax Class Ratio remains below 2015  
Provincial Average

Utility Tax Class Ratio below Provincial Cap of  
2.5 times Business Tax Class Ratio

# City of Kelowna

## 2016 TAX DISTRIBUTION POLICY

### FIXED SHARE TAX DISTRIBUTION

Provides stability and predictability

Provides a basis for an equitable distribution of Municipal taxes between property classes

Property Class	Market Change	2016 Tax Class Ratios	Effective Tax Increase
Res/Rec/NP/SH	7.20%	1.0000	4.12%
Utilities	8.98%	5.0458	4.12%
Major Industrial	0.00%	3.7328	4.12%
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***Provisional Budget Tax Increase = 4.12%***

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## QUESTIONS

