



Tax Distribution Policy 2020



2020 Tax Distribution Policy

PURPOSE

- ▶ To establish the methodology for “Tax Class Ratios” or distribution of taxation demand among property classes resulting in the 2020 tax rate

2020 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
 - Light Industrial
 - Business/Other
 - Rec/Non-Profit
 - Major Industrial
 - Farm Land
 - Farm Improvements

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TAX CLASS RATIO

- ▶ Used to calculate the Municipal Tax Rate for each Property Class
- ▶ A multiple of the tax rate in comparison to the residential rate (base rate)

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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

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STEP 1 - CALCULATE ASSESSMENT CHANGE			
Property Class	2019 Assessment Totals	2020 Assessment Totals	Assessment Percentage Change
Res/Rec/NP/SH	32,916.61	33,263.64	1.05%
Utilities	41.15	45.29	10.06%
Major Industrial	23.78	24.81	4.32%
Light Ind/Business/Other	5,770.47	6,374.59	10.47%
Farm Land	20.94	21.23	1.38%
Farm Improvements	373.82	378.32	1.20%
	(In millions)		

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STEP 2 - IDENTIFY REASONS FOR CHANGE			
Property Class	Percentage Change	Non -Market Change	Market Change
Res/Rec/NP/SH	1.05%	2.13%	-1.08%
Utilities	10.06%	0.13%	9.93%
Major Industrial	4.32%	-0.74%	5.06%
Lgt Ind/Business/Other	10.47%	3.21%	7.26%
Farm Land	1.38%	0.69%	0.69%
Farm Improvements	1.20%	4.54%	-3.34%

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

▶

STEP 3 - MODIFY THE TAX CLASS RATIOS					
Property Class	Market Change		2019 Tax Class Ratios	2020 Tax Class Ratios (Modified)	Effective Tax Increase
Res/Rec/NP/SH	-1.08%		1.0000	1.0000	4.15%
Utilities	9.93%		5.4690	4.9211	4.15%
Major Industrial	5.06%		6.4174	6.0425	4.15%
Lgt Ind/Bus/Other	7.26%		2.3555	2.1724	4.15%
Farm Improvements	-3.34%		0.4980	0.5096	4.15%

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COMPARISON WITH 2019

Property Class	Market Change	2019 Tax Class	2020 Tax Class
Res/Rec/NP/SH	-1.08%	1.0000	1.0000
Utilities	9.93%	5.4690	4.9211
Major Industrial	5.06%	6.4174	6.0425
Lgt Ind/Business/Other	7.26%	2.3555	2.1724
Farm Land	0.69%	0.1523	0.1706
Farm Improvements	-3.34%	0.4980	0.5096

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2019 TAX CLASS RATIOS

PROPERTY CLASS	MUNICIPAL	SCHOOL	BC ASSESSMENT	RDCO & HOSPITAL
Res/Rec/NP/SH	1.00	1.00	1.00	1.00
Utilities	5.47	9.43	12.42	3.50
Supportive Housing	1.00	0.07	0.00	1.00
Major Industrial	6.42	2.64	12.42	3.40
Light Industrial	2.36	2.64	2.78	3.40
Business/Other	2.36	2.64	2.78	2.45
Recreation/Non-Farm Land	1.00 0.15	1.64 5.07	1.00 1.00	1.00 1.00

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2019 RATIOS: >75,000 POPULATION

Municipality	Business	Utilities	Major Ind.	Light Ind.
Saanich	4.14	9.86	2.25	2.25
New Westminster	3.86	10.28	9.87	4.66
Coquitlam	3.67	20.16	14.59	4.19
Burnaby	3.54	11.92	16.31	3.54
Victoria	3.48	10.01	3.48	3.48
Vancouver	3.20	18.14	22.76	3.20
Maple Ridge	3.15	14.12	7.30	3.15
North Vancouver	3.12	23.63	16.25	3.12
Surrey	3.11	16.09	5.36	2.63
Delta	3.04	17.07	11.00	2.96
Nanaimo	3.03	8.95	3.03	3.03
Abbotsford	2.99	12.94	-	2.22
North Vancouver	2.79	24.08	13.46	4.27
Richmond	2.76	19.03	6.38	2.76
Kamloops	2.72	8.03	14.42	4.09
Chilliwack	2.36	12.52	1.84	1.84
Kelowna	2.36	5.47	6.42	2.36
Prince George	2.34	5.85	7.26	3.76
<i>Average</i>	<i>3.09</i>			

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FIXED SHARE TAX DISTRIBUTION

- ▶ Business Tax Class Ratio below cap of 3.00 :1
 - ▶ Remains below 2019 Provincial Average
- ▶ Utility Tax Class Ratio below legislated provincial cap of 2.5 times Business Tax Class Ratio

2020 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	2020 Tax Class Ratios	Effective Tax Increase
Res/Rec/NP/SH	-1.08%	1.0000	4.15%
Utilities	9.93%	4.9211	4.15%
Major Industrial	5.06%	6.0425	4.15%
Lgt Ind/Business/Other	7.26%	2.1724	4.15%
Farm Improvements	-3.34%	0.5096	4.15%



Questions?

For more information, visit kelowna.ca.