



Tax Distribution Policy 2025

April 14, 2025

2025 Tax Distribution Policy

Purpose

- To establish the methodology for “Tax Class Ratios” or distribution of taxation demand among property classes resulting in the 2025 tax rate

2025 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
 - Business/Other
 - Rec/Non-Profit
 - Major Industrial
 - Farm Land
 - Supportive Housing
 - Light Industrial
 - 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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Two Common Tax Distribution Methodologies

Fixed Tax Class Ratio Method

- Leads to tax burden shifts between classes due to differential changes in market values

Fixed Share Method

- Compensates for differential changes in market values between property classes
- Provides an equal effective tax increase for all classes
- Most common method used by municipalities
- Methodology has been supported by Council since 1989

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- Fixed Share method modifies the Tax Class Ratios to account for market change
- The effective tax increase is equal among all property classes

MODIFY THE TAX CLASS RATIOS				
Property Class	Market Change (Average)	2024 Tax Class Ratios	2025 Tax Class Ratios (Modified)	2025 Preliminary Budget Effective Tax Increase
Res/Rec/NP/SH	-1.32%	1.0000	1.0000	4.36%
Utilities	23.74%	4.5169	3.6021	4.36%
Major Industrial	0.00%	8.3358	8.2256	4.36%
Lgt Ind/Bus/Other	0.77%	2.0696	2.0265	4.36%
Farm Improvements	-1.59%	0.5122	0.5136	4.36%

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2024 Ratios: > 75,000 Population

Municipality	Business	Utilities	Major Ind.	Light Ind.
Saanich	4.75	8.60	2.11	2.11
Victoria	3.68	12.02	3.37	3.61
Coquitlam	3.40	15.91	3.40	2.19
Vancouver	3.38	17.89	19.93	3.38
Nanaimo	3.29	9.07	3.29	3.29
Burnaby	3.25	8.72	11.66	2.33
New Westminster	3.05	7.62	6.06	2.59
North Vancouver	2.78	24.40	8.41	3.69
Kamloops	2.70	9.59	10.82	3.58
Maple Ridge	2.56	16.26	5.12	2.56
Langley	2.54	18.31	1.90	1.90
Prince George	2.45	6.68	10.29	5.33
Surrey	2.36	22.28	10.89	1.40
Abbotsford	2.22	15.63	-	1.75
Richmond	2.14	21.38	3.25	2.14
Kelowna	2.07	4.52	8.34	2.07
Delta	1.91	18.89	7.55	1.49
Chilliwack	1.76	12.62	1.26	1.26
<i>Average</i>	2.79			

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Fixed Share Tax Distribution

- Business Tax Class Ratio below cap of 3.00 :1
 - Anticipated to remain below provincial average
- Utility Tax Class Ratio below legislated provincial cap of 2.5 times Business Tax Class Ratio

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Fixed Share Tax Distribution

- Provides stability and predictability
- Provides a basis for an equitable distribution of municipal taxes between property classes



Questions?