



City of  
**Kelowna**

CITY OF KELOWNA

# 2017 TAX DISTRIBUTION POLICY



# 2017 Tax Distribution Policy

## PURPOSE

To establish the methodology for “Tax Class Ratios” or distribution of taxation demand among property classes resulting in the 2017 tax rate



# 2017 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



# 2017 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



# 2017 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



# 2017 Tax Distribution Policy

## FIXED SHARE TAX DISTRIBUTION

STEP 1 - CALCULATE ASSESSMENT CHANGE			
Property Class	2016 Assessment Totals	2017 Assessment Totals	Assessment Percentage Change
Res/Rec/NP/SH	22,497.80	25,473.50	13.23%
Utilities	27.30	32.80	20.17%
Major Industrial	27.90	21.20	-23.87%
Light	4,296.00	4,638.00	7.96%
Farm Land	21.40	21.30	-0.33%
Farm Improvements	280.90	318.40	13.34%
	<b>27,151.30</b>	<b>30,505.20</b>	<b>12.35%</b>
	(In millions)		



# 2017 Tax Distribution Policy

## FIXED SHARE TAX DISTRIBUTION

STEP 2 - IDENTIFY REASONS FOR CHANGE			
Property Class	Percentage Change	Non -Market Change	Market Change
Res/Rec/NP/SH	13.23%	2.30%	10.93%
Utilities	20.17%	14.93%	5.25%
Major Industrial Lgt	-23.87%	4.76%	-28.63%
Ind/Business/Other	7.96%	2.02%	5.94%
Farm Land	-0.33%	-1.51%	1.18%
Farm Improvements	13.34%	2.62%	10.72%
	12.35%	2.27%	10.08%



# 2017 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		2016 Tax Class Ratios	2017 Tax Class Ratios (Modified)	Effective Tax Increase
Res/Rec/NP/SH	10.93%		1.0000	1.0000	3.86%
Utilities	5.25%		5.0458	5.3182	3.86%
Major Industrial	-28.63%		3.7328	5.8019	3.86%
Lgt Ind/Business/Other	5.94%		2.1934	2.2967	3.86%
Farm Land	1.18%		0.1275	0.1357	1.30%
Farm Improvements	10.72%		0.4801	0.4810	3.86%

*Provisional Budget Tax Increase = 3.86%*



# 2017 Tax Distribution Policy

## Comparison with 2016

Property Class	Market Change	2016 Tax Class Ratios	2017 Tax Class Ratios
Res/Rec/NP/SH	10.93%	1.0000	1.0000
Utilities	5.25%	5.0458	5.3182
Major Industrial	-28.63%	3.7328	5.8019
Lgt Ind/Business/Other	5.94%	2.1934	2.2967
Farm Land	1.18%	0.1275	0.1357
Farm Improvements	10.72%	0.4801	0.4810

*Provisional Budget Tax Increase = 3.86%*



# All Taxing Authorities

## 2016 Tax Class Ratios

PROPERTY CLASS	MUNICIPAL	SCHOOL	BC ASSESSMENT	RDCO & HOSPITAL
Res/Rec/NP/SH	1.00	1.00	1.00	1.00
Utilities	5.05	7.31	9.20	3.50
Supportive Housing	1.00	0.05	0.00	1.00
Major Industrial	3.73	2.92	9.20	3.40
Light Industrial	2.19	2.92	2.90	3.40
Business/Other	2.19	2.92	2.90	2.45
Recreation/Non-Farm Land	1.00 0.13	1.68 3.74	1.00 1.00	1.00 1.00



# 2016 RATIOS >75,000

<u>Municipality</u>	<u>Business</u>	<u>Utilities</u>	<u>Major Ind.</u>	<u>Light Ind.</u>
Coquitlam	4.46	14.30	10.31	4.53
Vancouver	4.23	19.78	21.71	4.23
Burnaby	4.21	16.48	22.34	4.21
North Vancouver	3.85	18.93	13.44	5.75
Saanich	3.45	8.27	2.45	2.45
Richmond	3.24	18.82	6.57	3.24
Delta	3.15	12.35	9.50	3.02
Victoria	3.05	8.61	3.05	3.05
Langley	3.00	8.86	2.88	2.78
Surrey	2.87	14.14	4.60	2.54
Maple Ridge	2.71	9.14	7.81	2.71
Kamloops	2.56	7.30	13.50	3.95
Nanaimo	2.54	8.34	2.54	2.54
Abbotsford	2.32	7.98	-	2.00
<b>Kelowna</b>	<b>2.19</b>	5.05	3.73	2.19
Prince George	2.10	5.25	5.71	3.38
Chilliwack	1.95	8.15	1.91	1.91
<i>Average</i>	<i>3.05</i>			



# 2017 Tax Distribution Policy

## **FIXED SHARE TAX DISTRIBUTION**

Business Tax Class Ratio below cap of 3.00 :1

Business Tax Class Ratio remains below 2016  
Provincial Average

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



# 2017 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		2017 Tax Class Ratios	Effective Tax Increase
Res/Rec/NP/SH	10.93%		1.0000	3.86%
Utilities	5.25%		5.3182	3.86%
Major Industrial	-28.63%		5.8019	3.86%
Lgt Ind/Business/Other	5.94%		2.2967	3.86%
Farm Land	1.18%		0.1357	1.30%
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## QUESTIONS

