



THE CORPORATION OF THE CITY OF COURTENAY

## STAFF REPORT

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**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** 2014 Property Tax Rate Multiplier

**File No.:** 1705-20 / 1970-02

**Date:** April 22, 2014

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### **PURPOSE:**

The purpose of this report is to establish the commercial property tax rate multiplier for use in setting the property tax rates for 2014.

### **POLICY ANALYSIS:**

Section 197 of the *Community Charter* prescribes the setting of the annual property tax bylaw, and empowers Council to set relationships between the different property classes.

Under City of Courtenay Policy 1700.01 (2) Distribution of Property Taxes among the Classes, Council had resolved to attempt, over time, to reduce the commercial tax rate where necessary to ensure that Courtenay remains a competitive location for commercial activity.

### **EXECUTIVE SUMMARY:**

On April 7<sup>th</sup>, 2014, Council resolved to maintain the member strength for the RCMP at 30.4 FTE's, rather than approve an additional member in 2014. On April 9<sup>th</sup>, Council considered and approved an increase of 1.95% in the revenue raised from property taxes. However, the April 9<sup>th</sup> budget provision included the addition of one RCMP member effective October 1, 2014. Staff have now decreased the budget provision required to cover the cost of policing, and have reduced the property tax increase requirement to 1.70% for 2014.

Council must now consider the commercial tax rate multiplier to be used in setting the property tax rates for 2014.

### **CAO RECOMMENDATIONS:**

That based on the April 22, 2014 Staff Report "2014 Property Tax Rate Multiplier" Council DECIDE on the commercial property tax rate multiplier to be used in setting the 2014 property tax rates.

Respectfully submitted,

*Original signed*

David Allen  
Chief Administrative Officer

**BACKGROUND:**

At the April 9<sup>th</sup> Special Meeting, Council reviewed the proposed 2014-2018 Financial Plan. However, discussion and a decision on the property tax rate multiplier to be used in setting the 2014 tax rates was deferred to the Regular Council meeting to be held April 22, 2014.

**DISCUSSION:**

On April 9<sup>th</sup>, Council considered and approved an increase of 1.95% in the revenue raised from property taxes. However, the April 9<sup>th</sup> budget provision included the addition of one RCMP member effective October 1, 2014. Staff have now removed this provision and decreased the budgeted cost of policing for 2014. As a result, the revised tax revenue increase required is now 1.70% for 2014.

**Assessment Trends**

- Residential Assessment                      Average property value *decrease* = (1.40%)  
(Class 01)    (from \$279,547 to \$275,625)
  
- Commercial Assessment                      Average property *increase* = 2.75%  
(Class 06)    (from \$674,554 to \$693,105)

**Property Tax Rate Commercial Multiplier - Considerations**

The commercial multiplier is simply the factor by which the commercial class tax rate is greater than the residential class tax rate. Historically the commercial multiplier has been set at the following factors and with Council direction has been gradually trending downward:

YEAR	CLASS 6 - MULTIPLE
2006	3.44
2007	3.35
2008	3.35
2009	3.30
2010	3.10
2011	2.90
2012	2.85
2013	2.85

New construction in the prior year was primarily undertaken by larger commercial entities in the Class 6 business category, and this has resulted in a greater level of growth and an increase in the reported value of the “average” commercial property reflected in the Class 6 Commercial category. In addition, while the assessed values of residential homes have experienced a decrease in average value, the commercial properties in Class 6 have sustained a valuation increase.

The following documents are attached for Council’s reference:

- Policy 1700.01 Revenue and Tax Policy
- Province of BC- Local Government Statistics: Assessments, Tax Rates, Municipal Taxes and Class Proportions of Taxes and Assessments - *selected municipalities shown as comparators*

The following table details the effect on the average residential property, average commercial property, and the average small business in the Downtown Courtenay Business Improvement area.

TABLE 1: City of Courtenay, 2014 Commercial Rate Multiplier, Summary and Impact of Options  
 Calculations based on an increase of 1.70% in Revenue Generated from Property Taxations

	Average Assessment			Effect of Reducing the Commercial Multiplier		
	2013	2014	% Change	1.00	1.00	1.00
<b>Class 1 - Residential</b>						
	\$ 279,547	\$ 275,625	-1.40%			
Municipal General Tax \$ Increase				\$ 4.60	\$ 11.93	\$ 19.37
% change in tax levy over 2013				0.44%	1.14%	1.86%
<b>Class 6 - Commercial</b>				<b>Multiplier of 2.85</b>	<b>Multiplier of 2.80</b>	<b>Multiplier of 2.75</b>
	\$ 674,554	\$ 693,105	2.75%			
Municipal General Tax \$ Increase				\$ 335.31	\$ 255.19	\$ 173.96
% change in tax levy over 2013				4.67%	3.56%	2.42%
<b>Class 6 - DCBIA Properties</b>				<b>Multiplier of 2.85</b>	<b>Multiplier of 2.80</b>	<b>Multiplier of 2.75</b>
	\$ 518,349	\$ 538,768	3.94%			
Municipal General Tax \$ Increase				\$ 324.46	\$ 262.17	\$ 199.03
% change in tax levy over 2013				5.88%	4.76%	3.61%

**ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council approval of the commercial tax rate multiplier to be used in setting the 2014 property tax rates, the property tax rates bylaw will be drafted and returned to Council for consideration following adoption of the 2014-2018 Financial Plan. Both the financial plan and the tax rates bylaws must be adopted no later than May 15<sup>th</sup>, 2014.

**STRATEGIC PLAN REFERENCE:**

While there is no specific reference in the Strategic Plan for the development and setting of the property tax rates, this is a statutory requirement that must be carried out annually.

**OFFICIAL COMMUNITY PLAN REFERENCE:**

The Vision and Strategy includes the following statements:

- Balance and ability to lead growth and the provision of services
- A strong downtown
- A role to be the centre of commerce in the Comox Valley

**REGIONAL GROWTH STRATEGY REFERENCE:**

Not applicable

**CITIZEN/PUBLIC ENGAGEMENT:**

Property tax information will be made publically available on the City's website.

**OPTIONS:**

- OPTION 1: That Council maintains the commercial tax rate multiplier of 2.85 in setting the 2014 property tax rates.
- OPTION 2: That Council approve a .05 reduction in the commercial tax multiple to 2.80 in setting the 2014 property tax rates.
- OPTION 3: That Council approve a .10 reduction in the commercial tax multiple to 2.75 in setting the 2014 property tax rates.

Prepared by:

*Original Signed*

Tillie Manthey, BA, CPA, CGA  
Director, Financial Services/Deputy CAO

Attachments (2)