

To: Mayor and Council
From: Paul Gipps, CAO

Meeting Date: May 6, 2025
Meeting Type: Regular Council Meeting

Prepared by: Trevor James, CFO, Director of Finance & Administration
Department: Finance & Administration

Title: 2025 Tax Rates Bylaw 1275, 2025
Description: Distribution of proposed tax rates for each property class.

RECOMMENDATION

THAT Tax Rates Bylaw 1275, 2025 with tax multipliers calculated so that the tax multipliers for Assessment Class 05 & 06 be set at 4.93:1 & 2.46:1 respectively (Attachment 3) be read a first, second, and third time.

EXECUTIVE SUMMARY

The amount of taxation revenue to raise was determined in the adopted 2025 – 2029 Financial Plan however, the allocation between property classes and the corresponding burden to the various classes can be altered year over year at Council's discretion. Due to assessment activity in the year, Class 01 Residential makes up a smaller proportion of the total roll (94.97% compared to 95.19%). Calculating the multipliers with no adjustments to the tax distribution would shift the burden more towards class 01 Residential (87.20% in 2024 to 88.02%) and would reduce the burden on 05 Light Industry and 06 Business. This would also result in the 06 Business rate dropping to 2.25:1 (2.41:1 last year, 2.58:1 5-year average) and 05 Light Industrial dropping to 4.70:1 (4.82:1 last year, 5.18:1 5-year average). This would also result in the residential tax increase increasing to 7.48% rather than the targeted 6.45% in the budget process and therefore is not the recommended option. Setting the 06 Business multiplier at 2.46:1 and the 05 Light Industrial multiplier at 4.93:1 results in a residential tax increase of 6.51%, in line with the 6.45% in the adopted budget however shifts more of the burden towards 06 Business. Additional options where the business rate is 2.41:1 and 2.51:1 are also presented. 2.41:1 results in a 6.76% residential increase and a 6.10% business increase whereas 2.51:1 results in a 6.28% residential increase and a 9.92% business increase.

The recommended option 3 was chosen given it matches the residential rate closest to the 6.45% adopted budget target. Option 2 with Class 06 at 2.41:1 would bring the business increase to 6.10% however would require the residential increase to move to 6.76%. The \$ and percentage impact on a \$1 million single family residential property and a \$1 million business property are as follows:

	1 – Calc	2 – 2.41:1	3* – 2.46:1	4 – 2.51:1
\$1m Residential	7.48%	6.76%	6.51%	6.28%
\$1m Residential	\$215	\$194	\$187	\$181
\$1m Business	(0.40)%	6.10%	8.14%	9.92%
\$1m Business \$	\$(28)	\$426	\$568	\$692
*Option included in the recommendation				

DISCUSSION/ANALYSIS

The *Community Charter* requires Council to determine the distribution of property taxes amongst various property tax classes. Council must pass a tax rates bylaw before May 15th of each year. The 2025 tax rates have been established based on the tax requirement in the 2025 Financial Plan.

Depending on the growth or market change in each class, the burden of taxes can shift significantly unless adjustments are made. Market change refers to assessment growth from change in existing properties assessed values and non-market change refers to changes from new construction or changing between property classes. When total assessments change relative to other classes, without adjustment, there will be a shift of tax burden.

When setting tax rates, there are two important aspects to consider:

- The tax multiplier used for each class in relation to the Residential class. The Residential rate is set as “1” and the rates of each of the other classes are set as a multiplier or ratio of that amount. For example, a 2:1 multiplier would mean the rate would be set at twice the rate of the Residential class.
- Percentage paid by the class of the overall tax collected.

Both aspects must be considered together because looking at one or the other in isolation can result in significant transfers of tax burden between classes.

Option 1 - Calculated Amount

The tax rates were calculated based on the most recent roll from BC Assessment. After the rates were calculated, it was noted that % of total taxes collected for Residential 01 increased from 87.20% to 88.02% while Business 06 decreased from 8.77% in 2024 to 8.33% in 2025 and Light Industry 05 decreased from 2.44% in 2024 to 2.12% in 2025. Therefore, leaving the rate structure as is would partially shift the tax burden from Light Industry 05 & Business 06 to Residential 01. It would result in a 2.25:1 Business 06 to Residential 01 ratio which is significantly less than the 2.41:1 in the prior year and the 2.58:1 5-year average.

Option 2 - Setting Business 06 Multiplier at 2.41:1 and Light Industry 05 Multiplier at 4.82

Setting the Business 06 Multiplier at 2.41:1 and Light Industry 05 Multiplier at 4.82 (double Business 06 rate) results in some shift towards the Residential 01 class albeit a less drastic shift than Option 1, with the amount collected going from 87.20% in 2024 to 87.43% in 2025 however it shifts Business 06 from 8.77% in 2024 to 8.88% in 2025. Light Industry 05 experiences a drop from 2.44% to 2.17%.

Option 3 – Setting Business 06 Multiplier at 2.46:1 and Light Industry 05 Multiplier at 4.93

This option splits the difference between Option 2 & 4. It results in the Residential Class 01 staying flat (87.20% in 2024 vs. 87.22% in 2025) while Light Industry 05 does not drop as much (2.44% in 2024 vs. 2.21% in 2025) and Business 06 goes from 8.77% to 9.05%.

Option 4 – Setting Business 06 Multiplier at 2.51:1 and Light Industry 05 Multiplier at 5.02

This option actually reduces the Residential 01 share from 87.20% in 2024 to 87.03% in 2025, Light Industry 06 drops slightly from 2.44% to 2.24% while the Business 06 class increases from 8.77% to 9.20%.

PROPERTY CLASS		2025 Assessments	% of Total Roll	2024 Assessments	% of Total Roll
Residential	01	6,897,809,153	94.97%	6,954,690,692	95.19%
Utilities	02	5,831,401	0.08%	5,539,501	0.08%
Light Industry	05	35,459,600	0.49%	31,859,600	0.44%
Business	06	290,313,074	4.00%	280,267,924	3.84%
Recreational	08	25,515,200	0.35%	25,309,800	0.35%
Farm	09	8,268,810	0.11%	8,421,012	0.12%
TOTAL		7,263,197,238	100.0%	7,306,088,529	100.0%

2025 saw a slight decrease in Residential 01 as a percentage of the total roll from 95.19% to 94.97% while Light Industry 05 & Business 06 increased from 0.44% to 0.49% and 3.84% to 4.00% respectively.

Rates were first calculated using the following method:

- Determine how much existing properties in each class need to pay, using the 6.45% increase approved in the 2025-2029 Financial Plan
- Calculate the mill rates needed to achieve the amount in a) above
- Adjust mill rates controlled by regulation (utilities class and farm class)
- Apply the mill rates to the new growth to determine taxes from new growth
- Adjust mill rates to ensure the amount of property tax collected matches the 2025 Financial Plan.

The Class 2 Utilities rate needs to be adjusted annually to ensure the municipality is in compliance with the legislated maximum rates for Class 2 properties. An extract from BC Regulation 329/96 reads:

Municipal Taxation Rate Cap for Class 2 Property for 2000 and Subsequent Years

2. In setting the tax or levy rate for class 2 property for general municipal purposes, a municipality must not exceed the greater of:

- 1. \$40 for each \$1,000 of assessed value, and 2.5 times the rate applicable to class 6 property for general municipal purposes in the municipality for the same taxation year.*

The farm class rate reflects the 2024 rural farm tax rates established by the Province, per letters patent.

As a note, the bylaw contains rates for all BC Assessment classes despite the District not having any properties in all of the classes. Currently the District has no properties in classes 03, 04, and 07. However, if during the year properties change classes or are added to any of these vacant classes, tax rates must be available for them. This prevents Council from having to consider tax rates again during the year.

Once complete, the following multipliers and burdens were calculated:

PROPERTY CLASS		2025 Calculated Multipliers			2024 Calculated Multipliers		
		2025 Tax Collected by Class	2025 Multiplier	2025 % Collected	2024 % Collected	2024 Multiplier	2024 Tax Collected by Class
Residential	01	21,299,443	1.0000	88.02%	87.20%	1.0000	19,640,598
Utilities	02	262,501	14.7026	1.08%	1.11%	16.0694	249,018
Light Industry	05	513,776	4.6960	2.12%	2.44%	4.8202	549,972
Business	06	2,017,037	2.2491	8.33%	8.77%	2.4101	1,975,777
Recreational	08	101,507	1.2878	0.42%	0.46%	1.3858	103,334
Farm	09	5,519	0.2185	0.02%	0.02%	0.2389	5,532
TOTAL		\$ 24,199,783		100%	100%		\$ 22,524,231

It was noted that multipliers for all non-residential classes had decreased, some of them significantly. As can be seen in the below chart, the Business 06 and Light Industry 05 multipliers were much lower than the prior year and the 5-year average:

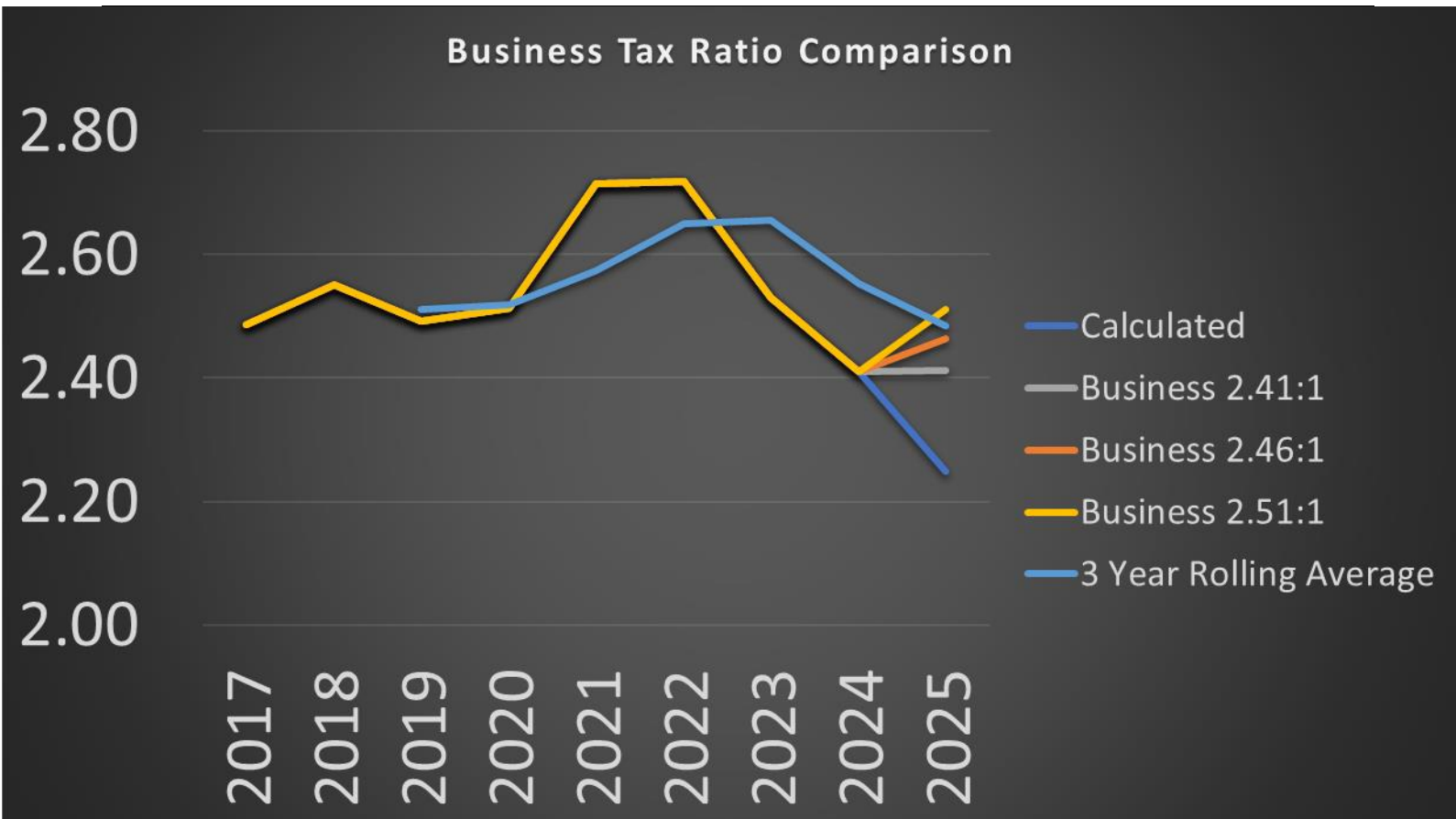
Assessment Classification		2024 Tax Ratio	2023 Tax Ratio	2022 Tax Ratio	2021 Tax Ratio	2020 Tax Ratio	5 Year Average
01	Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
02	Utilities	16.0694	17.4695	18.5873	15.4589	15.2566	16.5683
05	Light Industry	4.8202	5.0201	5.4170	5.4060	5.2276	5.1782
06	Business	2.4101	2.5292	2.7183	2.7148	2.5133	2.5771
08	Recreational	1.3858	2.2530	2.3815	2.3377	2.2036	2.1123
09	Farm	0.2389	0.2509	0.2635	0.2236	0.2212	0.2396

Adjusting the Business 06 multiplier to 2.46:1 and the Light Industry 05 multiplier to 4.93:1 results in the following:

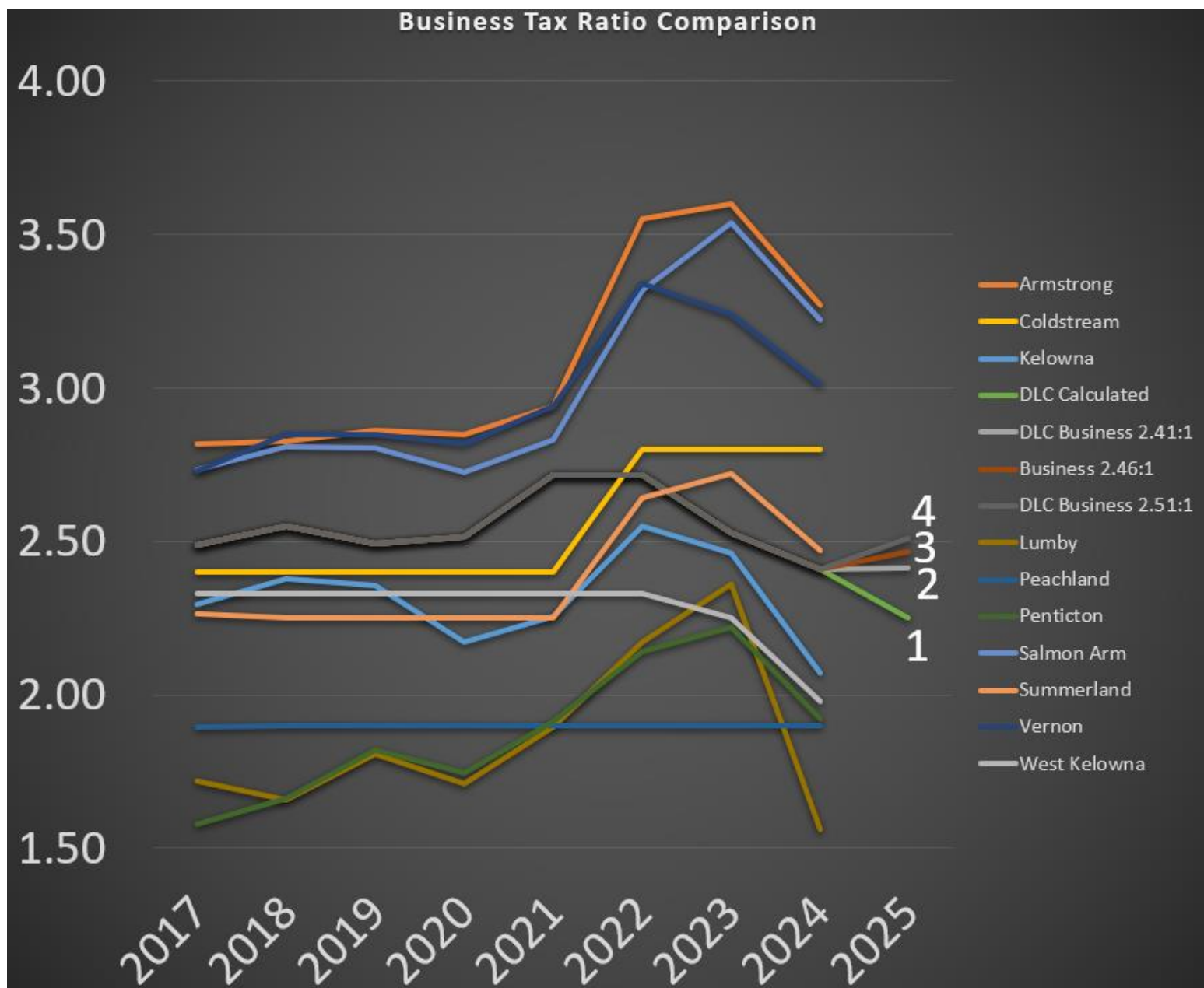
PROPERTY CLASS		2025 Calculated Multipliers			2024 Calculated Multipliers		
		2025 Tax Collected by Class	2025 Multiplier	2025 % Collected	2024 % Collected	2024 Multiplier	2024 Tax Collected by Class
Residential	01	21,107,767	1.0000	87.22%	87.20%	1.0000	19,640,598
Utilities	02	262,405	14.8308	1.08%	1.11%	16.0694	249,018
Light Industry	05	534,356	4.9284	2.21%	2.44%	4.8202	549,972
Business	06	2,190,093	2.4642	9.05%	8.77%	2.4101	1,975,777
Recreational	08	100,594	1.2878	0.42%	0.46%	1.3858	103,334
Farm	09	5,519	0.2205	0.02%	0.02%	0.2389	5,532
TOTAL		\$ 24,200,734		100%	100%		\$ 22,524,231

This option strikes a balance between switching the Business ratio from 2.41:1 & 2.51:1.

The following shows the Business 06 Ratio under the 4 options compared to a 3 year rolling average:



Some other municipalities for comparison:



Please note the total tax collected is slightly different in all scenarios presented. This is a result of rounding and achieving the exact same collection amount in all cases would require multipliers going to more than four decimal places. The same multipliers are used to calculate municipal, policing, OK Regional Library and Fire rates.

The following breakdowns show some hypothetical properties under the various scenarios. The overall average change in assessed values year to year has been factored in:

Residential				
	Calculated	2.41:1	2.46:1	2.51:1
2025 Assessed Value	\$ 1,000,000	\$1,000,000	\$1,000,000	\$ 1,000,000
Municipal	\$ 1,878	\$ 1,866	\$ 1,861	\$ 1,857
Policing	\$ 730	\$ 725	\$ 724	\$ 722
Fire	\$ 481	\$ 478	\$ 476	\$ 475
Total Municipal Taxes	\$ 3,089	\$ 3,069	\$ 3,061	\$ 3,055
Prior Year	\$ 2,874	\$ 2,874	\$ 2,874	\$ 2,874
% Change	7.48%	6.76%	6.51%	6.28%
\$ Change	\$ 215	\$ 194	\$ 187	\$ 181

Residential				
	Calculated	2.41:1	2.46:1	2.51:1
2025 Assessed Value	\$ 1,065,000	\$1,065,000	\$1,065,000	\$ 1,065,000
Municipal	\$ 2,000	\$ 1,987	\$ 1,982	\$ 1,978
Policing	\$ 778	\$ 773	\$ 771	\$ 769
Fire	\$ 512	\$ 509	\$ 507	\$ 506
Total Municipal Taxes	\$ 3,290	\$ 3,268	\$ 3,260	\$ 3,253
Prior Year	\$ 3,061	\$ 3,061	\$ 3,061	\$ 3,061
% Change	7.48%	6.76%	6.51%	6.28%
\$ Change	\$ 229	\$ 207	\$ 199	\$ 192

Residential				
	Calculated	2.41:1	2.46:1	2.51:1
2025 Assessed Value	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Municipal	\$ 1,409	\$ 1,399	\$ 1,396	\$ 1,393
Policing	\$ 548	\$ 544	\$ 543	\$ 542
Fire	\$ 361	\$ 358	\$ 357	\$ 356
Total Municipal Taxes	\$ 2,317	\$ 2,302	\$ 2,296	\$ 2,291
Prior Year	\$ 2,156	\$ 2,156	\$ 2,156	\$ 2,156
% Change	7.48%	6.76%	6.51%	6.28%
\$ Change	\$ 161	\$ 146	\$ 140	\$ 135

	Business			
	Calculated	2.41:1	2.46:1	2.51:1
2025 Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Municipal	\$ 4,224	\$ 4,500	\$ 4,587	\$ 4,662
Policing	\$ 1,642	\$ 1,750	\$ 1,783	\$ 1,813
Fire	\$ 1,081	\$ 1,152	\$ 1,174	\$ 1,193
Total Municipal Taxes	\$ 6,948	\$ 7,402	\$ 7,544	\$ 7,668
Prior Year	\$ 6,976	\$ 6,976	\$ 6,976	\$ 6,976
% Change	-0.40%	6.10%	8.14%	9.92%
\$ Change	\$ (28)	\$ 426	\$ 568	\$ 692

	Business			
	Calculated	2.41:1	2.46:1	2.51:1
2025 Assessed Value	\$ 1,458,000	\$ 1,458,000	\$ 1,458,000	\$ 1,458,000
Municipal	\$ 6,159	\$ 6,561	\$ 6,687	\$ 6,798
Policing	\$ 2,395	\$ 2,551	\$ 2,600	\$ 2,643
Fire	\$ 1,576	\$ 1,679	\$ 1,712	\$ 1,740
Total Municipal Taxes	\$ 10,130	\$ 10,792	\$ 10,999	\$ 11,180
Prior Year	\$ 10,171	\$ 10,171	\$ 10,171	\$ 10,171
% Change	-0.40%	6.10%	8.14%	9.92%
\$ Change	\$ (41)	\$ 621	\$ 828	\$ 1,009

	1 – Calc	2 – 2.41:1	3* – 2.46:1	4 – 2.51:1
\$1m Residential	7.48%	6.76%	6.51%	6.28%
\$1m Residential	\$215	\$194	\$187	\$181
\$1m Business	(0.40)%	6.10%	8.14%	9.92%
\$1m Business \$	\$(28)	\$426	\$568	\$692
*Option included in the recommendation				

FINANCIAL IMPLICATIONS

☐ None ☐ Budget Previously Approved ☒ Other (see below)

Collection of property taxes allows the operations, projects, and strategic priorities of Council to continue.

COMMUNICATION

Extensive public engagement was undertaken prior to adoption of the 2025-2029 Financial plan. Further communication will be provided to the community advising of the tax due date, penalty date and other information required to pay their property taxes prior to the deadline.

ALTERNATE RECOMMENDATIONS

1. THAT Tax Rates Bylaw 1275, 2025 with tax multipliers calculated with no adjustments to the tax distribution (Attachment 1) be read a first, second, and third time.
2. THAT Tax Rates Bylaw 1275, 2025 with tax multipliers calculated so that the tax multipliers for Assessment Class 05 & 06 be set at 4.82:1 and 2.41:1 respectively (Attachment 2) be read a first, second, and third time.
3. (Recommendation) THAT Tax Rates Bylaw 1275, 2025 with tax multipliers calculated so that the tax multipliers for Assessment Class 05 & 06 be set at 4.93:1 and 2.46:1 respectively (Attachment 3) be read a first, second, and third time.
4. THAT Tax Rates Bylaw 1275, 2025 with tax multipliers calculated so that the tax multipliers for Assessment Class 05 & 06 be set at 5.02:1 and 2.51:1 respectively (Attachment 4) be read a first, second, and third time.

Respectfully Submitted.

Trevor James, CFO, Director of Finance & Administration

Report Approval Details

Document Title:	2025 Tax Rates Bylaw 1275, 2025.docx
Attachments:	- Attachment 1 - 2025 Rate calculations revised roll - Calculated.pdf - Attachment 2 - 2025 Rate calculations revised roll - Business 2.41.pdf - Attachment 3 - 2025 Rate calculations revised roll - Business 2.46.pdf - Attachment 4 - 2025 Rate calculations revised roll - Business 2.51.pdf
Final Approval Date:	Apr 30, 2025

This report and all of its attachments were approved and signed as outlined below:

Reyna Seabrook, Director of Corporate Services - Apr 30, 2025 - 2:13 PM

Paul Gipps, Chief Administrative Officer - Apr 30, 2025 - 4:02 PM

Makayla Ablitt, Legislative & FOI Coordinator - Apr 30, 2025 - 4:04 PM