

**To:** Mayor and Council  
**From:** Paul Gipps, CAO  
**Meeting Date:** May 5, 2026  
**Meeting Type:** Regular Council Meeting

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

**Title:** 2026 Tax Rates Bylaw 1326, 2026  
**Description:** Distribution of proposed tax rates for each property class.

**RECOMMENDATION**

THAT Tax Rates Bylaw 1326, 2026 with tax multipliers calculated with no adjustments to the tax distribution (Attachment 1) be read a first, second, and third time.

**EXECUTIVE SUMMARY**

The amount of taxation revenue to raise was determined in the adopted 2026 – 2030 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 (93.72% compared to 94.99%). Calculating the multipliers with no adjustments to the tax distribution shifts the burden more towards class 05 Light Industrial (2.21% in 2025 to 4.65%) and class 06 Business (9.05% in 2025 to 10.16%) and would reduce the burden on 01 Residential (87.22% to 83.75%), however, there are now more properties and assessed value to carry that additional burden. This would result in the business multiplier dropping slightly from 2.46:1 in 2025 to 2.43:1 (2.57:1 5-year average) and light industrial multiplier from 4.93:1 in 2025 to 4.87:1 (5.12:1 5-year average). This would also result in the residential tax increase moving to 5.49% rather than the targeted 5.75% in the budget process.

Because of the increased non-market change in the 05 Light Industrial and 06 Business classes this provides the unique opportunity to have 01 Residential 5.49%, 06 Business 5.29% and 05 Light Industrial 5.26% all come in below the targeted 5.75% increase in the adopted budget, while also slightly reducing the business & light industrial ratios from prior year and historical averages, which is why this is staff’s recommended option. Council does have the option to move the residential increase in line with the adopted 5.75% and further shift the business ratio down to 2.36:1 (down from 2.46:1 in 2025) which would drastically reduce the business class increase to only 2.39% as well. A 3<sup>rd</sup> option of further reducing the business ratio to 2.30:1 has been provided however is not recommended as the residential amount goes above 5.75% to 6.15%.

	1 - Calc	2 - 2.36:1	3 - 2.30:1
<b>\$1m Residential %</b>	5.49%	5.75%	6.15%
<b>\$1m Residential \$</b>	\$ 167	\$ 175	\$ 187
<b>\$1m Business %</b>	5.29%	2.39%	0.16%
<b>\$1m Business \$</b>	\$393	\$177	\$ 12

## 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 15<sup>th</sup> of each year. The 2026 tax rates have been established based on the tax requirement in the 2026 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 the % of total taxes collected for Residential 01 decreased from 87.22% in 2025 to 83.75% while Business 06 increased from 9.05% in 2025 to 10.16% and Light Industry 05 increased from 2.21% to 4.65%. This is consistent with Council’s strategic priority of diversifying revenue, relying less on residential properties to cover the total budgeted revenue. Using this rate structure would partially shift the tax burden from 01 Residential to Light Industry 05 and Business 06. It would result in a 2.43:1 Business 06 to Residential 01 ratio which is slightly less than the 2.46:1 in the prior year and the 2.57:1 5-year average and a 4.86:1 Light Industry 05 to Residential 01 ratio which is slightly less than 4.93:1 in the prior year and the 5.12:1 5-year average.

### Option 2 – Setting Business 06 Multiplier at 2.36:1 and Light Industry 05 Multiplier at 4.72:1

Setting the Business 06 Multiplier at 2.36:1 and Light Industry 05 Multiplier at 4.72:1 (double Business 06 rate) results in some shift away from the Residential 01 class, with the amount collected going from 87.22% in 2025 to 84.12% in 2026 shifting Business 06 from 9.05% in 2025 to 9.90% in 2026 and Light Industry 05 from 2.21% in 2025 to 4.53%.

### Option 3 – Setting Business 06 Multiplier at 2.30:1 and Light Industry 05 Multiplier at 4.60:1

Setting the Business 06 Multiplier at 2.30:1 and Light Industry 05 Multiplier at 4.60:1 (double Business 06 rate) results in less of a shift away from the Residential 01 class, with the amount collected going from 87.22% in 2025 to 84.43% in 2026 shifting Business 06 from 9.05% in 2025 to 9.68% in 2026 and Light Industry 05 from 2.21% in 2025 to 4.43%.

Options 2 & 3 provide more relief for Business 06 and Light Industry 05 and could potentially increase the attractiveness of doing business in the District, with the trade off being less of a shift of the burden away from the Residential 01 Class and less diversifying of property tax revenue.

## Analysis of Roll

PROPERTY CLASS		2026 Assessments	% of Total Roll	2025 Assessments	% of Total Roll
Residential	01	7,058,416,394	93.72%	6,896,305,028	94.99%
Utilities	02	6,187,401	0.08%	5,831,401	0.08%
Light Industry	05	80,507,200	1.07%	35,997,600	0.50%
Business	06	351,667,900	4.67%	288,457,074	3.97%
Recreational	08	26,427,500	0.35%	25,516,200	0.35%
Farm	09	8,087,594	0.11%	8,288,130	0.11%
<b>TOTAL</b>		<b>7,531,293,989</b>	<b>100.0%</b>	<b>7,260,395,433</b>	<b>100.0%</b>

2026 saw a decrease in Residential 01 as a percentage of the total roll from 94.99% to 93.72% while Business 06 increased from 3.97% to 4.67% and Light Industry 05 increased significantly from 0.50% to 1.07%. As was discussed during budget deliberations it is prudent to be cautious about not over relying on some of the growth we've seen in the year. Some of the growth we've seen is related to under construction properties eligible for the Purpose Built Rental Tax Exemption and therefore cannot be relied upon after 2026 for the following 10 years. Additionally, the total value of Light Industry assessments went from \$36m in 2025 to \$81m in 2026. The fact that these have more than doubled is caused by a few things:

- Additional Light Industrial land zoning has resulted in new Light Industrial assessed value for the District – this is in line with the diversifying revenue strategic priority and the District does expect to realize this amount.
- Some existing properties were updated by BC Assessment with significantly higher values due to industry trends. We expect a large number of appeals and potential for changes in these assessed values, particularly for currently unserviced properties such as in the Lake Country Business Park.

Given some of the risks around some assessed values and ongoing appeals, particularly given that Business 06 is 2.3-2.5x residential class and Light Industrial is 2x that (4.6 – 5.0x residential class) it is prudent to not over rely on this growth as doing so could result in a property tax shortage. If more than expected of this growth does materialize, it would result in a surplus in 2026 and additional tax revenue going forward which would be staff's recommendation that it be reinvested into further growth of the services and infrastructure in the Lake Country Business Park which in turn would lead to even higher Light Industrial 05 assessed value and further diversification of revenue.

Rates were first calculated using the following method:

- Determine how much existing properties in each class need to pay, using the 5.75% increase approved in the 2026-2030 Financial Plan
- Calculate the mill rates (property tax charged per \$1,000 of assessed value) 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 2026 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 2025 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:

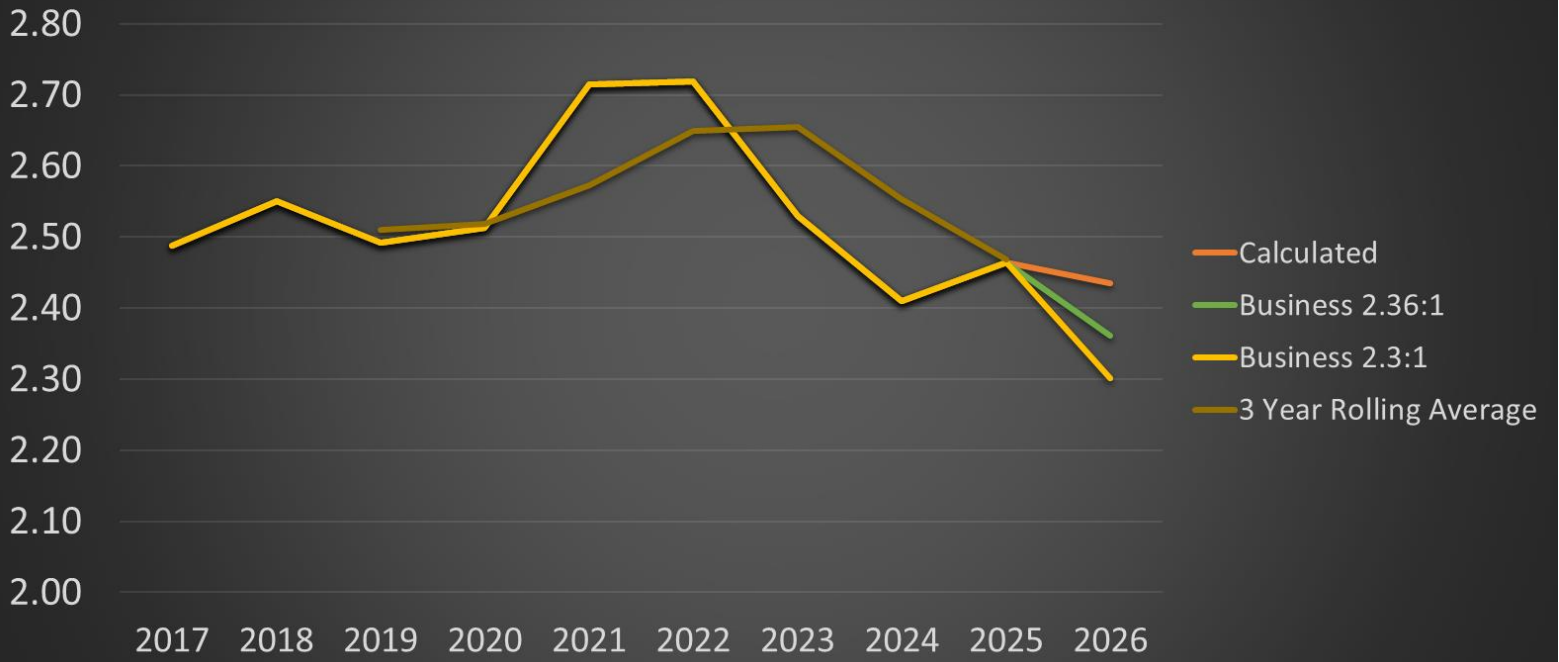
PROPERTY CLASS		2026 Calculated Multipliers			2025 Calculated Multipliers		
		2026 Tax Collected by Class	2026 Multiplier	2026 % Collected	2025 % Collected	2025 Multiplier	2025 Tax Collected by Class
Residential	01	22,660,420	1.0000	83.75%	87.22%	1.0000	21,107,767
Utilities	02	279,800	14.2030	1.03%	1.08%	14.8368	262,512
Light Industry	05	1,256,941	4.8653	4.65%	2.21%	4.9284	534,356
Business	06	2,749,515	2.4342	10.16%	9.05%	2.4642	2,190,093
Recreational	08	105,868	1.2472	0.39%	0.42%	1.2878	100,594
Farm	09	5,303	0.2065	0.02%	0.02%	0.2205	5,519
<b>TOTAL</b>		\$ 27,057,847		100%	100%		\$ 24,200,841

The following is historical data on the ratios:

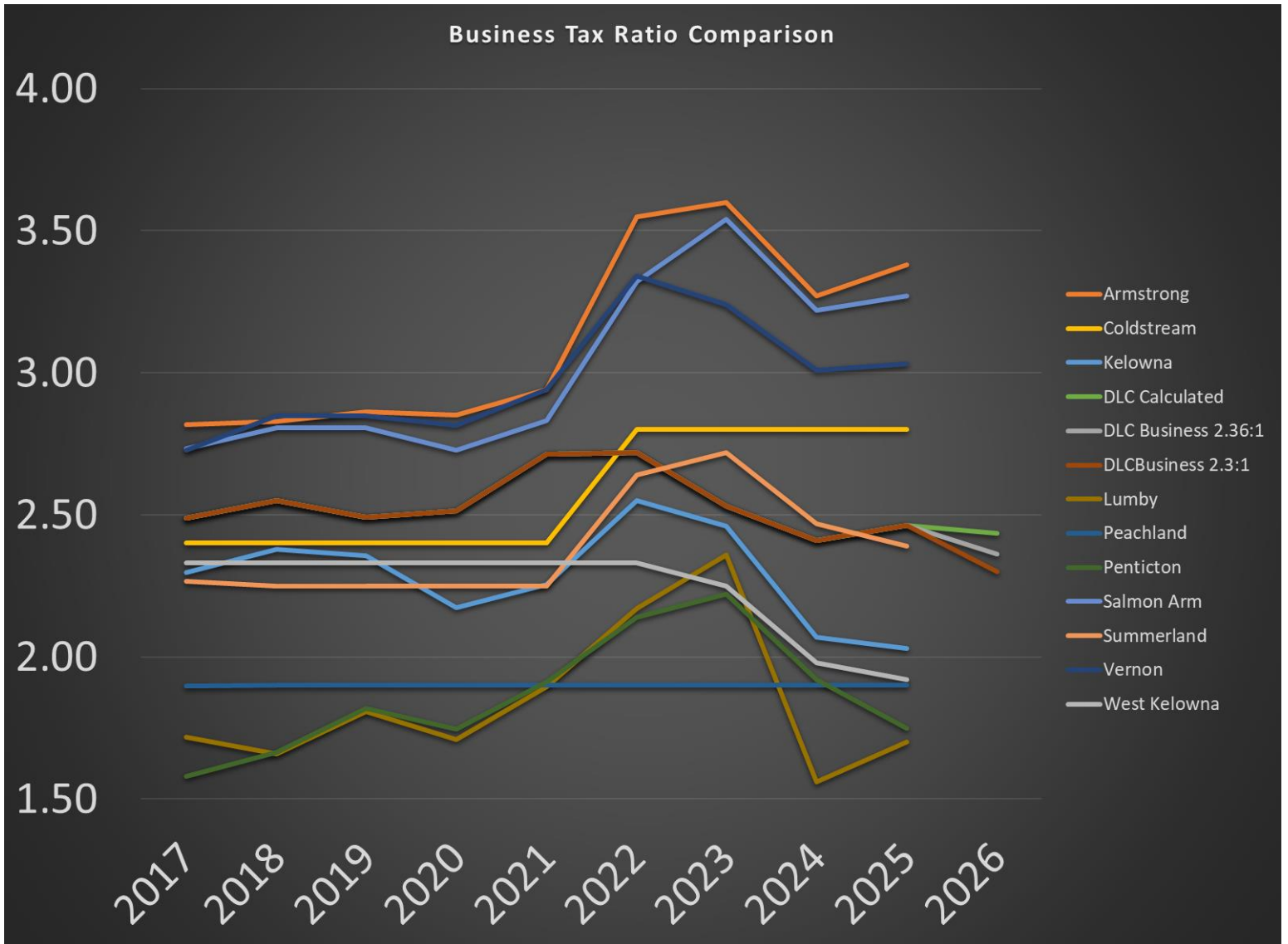
Assessment Classification		2025 Tax Ratio	2024 Tax Ratio	2023 Tax Ratio	2022 Tax Ratio	2021 Tax Ratio	5 Year Average
01	Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
02	Utilities	14.8368	16.0694	17.4695	18.5873	15.4589	16.4844
05	Light Industry	4.9284	4.8202	5.0201	5.4170	5.4060	5.1183
06	Business	2.4642	2.4101	2.5292	2.7183	2.7148	2.5673
08	Recreational	1.2878	1.3858	2.2530	2.3815	2.3377	1.9292
09	Farm	0.2205	0.2389	0.2509	0.2635	0.2236	0.2395

While the calculated ratio for Business 06 dropped from 2.46:1 in 2025 to 2.43:1 in 2026, staff has also included options to further bring the Business 06 class down to 2.36:1 or 2.30:1 for Council's consideration.

### Business Tax Ratio Comparison



Here is how that would place the District relative to other municipalities in the Okanagan:



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

		<b>Residential</b>		
		<b>Calculated</b>	<b>2.36:1</b>	<b>2.30:1</b>
2026 Assessed Value		\$ 1,000,000	\$1,000,000	\$1,000,000
	Municipal	\$ 1,951	\$ 1,955	\$ 1,963
	Policing	\$ 762	\$ 763	\$ 766
	Fire	\$ 500	\$ 501	\$ 503
<b>Total Municipal Taxes</b>		<b>\$ 3,212</b>	<b>\$ 3,220</b>	<b>\$ 3,232</b>
	<b>Prior Year</b>	<b>\$ 3,045</b>	<b>\$ 3,045</b>	<b>\$ 3,045</b>
	<b>% Change</b>	<b>5.49%</b>	<b>5.75%</b>	<b>6.15%</b>
	<b>\$ Change</b>	<b>\$ 167</b>	<b>\$ 175</b>	<b>\$ 187</b>

		<b>Residential</b>		
		<b>Calculated</b>	<b>2.36:1</b>	<b>2.30:1</b>
2026 Assessed Value		\$ 1,077,000	\$1,077,000	\$1,077,000
	Municipal	\$ 2,101	\$ 2,106	\$ 2,114
	Policing	\$ 820	\$ 822	\$ 825
	Fire	\$ 538	\$ 540	\$ 542
<b>Total Municipal Taxes</b>		<b>\$ 3,459</b>	<b>\$ 3,468</b>	<b>\$ 3,481</b>
	<b>Prior Year</b>	<b>\$ 3,279</b>	<b>\$ 3,279</b>	<b>\$ 3,279</b>
	<b>% Change</b>	<b>5.49%</b>	<b>5.75%</b>	<b>6.15%</b>
	<b>\$ Change</b>	<b>\$ 180</b>	<b>\$ 189</b>	<b>\$ 202</b>

		<b>Residential</b>		
		<b>Calculated</b>	<b>2.36:1</b>	<b>2.30:1</b>
2026 Assessed Value		\$ 750,000	\$ 750,000	\$ 750,000
	Municipal	\$ 1,463	\$ 1,467	\$ 1,472
	Policing	\$ 571	\$ 573	\$ 575
	Fire	\$ 375	\$ 376	\$ 377
<b>Total Municipal Taxes</b>		<b>\$ 2,409</b>	<b>\$ 2,415</b>	<b>\$ 2,424</b>
	<b>Prior Year</b>	<b>\$ 2,284</b>	<b>\$ 2,284</b>	<b>\$ 2,284</b>
	<b>% Change</b>	<b>5.49%</b>	<b>5.75%</b>	<b>6.15%</b>
	<b>\$ Change</b>	<b>\$ 125</b>	<b>\$ 131</b>	<b>\$ 140</b>

	Business		
	Calculated	2.36:1	2.30:1
2026 Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Municipal	\$ 4,749	\$ 4,618	\$ 4,517
Policing	\$ 1,854	\$ 1,803	\$ 1,763
Fire	\$ 1,216	\$ 1,183	\$ 1,158
<b>Total Municipal Taxes</b>	<b>\$ 7,819</b>	<b>\$ 7,603</b>	<b>\$ 7,438</b>
<b>Prior Year</b>	<b>\$ 7,426</b>	<b>\$ 7,426</b>	<b>\$ 7,426</b>
<b>% Change</b>	<b>5.29%</b>	<b>2.39%</b>	<b>0.16%</b>
<b>\$ Change</b>	<b>\$ 393</b>	<b>\$ 177</b>	<b>\$ 12</b>

	Business		
	Calculated	2.36:1	2.30:1
2026 Assessed Value	\$ 1,675,000	\$ 1,675,000	\$ 1,675,000
Municipal	\$ 7,954	\$ 7,734	\$ 7,566
Policing	\$ 3,105	\$ 3,019	\$ 2,953
Fire	\$ 2,037	\$ 1,982	\$ 1,939
<b>Total Municipal Taxes</b>	<b>\$ 13,096</b>	<b>\$ 12,735</b>	<b>\$ 12,458</b>
<b>Prior Year</b>	<b>\$ 12,438</b>	<b>\$ 12,438</b>	<b>\$ 12,438</b>
<b>% Change</b>	<b>5.29%</b>	<b>2.39%</b>	<b>0.16%</b>
<b>\$ Change</b>	<b>\$ 658</b>	<b>\$ 297</b>	<b>\$ 20</b>

	1 - Calc	2 - 2.36:1	3 - 2.30:1
<b>\$1m Residential %</b>	5.49%	5.75%	6.15%
<b>\$1m Residential \$</b>	\$ 167	\$ 175	\$ 187
<b>\$1m Business %</b>	5.29%	2.39%	0.16%
<b>\$1m Business \$</b>	\$ 393	\$ 177	\$ 12

#### 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 2026-2030 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 RECOMMENDATION(S)**

1. THAT Tax Rates Bylaw 1326, 2026 with tax multipliers for Assessment Class 05 & 06 be set at 4.72:1 and 2.36:1 respectively (Attachment 2) be read a first, second, and third time.
2. THAT Tax Rates Bylaw 1326, 2026 with tax multipliers for Assessment Class 05 & 06 be set at 4.60:1 and 2.30:1 respectively (Attachment 3) be read a first, second, and third time.

Respectfully Submitted.

**Trevor James, CFO, Director of Finance & Administration**

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**Report Approval Details**

Document Title:	2026 Tax Rates Bylaw.docx
Attachments:	Attachment 1 – 2026 – Tax Rates - Calculated.pdf Attachment 2 – 2026 - Tax Rates – Business 2.36pdf Attachment 3 – 2026 - Tax Rates – Business 2.30.pdf
Final Approval Date:	Apr 29, 2026

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

**Trevor James, CFO, Director of Finance & Administration - Apr 29, 2026 - 9:28 AM**

**Reyna Seabrook, Director of Corporate Services - Apr 29, 2026 - 11:53 AM**

**Paul Gipps, Chief Administrative Officer - Apr 29, 2026 - 3:25 PM**

**Task assigned to Makayla Ablitt, Manager of Corporate Administration was completed by assistant Shara Glenn, Legislative and FOI Coordinator - Apr 29, 2026 - 4:18 PM**