



Provincial News Releases – Assessment & Taxation Issues



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FOCUS

- ✦ Property Assessment Locked In
- ✦ Temporary Property Tax Deferment Program
- ✦ School Property Tax Rebate for Industry

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PROPERTY TAX FORMULA

* **Assessed Property Value** *

$$\begin{array}{c} \times \\ \text{Property Tax Rate} \\ = \\ \text{Property Tax Bill} \end{array}$$

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Assessed Property Value Impact

- ✦ 2009 assessment **notices** will show values as at July 1st 2007 (previous roll value) **and** as at July 1st 2008.
- ✦ 2009 Assessed value and Assessment Roll for Local Government will reflect the **lower** of these 2 values
- ✦ Lower value applies to:
 - Class 1 – Residential
 - Class 5 – Light Industrial
 - Class 6 – Business & Other
 - Class 8 – Recreation/Non-Profit

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Assessed Property Value Impact

- ✦ Class 2 Utilities will stay at 2008 values:
 - Improvements regulated and frozen at July 1, 2007 Rates
- ✦ Class 3 Supportive Housing (New):
 - Set by regulation at nominal values
- ✦ Class 4 Major Industry:
 - Land at Lower of July 1/07 or July 1/08
 - Improvements regulated and frozen at July 1, 2007 Rates
- ✦ Class 7 (Forestry) and Class 9 (Farm) land is regulated and will stay at July/07 rates

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Assessed Property Value Impact

- ✦ For properties with:
 - New Construction/Development
 - Subdivisions
 - Zoning Changes
 - Exemption Changes
 - Changes in Class/Use
- ✦ Non Market Change Calculation will reflect **inventory** as Oct.31/08 but **market level** as of either July 1/07 or July 1/08
 - Whichever date has the lower value

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Assessed Property Value Impact

- Property owners will have the right to appeal the 2009 Assessment as in prior years
 - BC Assessment will need to deal with the fact that property owners may be appealing values at either the July 2007 or July 2008 market level.

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PROPERTY TAX FORMULA

$$\begin{array}{c} \text{Assessed Property Value} \\ \times \\ * \text{Property Tax Rate} * \\ = \\ \text{Property Tax Bill} \end{array}$$

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Property Tax Rate Impact:

- With assessed property values staying the same there will be no market change (or perhaps minimal) and the tax distribution policy should not require a change.

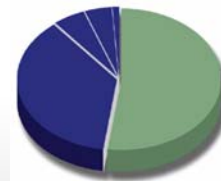
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Property Tax Rate Impact (2008)

- 2009 tax requirement will be the percentage increase added to the 2008 tax rate.

Collected on behalf of other taxing authorities (46.3%)

- School (36%)
- Regional District (4.9%)
- Hospital (4.3%)
- BC Assessment (1.1%)



◆ Municipal Property Taxes (53.7%)

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Property Tax Rate Impact

- 50% school tax rebate for the class 4 - major industry and class 5 - light industry properties
 - Municipalities will show the normal school tax rate and then show an industrial school tax credit on a separate line.
 - This will require a change to the format of the tax notice and program changes to the City's property tax system.
 - The administration fee for accounting, remitting and reporting school taxes to the government will be impacted by the 50% rebate.

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PROPERTY TAX FORMULA

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Property Tax Bill Impact

- ✦ With assessment locked in:
 - It will favorably impact the properties that are generally increasing at a higher rate than the average and hurt those properties that would be increasing at a lower rate than the average.
 - It does not mean that tax rates are locked-in.
- ✦ A change in property taxes will be dependent on each taxing authority's 2009 tax requirements

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New Property Tax Deferment Program

- ✦ Temporary Property Tax Deferment Program:
 - For the 2009 and 2010 taxation years only.
 - Applicants will have to attest to the fact that they are facing financial hardship related to current economic conditions.
 - There will be no age restriction
 - The minimum equity requirement will be 15% of BC Assessment value
 - The interest rate will be at prime

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New Property Tax Deferment Program

- ✦ Questions that remain unanswered are:
 - How many homeowners will qualify and take advantage of the new program?
 - Will current City staffing levels be adequate to meet the demand created by this new program?
 - Will the province ensure the City is compensated for the increased administrative costs?
 - Will the province ensure that payments to the municipality are prompt, to avoid city loss of interest revenue?

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Your Questions ?



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