



City of Maple Ridge

TO: Her Worship Mayor Nicole Read and Members of Council **MEETING DATE:** July 4, 2016
FROM: Chief Administrative Officer **MEETING:** Council Workshop
SUBJECT: 2017 Major Industry Class Property Taxation

EXECUTIVE SUMMARY:

The Finance Department provides Council with reports on property assessments and taxation. This information allows Council to see how our taxes compare to those of other municipalities in our area. A report on Residential Class property taxes was provided in June, and it concluded that Residential Class property taxes in Maple Ridge remain competitive within the region.

In Maple Ridge, the only Major Industry Class properties are the cedar mill properties.

The City has been reviewing the tax burden to the Major Industry Class for several years, with the aim of bringing our rate more in line with others in our region. To achieve this goal, in 2009, 2010, 2014 and 2015 the tax burden was reduced for properties in the Major Industry Class.

Since 2016 the Major Industry Class has received the same property tax rate increase as the Residential Class.

The purpose of this report is to see how our current Major Industry Class municipal tax rate in 2017 compares to other municipalities in our area.

RECOMMENDATION:

This report has been provided for information only. No resolution is required.

DISCUSSION:

In Maple Ridge, the only Major Industry Class properties are the cedar mill properties. In 2009 and 2010, the municipal portion of the property taxes for the Major Industry Class was reduced by 5%. In 2011, 2012, and 2013, the Major Industry Class received the same property tax increase as the other property classes. For 2014 and 2015, Council authorized a reduction in the tax burden for Major Industry Class properties by \$70,000 each year.

Since 2016 the Major Industry Class has received the same property tax rate increase as the Residential Class.

The impact of efforts to reduce the tax burden on the Major Industry Class is evident when comparing the 2012 tax burden to that of 2017, as seen in Figure 1. Even considering the tax rate increase for 2017, the municipal tax burden remains over \$30,000 lower than 2012.

Figure 1: Maple Ridge Major Industry Class - Year to Year Comparison

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>% Change</u>	<u>2017</u>
Assessed Value	\$17,628,000	\$18,016,100	\$17,774,100	\$17,230,000	\$17,291,000	34.82%	\$23,311,000
Municipal Tax Rate	36.3418	37.2342	34.9163	33.2682	34.1952	-23.49%	26.1634
Tax Rate Multiple	8.9	8.7	7.8	7.4	7.6	2.39%	7.8
Municipal Taxes	\$640,633	\$670,815	\$620,606	\$573,211	\$591,269	3.15%	\$609,895

As in previous years, in this report we will look at two indicators to determine how the Maple Ridge Major Industry Class municipal tax rate compares to other lower mainland municipalities.

1. Municipal Tax Rate Comparison:

This indicator looks at the municipal tax rate in our municipality and compares it to the municipal tax rate for the same class in other municipalities. While the data for this indicator is fairly easy to obtain, it is problematic in that similar properties in one community may be valued very differently in other communities.

As shown in Figure 2, in 2017, the City's Major Industry Class 4 municipal tax rate is \$26.1634 per \$1,000 of assessed value. Among the fourteen surveyed municipalities, our municipal tax rate ranks as the fifth lowest, while in 2016 it ranked as the eleventh lowest.

Figure 2: Major Industry Class Municipal Property Tax Rates – lowest to highest

Municipality	2014	2015	2016	2017	Rank
	Major Industry Rate	Major Industry Rate	Major Industry Rate	Major Industry Rate	
Langley, Township	8.76410	9.49430	9.30400	7.86620	1
Surrey	11.56272	11.20174	11.23883	11.19892	2
Richmond	13.71527	12.87490	13.50329	12.57288	3
West Vancouver	15.26860	16.04540	16.82040	17.67350	4
Maple Ridge	34.91630	33.26820	34.19520	26.16340	5
North Vancouver, City	27.50000	27.50000	27.50000	27.50000	6
North Vancouver, District	29.33316	30.97096	28.40825	28.40825	7
Coquitlam	28.85520	28.87690	28.85070	28.92700	8
New Westminister	29.51880	30.13070	30.19100	29.42230	9
Delta	35.21332	33.92342	31.70120	30.24958	10
Vancouver	33.77460	33.68465	33.90142	34.51349	11
Pitt Meadows	40.27550	37.06480	38.68840	34.93870	12
Burnaby	47.10730	45.24490	44.94800	38.59390	13
Port Moody	68.54770	71.30020	72.69800	78.01500	14

It is important to remember that not all assessed property values are comparable across the lower mainland. The Major Industry classification by BC Assessment can be very broad, and includes a wide variety of major industry types, including saw mills, cement and asphalt plants, grain elevators, oil refining plants, docks and wharves, shipyards and more.

Additional factors beyond the control of local governments also influence Major Industry rates. For example, West Vancouver may have a lower tax rate, but the assessed values for a waterfront property similar to those owned by Interfor in Maple Ridge would likely be much higher in that community.

For a more equitable comparison between municipalities we should look at another indicator, such as the municipal tax rate multiple.

2. Municipal Tax Rate Multiple Comparison:

This indicator looks at the relative tax rate on one class, as a ratio of the tax rate charged to another property class. The “other” class used in this analysis is the Residential Class. As outlined in previous reports to Council, the main weakness of this indicator is that it is greatly affected by varying market value fluctuations between the property classes.

As shown in Figure 3, in 2017, the Maple Ridge Major Industry Class municipal tax rate multiple of 7.8 ranks as third lowest among the fourteen municipalities, bettering its standing from 2016 and 2015. In 2017, our multiple remains below the average tax rate multiple of 14.4.

Figure 3: Major Industry Class Municipal Property Tax Rate Multiples – lowest to highest

Municipality	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Langley, Township	3.5	3.5	2.8	3.0	2.8	2.7	2.6	2.8	2.9	3.2
Surrey	5.3	5.2	4.6	4.9	4.9	4.8	4.7	4.5	4.6	5.9
Maple Ridge	11.3	10.1	8.2	8.8	8.9	8.7	7.8	7.4	7.8	7.8
Richmond	3.7	4.3	4.2	6.0	7.2	6.8	6.1	5.9	6.6	8.0
New Westminster	7	7.7	7.4	8.2	8.6	8.1	7.9	8.1	8.8	10.7
Pitt Meadows	9.5	9.3	8.9	9.8	9.5	9.6	10.0	9.4	10.2	11.5
Delta	8.7	8.9	8.6	9.1	10.0	10.1	9.8	9.3	9.4	12.4
Coquitlam	19.9	19.8	18.9	16.4	9.6	9.6	9.0	9.2	10.3	13.4
West Vancouver	6.2	6.2	5.6	6.4	7.3	8.2	8.6	9.5	11.4	14.5
North Vancouver, City	12.5	11.9	11.0	11.5	11.6	11.2	11.0	10.9	11.7	15.2
North Vancouver, District	19.5	19.4	17.1	17.2	17.4	15.5	12.0	13.0	13.4	17.7
Burnaby	17.5	17.9	17.2	18.4	21.2	20.1	20.1	19.7	21.2	24.3
Vancouver	13.3	14.2	14.3	14.8	15.8	17.4	18.3	19.0	21.7	27.4
Port Moody	16.3	16.7	14.7	17.9	18.7	19.2	19.5	20.6	22.6	30.3

This year nine of the fourteen municipalities saw increases in their multiples and four experienced decreases. Since 2007, our multiple in this class has dropped from 15.6, making it one of the most significantly improved of the surveyed municipalities. This is due to changes in the assessed property values and Council’s direction of trying to ease the tax burden on this property class.

CONCLUSION:

Maple Ridge's position in terms of Major Industry Class municipal property tax rates and multiples has improved from 2013 levels as a direct result of direction from Council. Our Major Industry Class municipal tax rate is fifth lowest when compared to the fourteen surveyed municipalities, and our Major Industry Class municipal tax rate multiple ranks as third lowest, below the average municipal tax rate multiple.

We will continue to review the tax burden against our other property classifications to ensure we maintain an equitable balance.

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