

DATE OF MEETING MAY 2, 2022

AUTHORED BY JAMIE SLATER, MANAGER, REVENUE SERVICES

SUBJECT 2022 PROPERTY TAX RATES BYLAW

OVERVIEW

Purpose of Report

To introduce 'Property Tax Rates Bylaw 2022 No. 7345 for first, second, and third readings.

Recommendation

That:

- 1) "Property Tax Rates Bylaw 2022 No. 7345 (a bylaw to set the property tax rates for 2022) pass first reading;
- 2) "Property Tax Rates Bylaw 2022 No. 7345 pass second reading; and,
- 3) "Property Tax Rates Bylaw 2022 No. 7345 pass third reading.

BACKGROUND

The approved 2022-2026 Financial Plan sets out the required amount of property tax collection for the 2022 property taxation year. The required property tax requisition amounts for 2022 are then calculated into tax rates (often referred to as mill rates) per \$1,000 of assessed value for the various classes of property in the City of Nanaimo. Property assessment values are determined by the BC Assessment Authority, who provide this information to the City on an annual basis.

The 2022 Financial Plan provides for a 6% increase over the property tax amounts requisitioned in 2021.

Assessed values in many property classes increased significantly in 2022. The average assessed value for a Class 1 Residential property in Nanaimo increased by approximately 31% in 2022. However, a larger assessed value does not necessarily mean an increase in property tax rates. If the assessed value of a residential house in Nanaimo increases by the amount of the average assessment increase, the property tax bill would reflect the rate increase approved in the 2022-2026 Financial Plan, which is 6%.

The table below illustrates the estimated charge for an average single family residential property whose assessment value increased by the Class 1 average of 31%.

2021 Average Single Family Home Value	Municipal Tax Rate*	2021 Municipal Taxes Paid
\$549,668	4.2145	\$2,317
2022 Average Single Family Home Value	2022 Tax Rate*	2022 Municipal Taxes
\$718,471	3.4182	\$2,456
* General Municipal & Debt residential tax rate (excludes Library)		

If a residential property's value increases by more than the average percentage, the tax increase will be higher than 6%. If the property's assessed value increases by less than the average increase, the property's tax increase will be less than 6%.

DISCUSSION

The tax rate schedule attached to Bylaw 7345 also includes tax rates applicable to the amounts requisitioned by:

- Vancouver Island Regional Library
- Regional District of Nanaimo
- Nanaimo Regional Hospital District

The City of Nanaimo collects these taxes and remits the requisitioned amounts to these entities. All processes related to the requisition process are governed by legislation.

Each year, the City of Nanaimo's Financial Plan and the related property tax rates bylaw must be adopted before May 15th. This is required under Sections 165 and 197 of the *Community Charter*.

As noted in the Bylaw, the property tax payment due date this year is 2022-JUL-04 (this is due to the statutory due date of July 2nd falling on a weekend). A penalty of 2% will be charged on any amounts outstanding after 2022-JUL-04. A second 8% penalty will be applied on amounts outstanding after 2022-AUG-31.

The application of a 10% penalty on unpaid taxes is a legislated requirement under the *Municipal Tax Regulation*.

OPTIONS

1. That:
 1. "Property Tax Rates Bylaw 2022 No. 7345 (a bylaw to set the property tax rates for 2022) pass first reading;
 2. "Property Tax Rates Bylaw 2022 No. 7345 pass second reading; and,
 3. "Property Tax Rates Bylaw 2022 No. 7345 pass third reading.
 - **Advantages:** The City of Nanaimo will meet the May 15th legislated deadline to set the applicable property tax rates that will allow property taxes to be collected for the City of Nanaimo and other government agencies.
 - **Financial Implications:** The City of Nanaimo will collect the property tax amounts required to fund 2022 operations for the City of Nanaimo, and other government agencies.
2. That Council defer consideration of the report and request more information from Staff.
 - **Disadvantages:** The City of Nanaimo will not meet the May 15th legislated deadline to set the applicable property tax rates that will allow property taxes to be collected for the City of Nanaimo and other government agencies.
 - **Financial Implications:** The City of Nanaimo will not be able to collect the property tax amounts required to fund 2022 operations. Legislation outlines that the bylaw must be adopted before 2022-MAY-15. Delaying readings of the bylaw would require additional Council meetings to complete the adoption of the bylaw by the deadline.

SUMMARY POINTS

- The 2022 property tax increase is driven by the 2022-2026 Financial Plan
- Annual property taxes fund City services, programs, and capital projects, as approved in the Financial Plan
- The 2022 rate increase is 6%
- The "Property Tax Rates Bylaw 2022 No. 7345 must be adopted by legislation before 2022-MAY-15

ATTACHMENTS:

Attachment A: Property Tax Rates Bylaw 2022 No. 7345 |

Submitted by:

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Concurrence by:

Laura Mercer
Director, Finance |