

DATE OF MEETING MAY 1, 2023

AUTHORED BY JAMIE SLATER, MANAGER, FINANCIAL SERVICES & SPECIAL PROJECTS

SUBJECT 2023 PROPERTY TAX RATES BYLAW

OVERVIEW

Purpose of Report

To introduce 'Property Tax Rates Bylaw 2023 No. 7360 for first, second, and third readings.

Recommendation

That:

- 1) "Property Tax Rates Bylaw 2023 No. 7360" (a bylaw to set the property tax rates for 2023) pass first reading;
- 2) "Property Tax Rates Bylaw 2023 No. 7360" pass second reading; and,
- 3) "Property Tax Rates Bylaw 2023 No. 7360" pass third reading.

BACKGROUND

The approved 2023-2027 Financial Plan sets out the required amount of property tax collection for the 2023 property taxation year. The required property tax requisition amounts for 2023 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. The 2023 Financial Plan provides for a 7.2% increase over the property tax amounts requisitioned in 2022.

Assessed values in many property classes increased in 2023, but not as significantly as the increases that were experienced in 2022. The average assessed value for a single-family residential property in Nanaimo (when adjusted for new growth) increased by approximately 12% in 2023, as compared to 31% in 2022.

It is important to note that a larger assessed value does not necessarily mean an increase in municipal property taxes. If the assessed value of a property in Nanaimo increased by the amount of the average assessment increase for that property class, the property tax bill would reflect the municipal rate increase approved in the 2023-2027 Financial Plan, which is 7.2%.

The table below illustrates the estimated municipal taxes for an average single family residential property that had its assessed value increase by the average 12%.

2022 Average Single Family Home Value	Municipal Tax Rate*	2022 Municipal Taxes Paid
\$722,079	3.4182	\$2,468
2023 Average Single Family Home Value	Municipal Tax Rate*	2023 Municipal Taxes Paid
\$808,873	3.2721	\$2,647
*General Municipal & Debt residential tax rates (excludes Library)		

If a residential property's value increases by more than the average percentage, the tax increase will be higher than 7.2%. If the property's assessed value increases by less than the average increase, the property's municipal tax increase will be less than 7%.

DISCUSSION

The tax rate schedule attached to Bylaw 7360 also includes tax rates applicable to the amounts requisitioned by the following entities:

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

The City of Nanaimo collects these taxes and remitted 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 1997 of the *Community Charter*.

As noted in the Bylaw, the property tax payment due date this year is 2023-JUL-04 (this is due to the statutory due date of 2023-JUL-02 falling on a weekend and creating a statutory holiday on 2023-JUL-03). A penalty of 2% will be charged on any amounts outstanding after 2023-JUL-04. A second 8% penalty will be applied on amounts outstanding after 2023-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 2023 No. 7360" (a bylaw to set the property tax rates for 2023) pass first reading;
 2. "Property Tax Rates Bylaw 2023 No. 7360" pass second reading; and,

3. “Property Tax Rates Bylaw 2023 No. 7360” pass third reading.
 - **Advantages:** The City of Nanaimo will meet the 2023-MAY-15 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 2023 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 2023-MAY-15 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 2023 operations. Legislation outlines that the bylaw must be adopted before 2023-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 2023 property tax increase is directed by the 2023-2027 Financial Plan and the rate increase is 7.2%
- Annual property taxes fund City services, programs, and capital projects, as approved in the Financial Plan
- The Property Tax Rates Bylaw 2023 No. 7360 must be adopted by legislation before 2023-MAY-15

ATTACHMENTS:

Property Tax Rates Bylaw 2023 No. 7360 |

Submitted by:

Jamie Slater
Manager, Financial Services & Special
Projects |

Concurrence by:

Laura Mercer
Director, Finance |