

DATE OF MEETING APRIL 29, 2024

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

SUBJECT 2024 PROPERTY TAX RATES BYLAW

OVERVIEW

Purpose of Report

To introduce “Property Tax Rates Bylaw 2024 No. 7380” for first, second and third readings. |

Recommendation

That:

- 1) “Property Tax Rates Bylaw 2024 No. 7380” (a bylaw to set the property tax rates for 2024) pass first reading;
- 2) “Property Tax Rates Bylaw No. 7380” pass second reading; and
- 3) “Property Tax Rates Bylaw No. 7380” pass third reading.

BACKGROUND

Each year, the approved Financial Plan sets out the required amount of property taxes to be collected for the property taxation year. The required property tax amounts are then calculated into tax rates (often referred to as mill rates).

Property tax assessment values are determined by the BC Assessment Authority, based on a valuation date of July 1st of the previous year, and the calculated tax rates are applied to every \$1,000 of assessed value for the various classes of property in the City of Nanaimo.

The 2024 Financial Plan provides for a 7.7% increase over the property tax amounts requisitioned in 2023. Property tax rates are set each year to enable the City to collect the tax amounts that are required to support the municipal programs and services as approved by Council in the Financial Plan.

The average assessed value for a single-family residential property in Nanaimo (when adjusted for new growth) decreased by approximately 2.8% in 2024, as compared to a 12% increase in 2023.

A significant change in the assessed value will not necessarily result in a proportionate significant change in the property taxes. The most important factor when determining how property taxes will be impacted is how a property’s assessed value has changed relative to the average change in that property class. This is demonstrated in the infographic as provided by BC Assessment, below:



*The diagram above and the scenarios below assume stable tax rates and no changes in the distribution of budget funding between property classes for your taxing jurisdiction and/or any other taxing agency.

Impact to Typical Single Family Home

The table below illustrates the estimated municipal taxes for a typical single-family residential property that had its assessed value decrease by the average of 2.8%.

Year	Average Single Family Home Value	Municipal Tax Rate*	Estimated Municipal Taxes Paid
2023	\$806,636	3.27210	\$2,639.39
2024	\$783,808	3.62746	\$2,843.23

*General Municipal & Debt residential tax rates (excludes library)

If a residential property's value decreases by more than the average percentage (2.8%), the tax increase will be less than 7.7%. If a residential property's value increases by more than the average percentage (2.8%), the tax increases will be more than 7.7%.

DISCUSSION

The tax rate schedule in Bylaw 7380 also includes tax rates applicable to the amounts requisitioned by the following entities:

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

The City of Nanaimo collects these taxes and remits the requisitioned amounts to these organizations. The requisition process is governed by legislation.

Each year, the City of Nanaimo's Financial Plan and related Property Tax Rates bylaw must be adopted before May 15th, as stated under Sections 165 and 197 of the *Community Charter*.

The application of a 10% penalty on unpaid current year taxes is legislated under the *Municipal Tax Regulation*. City Council has approved the imposition of a 2% penalty on amounts outstanding after 2024-JUL-02 and a second penalty of 8% on amounts outstanding after 2024-AUG-30. |

OPTIONS

1. That:
 1. "Property Tax Rates Bylaw 2024 No. 7380" (a bylaw to set the property tax rates for 2024) pass first reading;
 2. "Property Tax Rates Bylaw 2024 No. 7380" pass second reading; and,
 3. "Property Tax Rates Bylaw 2024 No. 7380" pass third reading.
 - **Advantages:** The City of Nanaimo will meet the 2024-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 2024 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:** Delaying readings of the bylaw would require additional Council meetings to complete the adoption of the bylaw by the deadline.
 - **Financial Implications:** Until the property tax rates bylaw is adopted, the City of Nanaimo will not be able to collect the property tax amounts required to fund 2024 operations. Legislation outlines that the bylaw must be adopted before 2024-MAY-15.

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SUMMARY POINTS

- The 2024 property tax increase is directed by the 2024-2028 Financial Plan and the rate increase is 7.7%
- Annual property taxes fund City services, programs, and capital projects, as approved in the Financial Plan
- Pursuant to Section 197 of the *Community Charter*, the Property Tax Rates Bylaw 2024 No. 7380 must be adopted before 2024-MAY-15

ATTACHMENTS:

ATTACHMENT A: Property Tax Rates Bylaw 2024 No. 7380 |

Submitted by:

Jamie Slater
Manager, Financial Services & Special Projects |

Concurrence by:

Wendy Fulla
Director, Finance

Laura Mercer
General Manger, Corporate Services |