



COUNCIL REPORT

To: Mayor and Council

Date: May 9, 2023

From: Paul Gipps, CAO

Subject: **2023 Tax Rate Bylaw No. 0305, 2023**

Report Prepared by: Warren Everton, Director of Finance / CFO

RECOMMENDATION to Consider and Resolve:

THAT Council adopt the “City of West Kelowna Tax Rates Bylaw No. 0305, 2023”.

STRATEGIC AREA(S) OF FOCUS

Financial planning including taxation is an integral component in achieving the objectives of Council’s 2023 Strategic Priorities: Invest in Infrastructure, Pursue Economic Growth and Prosperity, Strengthen Our Community and Foster Safety and Well-Being. Careful management of the City’s revenues, expenses, capital and reserves is integral to a healthy and progressive young community.

BACKGROUND

LEGISLATIVE REQUIREMENTS:

The *Community Charter* section 197 requires that Council impose property taxes for the year by bylaw after the approval of the financial plan and prior to May 15th. Pursuant to Section 235 of the *Community Charter*, Council may use the General Collection Scheme or Alternative Tax Collection Scheme, including penalties to be applied in relation to payments made after a tax due date established by the bylaw.

DISCUSSION

As per Bylaw 305, the due date for 2023 will be 4:30 pm July 4th and the penalties for payments made after that date will be 10% for outstanding amounts on July 5th, 2023.

As presented previously, the following table represents the proposed and historical tax multipliers on all classes of properties in West Kelowna. The proposed multipliers represent a reduction on classes 4, 5 and 6 in order to mitigate the assessment and subsequent tax swing expected.

History and Proposed Ratios	Tax Ratio			
	2020	2021	2022	2023
Class 1 - Residential	1.00	1.00	1.00	1.00
Class 2 - Utilities	11.24	11.24	11.24	11.24
Class 3 - Supportive Housing	1.00	1.00	1.00	1.00
Class 4 - Major Industry	3.00	3.00	3.00	2.91
Class 5 - Light Industry	2.13	2.13	2.13	2.06
Class 6 - Business & Other	2.33	2.33	2.33	2.25
Class 7 - Managed Forest	3.00	3.00	3.00	2.91
Class 8 - Recreation/Non Profit	1.00	1.00	1.00	1.00
Class 9 - Farm	1.00	1.00	1.00	1.00

The following table compares the current year's revised assessment roll and tax requisition to the previous year and indicates how the class weighting has shifted back towards commercial classes from residential. In 2023 we see the overall tax share for residential drop modestly by 0.25% from 86.64% to 86.39%, with the effect on business and industry more pronounced for the size of assessments.

City of West Kelowna Property Tax Comparison by Class								
General Tax Levy 2023 vs 2022								
Property Class	2022 Assessment		2022 Tax		2023 Assessment		2023 Tax	
	Value	% Share	Requisition	Value	% Share	Requisition	Change in %	
Class 1 - Residential	12,707,133,359	86.636	31,894,650	14,544,769,421	86.386	34,044,738	-0.250	
Class 2 - Utilities	4,341,501	0.333	122,483	4,678,101	0.312	123,078	-0.020	
Class 3 - Supportive Housing	0	0.000	0	0	0.000	0	0.000	
Class 4 - Major Industry	20,231,200	0.414	152,340	23,531,000	0.406	160,004	-0.008	
Class 5 - Light Industry	140,593,200	2.042	751,648	175,144,100	2.138	842,658	0.096	
Class 6 - Business & Other	658,016,001	10.453	3,848,244	796,694,151	10.639	4,192,990	0.186	
Class 7 - Managed Forest	0	0.000	0	0	0.000	0	0.000	
Class 8 - Recreation/Non Profit	14,119,600	0.096	35,440	15,770,500	0.094	36,914	-0.003	
Class 9 - Farm	3,859,975	0.026	9,689	4,078,262	0.024	9,546	-0.002	
	13,548,294,836		36,814,494	15,564,665,535		39,409,928		
Other Separate Tax Notice Items								
Library			1,636,131			1,636,220		
Storm Sewer			484,906			517,569		
Total Tax Levy			38,935,531			41,563,717		

In the final table the 2023 assessment shift within Class 1 is reviewed. In 2022 there was a substantial increase to single-family assessments vs a lesser increase to strata or multi-family (MF) assessments. This caused a higher loading of the 2022 tax burden on the SF sub-class and less of a burden on MF. For 2023 the growth in the SF sub-class is now lower than the growth in the MF class and has reversed this trend. The change is apparent in the table with SF sub-class seeing a net tax increase of 4.97% and MF seeing an 8.21%

increase within the residential class. It's important to note that the overall increase in the residential class 1 including all sub-classes remains slightly under 5%.

Adjusted Multiplier Scenario			% Change in	Share of	Incr over
Residential Class Assessment Shift Calc	Folios	Assessment	Assessment	General Tax	prev yr
Residential Single Family 2023	11,453	12,120,536,200	82.4%	28,053,715	4.97%
Residential Strata 2023	2,434	1,527,540,900	10.4%	3,535,586	8.21%
Total Residential Class 1	13,887	13,648,077,100	92.8%	31,589,301	5.33%
Residential Single Family 2022	11,338	10,580,944,800	82.4%	26,286,451	
Residential Strata 2022	2,380	1,294,278,600	10.1%	3,215,402	
Total Residential Class 1	13,718	11,875,223,400	92.5%	29,501,853	

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
April 18, 2023	THAT Council adopt the tax multiplier schedule as attached; and, THAT Council give first, second and third reading to “City of West Kelowna Tax Rates Bylaw No. 0305, 2023”.	C178/23

REVIEWED BY

Warren Everton, Director of Finance / CFO

Corinne Boback, Legislative Services Manager / Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes No

Attachment:

1. Bylaw No. 0305, 2023 Tax Rate Bylaw including Schedule A Tax Rates