



COUNCIL REPORT

To: Mayor and Council

Date: April 8, 2025

From: Ron Bowles, CAO

File No: 3900-20-0327

Subject: **2025 Tax Rate Bylaw No. 0327, 2025**

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

RECOMMENDATION:

THAT Council approve the Tax Multiplier Schedule as outlined in “Table 1” in the report from the Director of Finance / CFO dated April 8, 2025;

AND THAT Tax Rates Bylaw No. 0327, 2025 be given first, second and third reading.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

BACKGROUND

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.

As per Bylaw 0327, the due date for 2025 will be 4:30 pm July 2nd and the penalties for payments made after that date will be 10% for outstanding amounts on July 3rd, 2025.

DISCUSSION

Tax Due Date:

For the 2025 tax year, the tax rate bylaw has been written in the traditional sense under the Charter's General Tax Collection Scheme with the penalty date for all classes set as July 3rd, 2025 for unpaid amounts as of 4:30 pm on July 2nd, 2025.

Cash Flow:

The City is highly (but not fully) reliant on tax collection as it has a number of non-tax cash streams including utility billing and permitting that continue through the fiscal year. The variable that most affects cash outflow in any given year is the amount, value and timing of capital projects. These are mitigated to a certain extent by the funding model which includes reserves, grants and borrowing all of which can be drawn upon concurrently through the progression of the projects. In the meantime, before tax collection, staff continue to work through cash projection modelling and tracking to determine when or if funds are required under the Revenue Anticipation Borrowing Bylaw. To date through late 2024 and early in 2025 the City has been managing cash without drawing on these funds but if at any point the situation were to change and require revenue borrowing funds staff would be sure to alert Council.

Tax Multiplier Schedule and Assessments:

Tax distribution is addressed in the Financial Plan Bylaw and specifically in the City's Revenue Policy stated as: "It is Council's goal to ensure that there is a fair and equitable apportionment of taxes to each property class". The apportionment to each class is calculated using the multipliers determined by Council prior to preparing the annual tax rate bylaw. The tax multipliers will be reviewed and set by Council annually."

Similarly to 2024 staff have reviewed the proportionate mix between classes and are recommending that classes 4, 5, and 6 (Major Industry, Light Industry and Business) be adjusted downwards to shift some of the assessment burden back to residential. This exercise enables residential, as the largest class, to more closely match to budget as well

as alleviating some of the assessment shift tax burden away from the business/industry classes.

FINANCIAL IMPLICATIONS

When it comes to the main assessment classes, we see that for 2025 there is a further shift between classes in the same direction as 2024 with Class 1 Residential dropping and Classes 4, 5, and 6 increasing. Finance is again proposing that the multipliers be adjusted to soften the curve between the classes to avoid further rate swings. Table 1 proposes that classes 4, 5 and 6 multipliers (bracketed) be reduced to 55%, 65% and 82.3% of their historical rates respectfully in an effort to normalize the increase. These percentage adjustments are used in a mathematical sense to flatten the rates swings and do not serve any other strategic purpose. Additionally, Class 7 Managed Forest, under which West Kelowna has zero assessment, is proposed to follow the adjustment of Class 4 Major Industry.

| Table 1 (History and Proposed Ratios) | Tax Ratio | | | |
|---------------------------------------|-----------|-------|-------|-------|
| | 2022 | 2023 | 2024 | 2025 |
| 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 | 2.91 | 1.76 | 1.65 |
| Class 5 - Light Industry | 2.13 | 2.06 | 1.51 | 1.38 |
| Class 6 - Business & Other | 2.33 | 2.25 | 1.98 | 1.92 |
| Class 7 - Managed Forest | 3.00 | 2.91 | 1.76 | 1.65 |
| Class 8 - Recreation/Non Profit | 1.00 | 1.00 | 1.00 | 1.00 |
| Class 9 - Farm | 1.00 | 1.00 | 1.00 | 1.00 |

In Table 2 below (multiplier scenarios) we further analyze the assessment classes. Under Scenario 1 (previous year multipliers), residential class would be contributing almost 0.6 of a percentage point less than the pre growth 8.85% budgeted rate, whereas Class 4 Major Industry, Class 5 Light Industry and Class 6 Business would all be well above the budgeted increase at 17.37%, 23.93% and 12.17% respectively. Scenario 2 follows and provides data for the proposed reduction in multipliers for class 4, 5 and 6. Here we see that residential, industry and business classes move closer to parity with the 7.3% budget increase (8.85% less 1.55% Growth).

| Scenario 1 (Prev year multpliers) | 2024 | | | 2025 | | | % Tax Incr Over 2023 |
|-----------------------------------|---------------|------------|-------------|---------------|------------|-------------|-------------------------|
| | Tax Collected | Multiplier | % Collected | Tax Collected | Multiplier | % Collected | |
| Class 1 - Residential | 36,659,044 | 1.00 | 85.946 | 39,671,191 | 1.00 | 85.151 | 8.22% |
| Class 2 - Utilities | 135,523 | 11.24 | 0.318 | 218,222 | 11.24 | 0.468 | 61.02% |
| Class 4 - Major Industry | 178,321 | 1.76 | 0.418 | 209,303 | 1.76 | 0.449 | 17.37% |
| Class 5 - Light Industry | 943,624 | 1.51 | 2.212 | 1,169,467 | 1.51 | 2.510 | 23.93% |
| Class 6 - Business & Other | 4,683,738 | 1.98 | 10.981 | 5,253,877 | 1.98 | 11.277 | 12.17% |
| Class 8 - Recreation/Non Profit | 42,918 | 1.00 | 0.101 | 55,880 | 1.00 | 0.120 | 30.20% |
| Class 9 - Farm | 10,457 | 1.00 | 0.025 | 11,335 | 1.00 | 0.024 | 8.39% |
| | 42,653,626 | | 100 | 46,589,275 | | 100 | |

| Scenario 1 (Adjusted multpliers) | 2024 | | | 2025 | | | % Tax Incr Over 2023 |
|----------------------------------|---------------|------------|-------------|---------------|----------------|-------------|-------------------------|
| | Tax Collected | Multiplier | % Collected | Tax Collected | Adj Multiplier | % Collected | |
| Class 1 - Residential | 36,659,044 | 1.00 | 85.946 | 39,904,999 | 1.00 | 85.653 | 8.85% |
| Class 2 - Utilities | 135,523 | 11.24 | 0.318 | 219,508 | 11.24 | 0.471 | 61.97% |
| Class 4 - Major Industry | 178,321 | 1.76 | 0.418 | 197,378 | 1.65 | 0.424 | 10.69% |
| Class 5 - Light Industry | 943,624 | 1.51 | 2.212 | 1,075,084 | 1.38 | 2.308 | 13.93% |
| Class 6 - Business & Other | 4,683,738 | 1.98 | 10.981 | 5,124,695 | 1.92 | 11.000 | 9.41% |
| Class 8 - Recreation/Non Profit | 42,918 | 1.00 | 0.101 | 56,209 | 1.00 | 0.121 | 30.97% |
| Class 9 - Farm | 10,457 | 1.00 | 0.025 | 11,401 | 1.00 | 0.024 | 9.03% |
| | 42,653,626 | | 100 | 46,589,275 | | 100 | |

The following table (Table 3) compares the current year's revised assessment roll and tax requisition to the previous year and indicates how the class weighting has continued to shift further towards commercial classes from residential. The shift in 2025 continues this trend from 2024 which was not as dramatic as in 2023. In that year we saw a significant swing the other way taking residential from 84.9% to 86.6%. Otherwise in 2025 we see the overall tax share for residential drop slightly by 0.709% from 86.362% to 85.653%, with the effect on business and industry potentially much more pronounced since the assessment share for these classes is so much less than residential.

| City of West Kelowna Property Tax Comparison by Class | | | | | | | |
|---|-----------------------|--------------|----------------------|-----------------------|--------------|----------------------|-------------|
| General Tax Levy 2024 vs 2023 | | | | | | | |
| Property Class | 2024 Assessment Value | 2024 % Share | 2024 Tax Requisition | 2025 Assessment Value | 2025 % Share | 2025 Tax Requisition | Change in % |
| Class 1 - Residential | 14,544,769,421 | 86.362 | 36,659,044 | 14,373,356,183 | 85.653 | 39,905,036 | -0.709 |
| Class 2 - Utilities | 4,678,101 | 0.319 | 135,523 | 7,034,201 | 0.471 | 219,508 | 0.152 |
| Class 3 - Supportive Housing | 0 | 0.000 | | 0 | 0.000 | 0 | 0.000 |
| Class 4 - Major Industry | 23,531,000 | 0.407 | 178,321 | 43,087,000 | 0.424 | 197,378 | 0.017 |
| Class 5 - Light Industry | 175,144,100 | 2.141 | 943,624 | 280,604,100 | 2.308 | 1,075,085 | 0.166 |
| Class 6 - Business & Other | 796,694,151 | 10.645 | 4,683,738 | 961,385,750 | 11.000 | 5,124,700 | 0.354 |
| Class 7 - Managed Forest | 0 | 0.000 | | 0 | 0.000 | 0 | 0.000 |
| Class 8 - Recreation/Non Profit | 15,770,500 | 0.101 | 42,918 | 20,246,000 | 0.121 | 56,209 | 0.020 |
| Class 9 - Farm | 4,078,262 | 0.025 | 10,457 | 4,106,646 | 0.024 | 11,401 | 0.000 |
| | 15,564,665,535 | | 42,653,626 | 15,689,819,880 | | 46,589,318 | |
| Other Separate Tax Notice Items | | | | | | | |
| Library | | | 1,858,743 | | | 1,944,578 | |
| Storm Sewer | | | 521,873 | | | 490,340 | |
| Total Tax Levy | | 100.000 | 45,034,242 | | 100.000 | 49,024,236 | |

Alternate Recommendation:

THAT Council adopt the unadjusted tax multiplier as per Scenario 1 on page 4 of the report from the Director of Finance / CFO dated April 8, 2025;

AND THAT "Tax Rates Bylaw No. 0327, 2025" be given first, second and third reading as altered.

APPROVED FOR THE AGENDA BY

Ron Bowles, CAO

PowerPoint: Yes No

Attachments:

B0327 Tax Rates Bylaw 2025