



COUNCIL REPORT

To: Paul Gipps, CAO

Date: April 19, 2022

From: Warren Everton, Director of Finance/CFO

Subject: **2022 Tax Rate Bylaw No. 0293, 2022**

RECOMMENDATION

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. 0293, 2022”.

STRATEGIC AREA(S) OF FOCUS

Financial planning including taxation is an integral component in achieving the objectives of Council’s 2022 Strategic Priorities: Invest in Infrastructure, Economic Growth and Prosperity, Strengthen Our Community and Foster Safety and Well-Being. Careful management of the City’s revenues, expenses, capital and reserves ensures a healthy and progressive 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.

As per Bylaw 0293, the due date for 2022 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, 2022.

DISCUSSION

Tax Due Date:

For the 2022 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 5th, 2022 for unpaid amounts as of 4:30 pm on July 4th, 2022. As you may remember back in April of 2020 Council approved an Alternative Tax Collection Scheme that followed the Provincial COVID relief initiative that kept the tax due date as July 2nd, 2020 but delayed the 10% penalty on unpaid balances until October 1st, 2020. During the 2021 tax season the City saw a return to the Charter's General Tax Collection Scheme with the traditional due date of the first business day after July 1st and penalty being applied the following business day. In 2022 the recommendation is to remain consistent and follow the traditional tax regime again.

Cash Flow

The City is highly, but not completely, 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 may include 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 in 2022 the City has been managing cash without drawing on these funds and if at any point the situation were to change and borrowing bylaw funds were required, staff would be sure to alert Council.

Tax Multiplier Schedule and Comparison:

Multipliers	West Kelowna	Westbank First Nation	Kelowna	Vernon	Penticton	Campbell River
Class 1 - Residential	1.00	1.00	1.00	1.00	1.00	1.00
Class 2 - Utilities	11.24	8.58	4.92	11.19	7.22	8.85
Class 3 - Supportive Housing	1.00	0.00	1.00	1.00	1.00	1.00
Class 4 - Major Industry	3.00	0.00	5.85	3.83	1.72	7.82
Class 5 - Light Industry	2.13	3.49	2.26	3.83	1.72	2.84
Class 6 - Business & Other	2.33	2.56	2.26	2.94	1.91	2.93
Class 7 - Managed Forest	3.00	0.00	0.00	0.25	1.91	4.59
Class 8 - Recreation/Non Profit	1.00	0.00	1.00	2.00	1.28	1.99
Class 9 - Farm	1.00	0.00	0.17	0.34	3.57	1.51

The City's financial plan sets out the objectives and policies for collection of revenues and includes both the proportion to be generated via property taxation and the distribution of those taxes among the various property classes via multipliers. A comparison of multipliers with the West Kelowna's neighbours is depicted above showing how West Kelowna fits in the mix. The result is that City's historical multipliers are very comparable and are second lowest in Class 5 (Light Industry) and below the median (2.44) for Class 6 (Business & Other).

Tax distribution is also addressed in the Financial Plan Bylaw No. 0292, 2021 and 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."

Tax multipliers between classes have remained consistent since 2017. They are conservative and reflect West Kelowna's assessment mix, which is weighted heavily to Class 1 Residential. In fact, until 2020 the residential portion had been increasing every year to just under 86% then dropped to 84.8% in 2020 and remained consistent through 2021. For 2022, the percentage increases by 1.69 to 86.6% with Class 6 Business dropping about 1.25 to 10.47%. 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 residential from some of the commercial classes.

City of West Kelowna Property Tax Comparison by Class							
General 2022 vs 2021							
Property Class	2021 Assessment Value	2021 % Share	2021 Tax Requisition	2022 Assessment Value	2022 % Share	2022 Tax Requisition	Change in %
Class 1 - Residential	9,511,748,984	84.91	29,389,527	12,707,133,359	86.60	33,716,569	1.69
Class 2 - Utilities	3,763,501	0.38	132,794	4,341,501	0.36	140,147	-0.02
Class 3 - Supportive Housing	0	0.00	0	0	0	0	0.00
Class 4 - Major Industry	18,697,000	0.50	173,896	20,231,200	0.41	160,956	-0.09
Class 5 - Light Industry	122,636,500	2.34	809,418	140,593,200	2.04	794,160	-0.30
Class 6 - Business & Other	561,630,101	11.72	4,056,981	658,016,001	10.47	4,076,227	-1.25
Class 7 - Managed Forest	0	0.00	0	0	0	0	0.00
Class 8 - Recreation/Non Profit	12,704,200	0.11	39,386	14,119,600	0.10	37,444	-0.02
Class 9 - Farm	3,801,985	0.03	11,750	3,859,975	0.03	10,026	-0.01
	10,234,982,271		34,613,752	13,548,294,836		38,935,530	0.00

Alternate Motion:

THAT Council adopt the tax multiplier schedule as presented; and,

THAT Council amend the tax penalty due date to 10% on outstanding amounts on all tax classes to a date other than July 5th and,

THAT Council give first, second and third reading to “City of West Kelowna Tax Rates Bylaw No. 0293, 2022”.

REVIEWED BY

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes No

Attachments:

1. Bylaw No. 0293, 2022 Tax Rate Bylaw
2. Schedule A, 2022 Tax Rates