



# 2018 Budget

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CITY OF PRINCE RUPERT

PRESENTATION TO COUNCIL FEBRUARY 26, 2018

# Presentation Order

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Service & Revenue Challenges – a recap

Budget requirements

Recommendation

Impact to Property Tax Payers

Public Consultation

# Service Challenges

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- Digby Island Ferry
- Unique service
- Municipal taxpayer subsidization predicted for 2018  
- \$1 Million
- Municipal users pay both user fees and tax subsidy
- Neighbouring communities benefit –but only pay user fee

# Provincial Incentive Program

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- Provincial Incentive Program paid by you
- Major Industrial Tax Rate cap by Province
  - All Prince Rupert operating export industries qualify
  - Industrial assessment declines if no investment
    - Flat rate **x** reduced assessed value
      - = less tax revenue received yearly
- To counter – need new investment every year

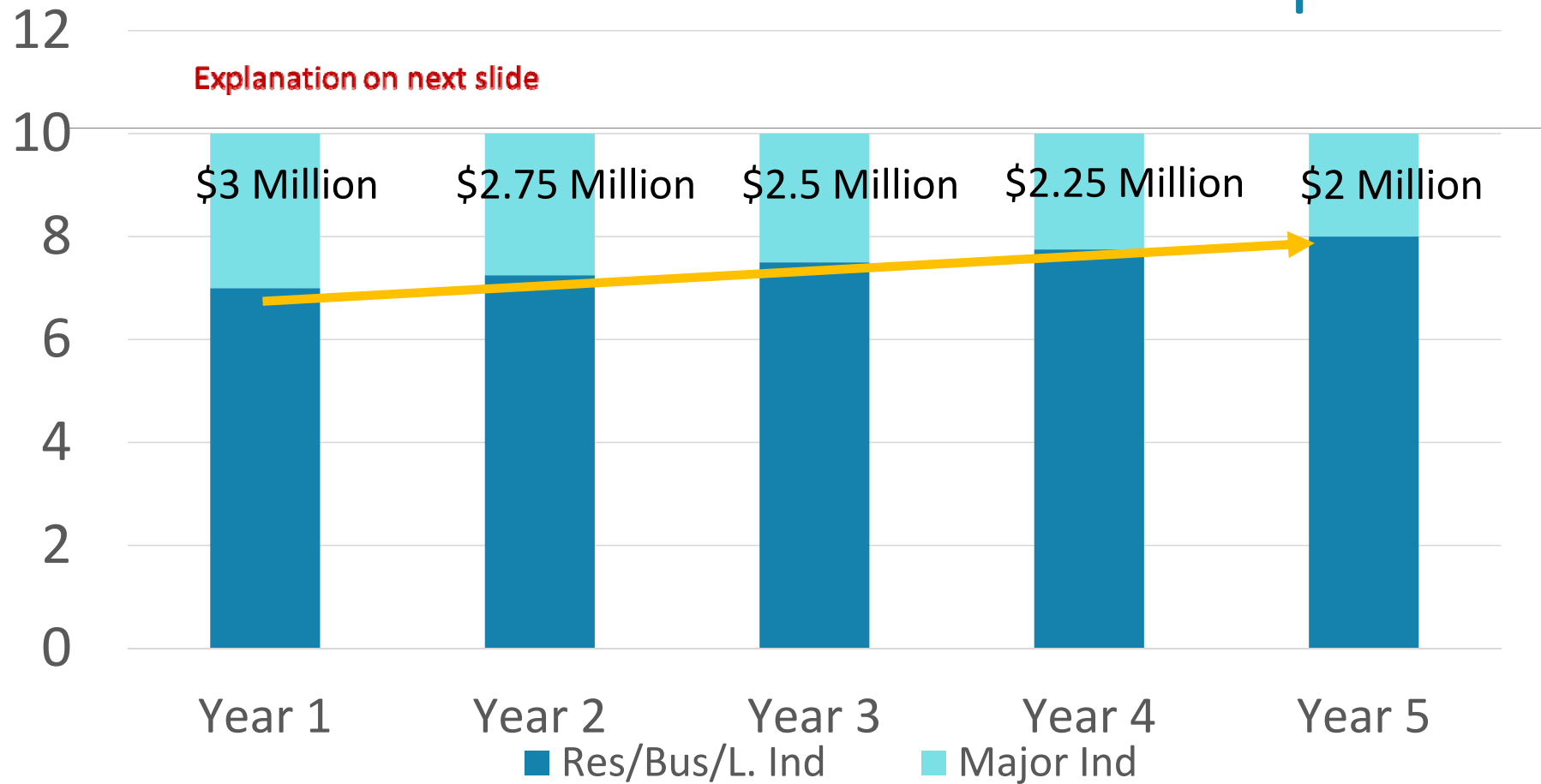
# Provincial offset

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Province provides compensation grant

- Only applies to Port industries **prior to 2004**
- Only adjusted for inflation
  - 2014 = \$0 extra
  - 2015 = \$15,000 extra
  - 2016 = \$18,000 extra
  - 2017 = \$20,000 extra
- Will not compensate for new properties built.
- Taxes determined after this grant is included in City budget.

# Taxation Burden Transfer - example



# Notes explaining previous graph.

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- Assume a constant 5 year annual budget requirement of \$10 Million before taxes.
- City has to balance its budget, so the last resort is property taxation
- **Year 1** – **Dark Blue** = Residential/Business/Light Industrial share of tax = \$7 Million  
**Light Blue** = Major Industry share of tax = \$3 Million.
- Declining assessment **x** flat Industrial tax rate = less tax contribution each year
- **Year 5** – Residential/Business/Light Industrial forced to take on greater share of \$10 Million City budget requirement = \$8 Million.  
Major Industry share reduced to \$2 Million.

This explains taxation burden transfer when Council can't set rates for all tax classes.

Provincial Government Legislation favouring Import/Export Terminals has created tax shift.

## For Clarity

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All the Port *Terminals* pay 100% of the taxes billed.

The problem is the tax cap that the Provincial Government has legislated.

Write your MLA – “Province pay for the incentive program – not property taxpayers”



# Budget requirements - Capital

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Operations Budget includes Capital Works and Purchases:

- Funded with Grants, Dividends, Reserves, Short term and Long term debt and Surplus

# Budget requirements

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## Cost Increases

- Contractual wage increases
- RCMP contract increase
- Additional payment to Port Edward

## Revenue Increases

- New tax from expansions & new builds

# Balanced Budget

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No increase to the residential mill rate



# Mill Rate - Defined

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Based on “mills”

- One **mill** is \$1 per \$1,000 of assessed value

# Mill Rate - Adjusted

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Adjust mill rate to collect same amount of tax

## Residential Mill rates over time

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<b>Year</b>	<b>Rate</b>
2013	9.04575
2014	8.42627
2015	7.38384
2016	6.75310
2017	6.48162
2018 - proposed	6.19184

## Why have mill rates decreased?

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- Residential assessed values have increased
  - We recalculate the mill rate to ensure we don't take in more money than we require
- This reduces the multiplier

## Calculate Impact to you

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- Need to compare the 2017 combined General property tax to the amount calculated for 2018.
  - See next two slides for example



# Calculate Impact to Taxpayers

## 2017 PROPERTY TAX NOTICE CITY OF PRINCE RUPERT



424 WEST 3RD AVENUE  
PRINCE RUPERT, B.C. V8J 1L7  
PHONE (250) 627-0946

Roll:  
Civic Address:  
Legal Desc: Plan: Lot: Block:  
DL#:

Mortgage Code: Access Code: 10908  
Mortgage Name:

**DUE DATE  
July 4, 2017**

Penalties & Interest  
10% Penalty on taxes unpaid  
after July 4, 2017.  
Interest on arrears and delinquent  
calculated to July 4, 2017.

If the property has been sold, please forward this notice to the purchaser.

Taxable Assessed Value	Class		Land	Improvements
Hospital	01		91,800	179,000
General	01		91,800	179,000
School	01		91,800	179,000
Tax Levies	Class	Taxable Value	Rate	Amount
SCHOOL - RESIDENTIAL	01	270,800	2.643400	715.85
GENERAL - RESIDENTIAL	01	270,800	6.226190	1,686.05
LIBRARY - RESIDENTIAL	01	270,800	0.255430	69.17
NORTHWEST REG. HOSP-RESIDE	01	270,800	0.717220	194.22
SQCRD - RESIDENTIAL	01	270,800	0.195860	53.04
BCAA - RESIDENTIAL	01	270,800	0.043200	11.70
MFA - RESIDENTIAL	01	270,800	0.000200	0.05
<b>Total Current Taxes</b>				<b>2,730.06</b>

2017  
Municipal  
taxes



# Calculate Impact to Taxpayers

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$$\begin{aligned} & 2018 \text{ Assessed Value} / 1,000 \\ & \quad \times \\ & \quad 2018 \text{ Mill Rate} \\ & = 2018 \text{ Municipal Taxes} \end{aligned}$$

# Calculate Impact to you

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Take 2017 Municipal taxes	\$xxxx
Compare to 2018 Municipal taxes	<u>\$xxxx</u>
Difference is increase or decrease	\$xx

# Impact to Taxpayers

Property Class #	Property Class Name	Proposed 2018 Municipal Mill Rate
1	Residential	6.19184
2	Utility (Capped at 40.0)	40.0
4	Major Industrial	53.10972
4a	Major Industrial (Capped 27.50)	27.50
4b	Major Industrial (Capped 22.50)	22.50
5	Light Industrial	26.92148
6	Business	25.28009
8	Non-Profit/Recreation	4.95168

# Impact to Taxpayers

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2017 Average Assessment (rounded) \$260,000	\$1,685
2018 Average Assessment (rounded) \$272,000	<u>\$1,685</u>
Total Change	\$ 0

## Expected Municipal taxes – no change to assessed value

Home Value	Actual 2017	Proposed 2018
\$100,000	\$ 648	\$ 619
\$150,000	\$972	\$929
<b>\$200,000</b>	<b>\$1,296</b>	<b>\$1,238</b>
\$250,000	\$1,620	\$1,548
\$300,000	\$1,944	\$1,858
\$350,000	\$2,269	\$2,167
\$400,000	\$2,593	\$2,477

# Council only controls Municipal rate

## 2017 PROPERTY TAX NOTICE



### CITY OF PRINCE RUPERT

424 WEST 3RD AVENUE  
 PRINCE RUPERT, B.C. V8J 1L7  
 PHONE (250) 627-0946

Roll:  
 Civic Address:  
 Legal Desc: Plan:  
 DL#:

Mortgage Code:  
 Mortgage Name:

**DUE DATE**  
**July 4, 2017**

If the property has been sold, please forward this notice to the purchaser.

Municipal rate




Taxable Assessed Value	Class	
Hospital	01	
General	01	
School	01	
Tax Levies	Class	Taxable Value
SCHOOL - RESIDENTIAL	01	270,800
GENERAL - RESIDENTIAL	01	270,800
LIBRARY - RESIDENTIAL	01	270,800
NORTHWEST REG. HOSP-RESIDE	01	270,800
SQCRD - RESIDENTIAL	01	270,800
BCAA - RESIDENTIAL	01	270,800
MFA - RESIDENTIAL	01	270,800
<b>Total Current Taxes</b>		

# Home Owner Grant & Tax Deferral

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Province offers residents:

- Home Owner Grant
  - Tax Deferral Program
  
  - Contact City Hall for details
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## Changes likely

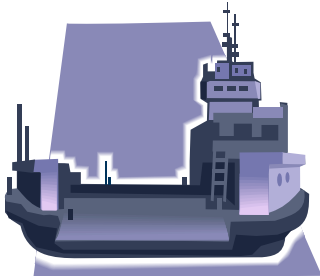
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- March 31, 2018 – BC Assessment releases revised roll
  - Takes into account Appeals on Assessments
  - Reductions will result in changes to tax rate.

# Public Consultation

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- March 12, 2018 – during Regular Meeting of Council
- March 25, 2018 - during Regular Meeting of Council
- Broadcast on Channel 10 & [www.princerupert.ca/live](http://www.princerupert.ca/live)



Thank You

