

Date: February 21, 2025

To: **Standing Committee on Finance and Audit**

Name and title: Kris Dalio, Director of Finance and IT Services

Subject: 2025 Tax Rate Structure and Options

Attachment(s): None

Recommendation(s):

That the Standing Committee on Finance and Audit RECOMMENDS to Council a 2025 tax rate structure for approval based on Tax Rate Option #1, Tax Rate Option #2, or Tax Rate Option #3 described in the report dated February 21, 2025 from the Director of Finance and IT Services titled “2025 Tax Rate Structure and Options.”

Purpose:

To provide the Finance and Audit Committee with background information and options with respect to the City of Prince George variable tax rate structure for 2025.

Strategic Priorities:

The City of Prince George’s variable tax rate structure supports Council’s Priorities of “Sustainable Fiscal Management”, “Sustainable Infrastructure” and “Organizational Excellence”.

Policy/Regulatory Analysis:

Section 197 (1) (a) of the Community Charter states: “Each year, after adoption of the financial plan but before May 15, a council must, by bylaw, impose property value taxes for the year by establishing tax rates for the municipal revenue proposed to be raised for the year.”

City of Prince George Sustainable Finance Policy #2 states: “The City has property tax rates that are stable and fair in comparison to “peer municipalities”. Annually, the Finance and Audit Committee will determine a preferred tax rate option and recommend that Council approve it. During its deliberations, the Committee may consider the following information:

- a. Value of taxes from new construction;
- b. The City and its peer municipalities’ assessed values, tax rates, percentages of taxation by class, tax class multiples, and taxes levied and utility fees charged on a representative home;

- c. Residential tax rates should be structured to have the estimated Representative Home tax increase match the overall tax levy increase approved by Council in that year;
- d. The Utility Tax Rate will be set at the greater of the rates allowed under BC Regulation 329/96;
- e. The Business tax rate should not exceed a multiple of 2.5 of the Residential tax rate.

Financial Considerations:

Council has approved that the overall 2025 tax levy will be \$149,686,438. The individual levies that comprise the overall levy and their increases are itemized in the table below.

Levies and New Construction Revenue	2024	2025 Increase	2025	Increase as a % of overall levy
General	\$117,596,571	\$7,236,320	\$124,832,891	5.21%
Non-Market Change	0	2,222,674	2,222,674	
General Including Non-Market Change	\$117,596,571	\$9,458,994	\$127,055,565	
Snow Control	10,300,000	(300,000)	10,000,000	(0.22)%
Road Rehabilitation	6,700,000	300,000	7,000,000	0.22%
General Infrastructure Reinvestment Fund	4,242,482	1,388,391	5,630,873	1.00%
Percentage Increase				6.21%
Total Including Non-Market Change	\$138,839,053	\$10,847,385	\$149,686,438	

Analysis of Assessed Values and Assessment Changes

The assessment roll values in the City of Prince George jurisdiction have increased by 4.65% from 2024 to 2025. Without non-market change (NMC), there would have been an increase of 2.86%. Non-market change is defined as new construction or an assessment change due to a change in zoning or change in property class. The NMC value changes are in all classes but the major non-market increases are in the residential (\$211.7 million), light industry (\$1.7 million) and business

(\$65.8 million). Major decreases in NMC value are in major industry (\$1.2 million) class.

In 2024 the structure of the City of Prince George's variable tax rate was based upon the following multiples or factors that the residential rate is multiplied by, in order to establish the tax rate for the other tax classes.

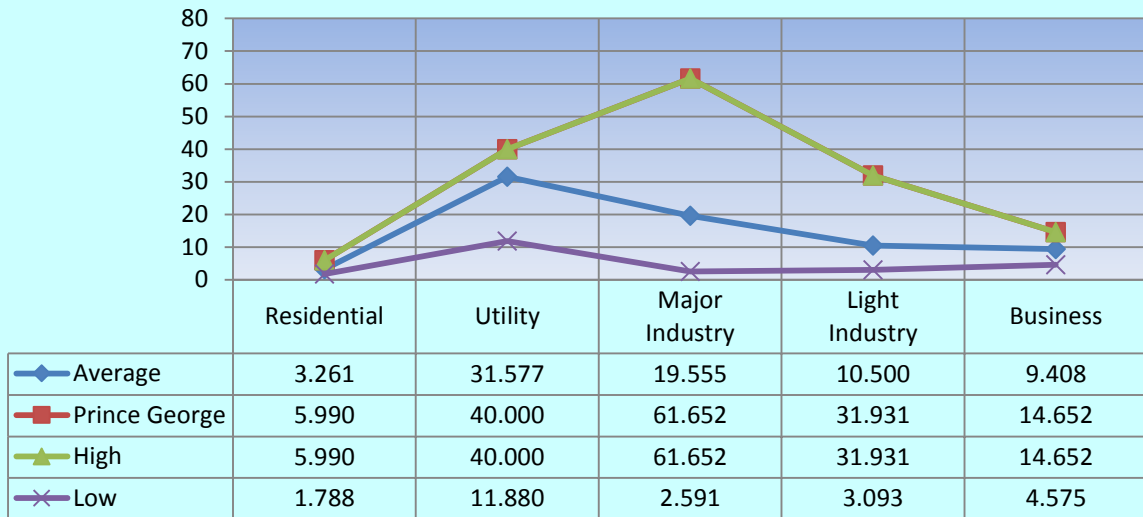
Class	Tax Rate	Multiple
Residential	5.98975	1.00000
Utility	40.00000	6.67808
Major Industry	61.65226	10.29296
Light Industry	31.93092	5.33092
Business	14.65162	2.44612
Farm	6.41955	1.07176

Other Considerations:

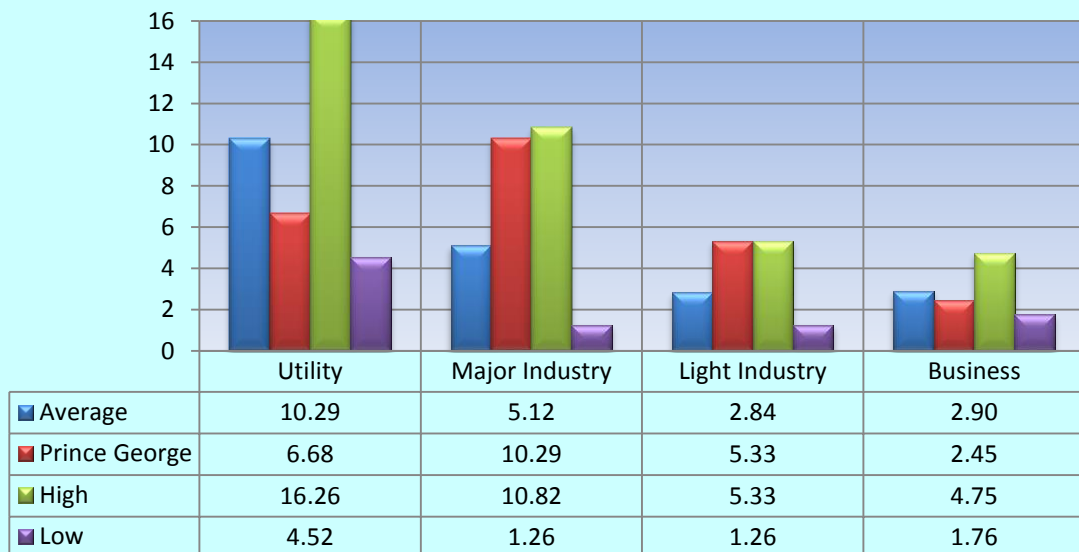
Municipal Comparatives of Similar Size

The charts below contain the following municipalities for comparison: Kelowna, Kamloops, Nanaimo, Victoria, Chilliwack, Township of Langley, Saanich and Maple Ridge.

2024 Tax Rates - Similar Size Municipalities



2024 Tax Multiples - Similar Size Municipalities



The reader will notice that Prince George has the highest tax rate/\$1,000 of assessed value for most of the categories. This is a direct correlation with how low the City’s representative home value is amongst our peer group. Tax Multiples better illustrate a true comparison for non-residential classes.

The table below illustrates the way Prince George compares to its peer municipalities on a number of factors: 2021 population; taxable land area in hectares; representative home value and the municipal taxes, taxes collected for other authorities, and total residential taxes on the representative home value.

Municipality	2021 Census	Taxable Land Area (ha)	2024 Rep. Home Value	Municipal Taxes	Other Authorities	Total Residential Taxes
Chilliwack	93,203	20,078	895,653	2,335	1,483	3,818
Kamloops	97,902	21,979	694,167	2,895	1,441	4,336
Kelowna	144,576	21,506	1,067,078	2,807	1,725	4,532
Township of Langley	132,603	27,158	1,502,344	2,685	2,092	4,777
Maple Ridge	90,990	14,748	1,279,121	3,146	1,856	5,002
Nanaimo	99,863	4,351	783,808	2,966	2,062	5,028
Prince George	76,708	29,762	453,777	2,718	1,409	4,127
Saanich	117,735	6,481	1,288,053	3,688	2,170	5,858
Victoria	91,867	1,148	1,228,984	3,757	2,071	5,828

ALTERNATIVES:

Administration provides the following three tax rate options with respect to the City of Prince George variable tax rate structure for 2025.

Tax Rate Option #1 – Set the estimated Representative Home tax increase to 6.21% and obtain the remaining tax revenue required by equally increasing the Business, Major Industrial, Light Industrial and Farm tax rates

This option is structured to have the estimated Representative Home tax increase match the 2025 overall tax levy increase of 6.21% that was approved by Council. The Utility tax rate is set to the greater of \$40.00 per \$1,000 of assessed value or 2.5 times the Business rate as allowed under BC Regulation 329/96. The major points to consider with this option are:

- The 2024 Representative House assessed value was \$453,777 and paid a total municipal tax of \$2,718. The estimated 2025 Representative House assessed value is \$462,583 (based on the overall assessment change in the Residential class, not including NMC, of 1.9%) and is estimated to pay a total municipal tax of \$2,887 for an increase of 6.21%.
- Utility tax rate remains at the cap of \$40.00/thousand.
- Business, Major Industrial, Light Industrial and Farm tax rates would decrease by 0.86%.

Tax Rate Option #2 – Starting from Option #1, set Business Tax Rate Multiple to 2.5:1; and obtain the remaining tax revenue from the Major Industrial, Light Industrial and Farm tax rates

This option is as described in Option #1 but adjusts the Business Tax Rate Multiple to 2.5:1. Sustainable Finance Policy #2 states that the Business Tax Rate should not exceed a multiple of 2.5 times the Residential tax rate. The major points to consider with this option are:

- Utility tax rate remains at the cap of \$40.00/thousand.
- Major Industrial, Light Industrial and Farm tax rates would decrease by 11.95%.
- Business tax rate would increase by 6.48%.

Tax Rate Option #3 – Starting from Option #1, set Business multiple to 2.5:1; Light Industrial multiple to 4:1; and obtain the remaining tax revenue from the Major Industrial and Farm rates

This option maintains the Business Tax Rate Multiple reduction from Option 2 and also shows how things change if another tax class is assigned a ‘frozen’ variable. The Light Industrial Tax Rate Multiple has been frozen at 4:1 to illustrate this option. The major points to consider with this option are:

- Utility tax rate remains at the cap of \$40.00/thousand.
- Major Industrial and Farm tax rates would decrease by 9.21%.
- Light Industrial tax rate would decrease by 21.82%.
- Business tax rate would increase by 6.48%.

Analysis of Assessment Value and Tax Burden by Property Class (2022-2024)

This section of the report provides the percentage value of the assessment roll and levy burden per class for 2022 to 2024, the comparative levy amount per class for 2025 and the impact of the tax rate options on the major property classes for 2025.

Residential Class

Year	Assessment		Tax Rate per \$1,000	Levy		Residential Tax Rate Multiple
	Value	% of Total		Amount Raised	% of Total	
2022	\$ 11,170,692,800	80.5%	5.75774	\$ 64,318,000	54.1%	1.00000
2023	\$ 12,617,550,350	81.4%	5.54227	\$ 69,930,000	54.1%	1.00000
2024	\$ 12,564,802,300	80.4%	5.98975	\$ 75,260,000	54.2%	1.00000
2025 Options						
2025 (1)	\$ 13,020,298,700	79.6%	6.24064	\$ 81,255,000	54.28%	1.00000
2025 (2)	\$ 13,020,298,700	79.6%	6.24064	\$ 81,255,000	54.28%	1.00000
2025 (3)	\$ 13,020,298,700	79.6%	6.24064	\$ 81,255,000	54.28%	1.00000

This class has 29,735 properties. BCAssessment showed an overall net increase for assessed values of 3.63% for the residential class. The 2024 Representative House assessed value was \$453,777 and paid a total municipal tax of \$2,718. The estimated 2025 Representative House assessed value is \$462,583 (based on the overall assessment change in the Residential class, not including NMC, of 1.9%).

Utility Class

Year	Assessment		Tax Rate per \$1,000	Levy		Residential Tax Rate Multiple
	Value	% of Total		Amount Raised	% of Total	
2022	\$ 37,047,533	0.3%	39.99996	\$ 1,481,901	1.3%	6.94716
2023	\$ 39,775,526	0.3%	39.99993	\$ 1,591,021	1.2%	7.21725
2024	\$ 42,671,392	0.3%	40.00000	\$ 1,706,856	1.2%	6.67808
2025 Options						
2025 (1)	\$ 45,250,412	0.3%	40.00000	\$ 1,810,016	1.21%	6.40960
2025 (2)	\$ 45,250,412	0.3%	40.00000	\$ 1,810,016	1.21%	6.40960
2025 (3)	\$ 45,250,412	0.3%	40.00000	\$ 1,810,016	1.21%	6.40960

All options have the Utility tax rate set at the tax rate cap of “the greater of \$40 per \$1,000 of assessed value or 2.5 times the rate applicable to the business class”. Examples of folios within the Utility class are BC Hydro, Telus and FortisBC.

Major Industry Class

Year	Assessment		Tax Rate per \$1,000	Levy		Residential Tax Rate Multiple
	Value	% of Total		Amount Raised	% of Total	
2022	\$ 292,595,800	2.1%	56.44515	\$ 16,515,614	13.9%	9.80334
2023	\$ 307,575,800	2.0%	60.56962	\$ 18,629,785	14.4%	10.92867
2024	\$ 317,336,200	2.0%	61.65226	\$ 19,564,487	14.1%	10.29296
2025 Options						
2025 (1)	\$ 339,066,300	2.1%	61.12457	\$ 20,725,283	13.85%	9.79460
2025 (2)	\$ 339,066,300	2.1%	54.28286	\$ 18,405,490	12.30%	8.69828
2025 (3)	\$ 339,066,300	2.1%	55.97276	\$ 18,978,477	12.68%	8.96907

In the major industry class, there are 26 properties. Examples of folios within the Major Industry class are Canfor and Husky Oil.

Light Industry Class

Year	Assessment		Tax Rate per \$1,000	Levy		Residential Tax Rate Multiple
	Value	% of Total		Amount Raised	% of Total	
2022	\$ 165,930,800	1.2%	29.23403	\$ 4,850,831	4.1%	5.07735
2023	\$ 151,370,300	1.0%	31.37020	\$ 4,748,527	3.7%	5.66017
2024	\$ 160,167,200	1.0%	31.93092	\$ 5,114,286	3.7%	5.33092
2025 Options						
2025 (1)	\$ 181,877,900	1.1%	31.65763	\$ 5,757,823	3.85%	5.07282
2025 (2)	\$ 181,877,900	1.1%	28.11417	\$ 5,113,346	3.42%	4.50501
2025 (3)	\$ 181,877,900	1.1%	24.96256	\$ 4,540,138	3.03%	4.00000

In the light industry class, there are 114 properties. Examples of folios within the Light Industry class are BCR Properties and Brink Forest Products Ltd.

Business Class

Year	Assessment		Tax Rate per \$1,000	Levy		Residential Tax Rate Multiple
	Value	% of Total		Amount Raised	% of Total	
2022	\$ 2,197,897,396	15.8%	14.39436	\$ 31,637,332	26.6%	2.50000
2023	\$ 2,381,197,279	15.4%	14.39433	\$ 34,275,811	26.5%	2.59719
2024	\$ 2,533,203,950	16.2%	14.65162	\$ 37,115,530	26.7%	2.44612
2025 Options						
2025 (1)	\$ 2,757,304,101	16.9%	14.52622	\$ 40,053,194	26.76%	2.32768
2025 (2)	\$ 2,757,304,101	16.9%	15.60160	\$ 43,018,357	28.74%	2.50000
2025 (3)	\$ 2,757,304,101	16.9%	15.60160	\$ 43,018,357	28.74%	2.50000

In the business class, there are 2,000 properties. In 2025, market forces have added \$158.3 million and a \$65.8 million increase in non-market change. Examples of folios within the Business class are Purolator Inc. and TD Bank.

Managed Forest/Recreation/Non-Profit and Farm

These classes make up less than 0.1% of the total assessment value and as such, tables have not been included. However, it is important to note that these three classes would make up the remaining dollars of the needed tax revenue for 2025.

Summary and conclusion:

The 2025 completed tax roll has a \$726.3 million increase over the value in the 2024 revised roll. Non-market change has contributed \$278.7 million to the completed roll and market values have increased by \$447.6 million. The City's overall tax levy has increased by 6.21% over the 2024 amount.

Three options have been prepared for the Committee to consider. The tax rate bylaw must receive final approval from Council before May 15, 2025.

Respectfully submitted:

Kris Dalio, Director of Finance and IT Services

Approved:

Walter Babicz, City Manager

Meeting date: [2025/02/26]