

# 2016 Tax Distribution Workshop

April 11, 2016

## Complete the Financial Planning Cycle

- ▶ Determine Revenue Requirement to Balance the Budget
  - ✓ Tax Levy Increase
  - ✓ Financial Plan Bylaw
  
- ▶ Decide Distribution of Tax Rate Increase
  - ☐ Set the tax rate
  - ☐ Tax Rate Bylaw

# Outline

1. Tax Strategy Recap
2. Understanding the Tax History
  - % Share
  - % Allocation
  - Tax Rate
3. Tax Distribution - Recommendation
4. Final Comments

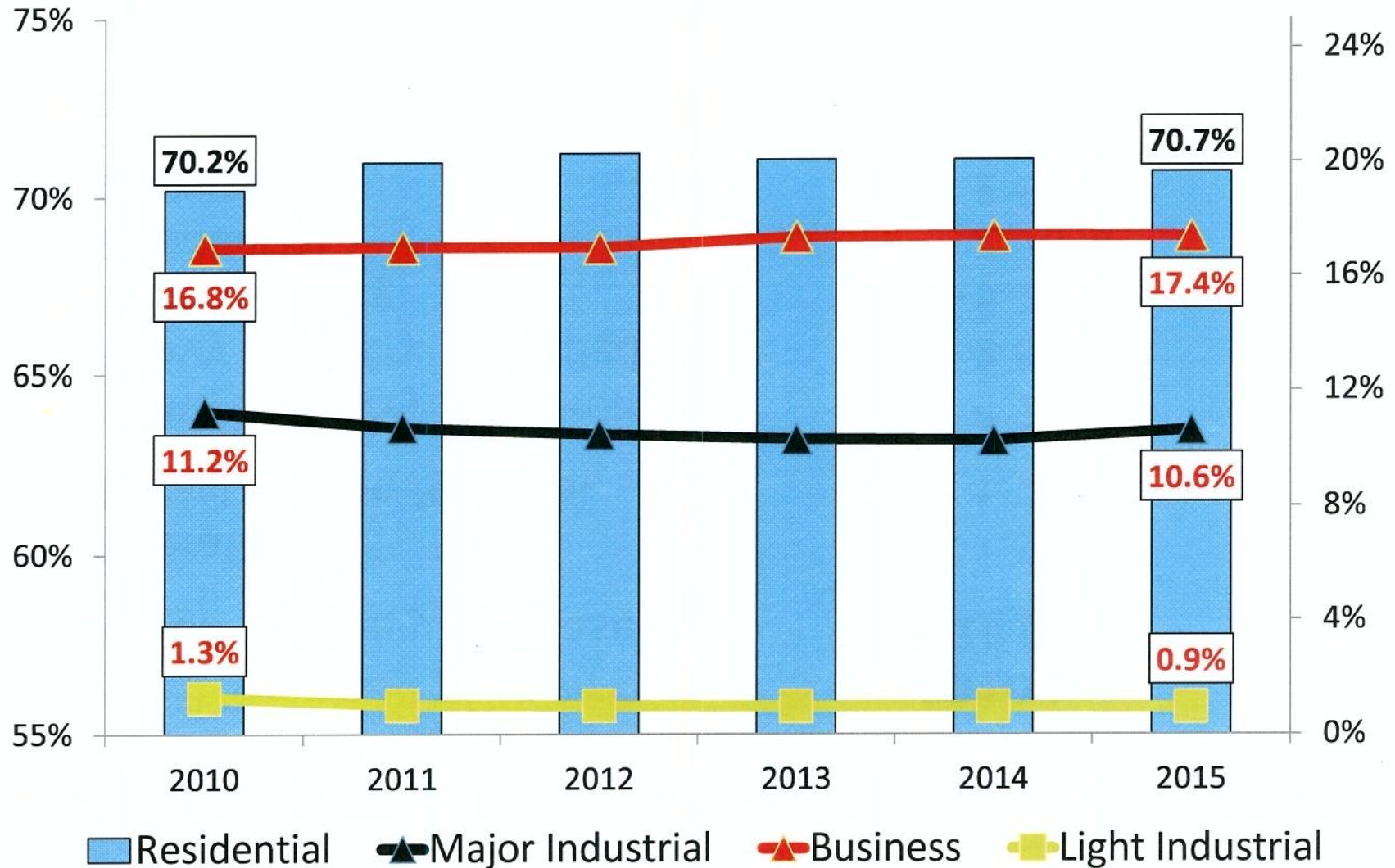
# Tax Competitiveness Strategy Recap

- ▶ Harmonizing tax rates with either:
  - ▶ the average for the region or
  - ▶ the capped rate (if applicable)
- ▶ Use New Investments as the tool to reduce Heavy Industry tax rate
- ▶ Shifting taxes between classes where the tax base for a property class is too small to be corrected by New Investments alone

# History - % Share of Tax Burden

Residential Class (Bar Graph)

Business Classes (Line Graphs)





# Tax Distribution Competitiveness Recap

Average Tax Levy Increases	<b>2010 to <u>2015</u></b>
Operations	1.58%
Infrastructure Renewal	1.00%
Heavy Industry - Non-capped	-4.21%
Heavy Industry - Capped	-2.81%
Light Industry	-5.25%
Residential	2.70%
Business	2.50%

- Total Average over time = 2.58%
- Minor strategy shifts between tax classes per strategy = variation

# 2016 Assessment Change Heavy Industry (Non-Capped)

<b>(in Millions)</b>	<b><u>Market Change</u></b>	<b><u>New Construction</u></b>	<b><u>Net Increase</u></b>
<b>2016 Changes</b>	<u>\$ 4.8</u>	<u>\$ 9.8</u>	<u>\$ 14.6</u>
<b><u>By Company</u></b>			
Seaspan	\$ 1.2	\$ 7.8	\$ 9.0
Canexus	2.0	1.9	3.9
Newalta	0.5	0.1	0.6
Other	1.1	0.0	1.1
	<u>\$ 4.8</u>	<u>\$ 9.8</u>	<u>\$ 14.6</u>

# 2016 Heavy Industry Taxation Risks

- ▶ Heavy Industry
  - ▶ Fibreco (Capped)
  - ▶ Seaspan (Non-Capped)
- ▶ Light Industry
  - ▶ Fibreco



# History - Tax Rates

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<b>2015 Regional Avg</b>
Residential	\$2.60	\$2.47	\$2.36	\$2.37	\$2.44	\$2.37	\$ 2.94
Major Industry - NC	44.39	42.49	41.17	36.77	29.33	30.97	30.12
Light Industry	22.58	21.72	19.53	10.91	11.12	11.88	11.61
Business	8.63	8.84	8.54	8.60	8.49	8.28	8.58

# Tax Competitiveness Strategy Recap

Average Tax Levy Increases	<b><u>2010 to</u></b> <b><u>2015</u></b>	<b><u>2016</u></b>
Operations	1.58%	2.00%
Infrastructure Renewal	1.00%	1.00%
Heavy Industry - Non-capped	-4.21%	-5.64%
Heavy Industry - Capped	-2.81%	0.00%
Light Industry	-5.25%	3.00%
Residential	2.70%	3.00%
Business	2.50%	3.00%

- 2016 Tax Levy Allocation @ 3%

# Tax Levy @ 3% - even distribution

		<b>2016</b>		
		<b>2015</b>		<b>2015</b>
		<b>District Tax</b>	<b>Levy %</b>	<b>Regional</b>
		<b><u>Rates</u></b>	<b><u>Increase</u></b>	<b><u>Averages</u></b>
Residential	\$ 2.37	3.00%	\$ 2.11	\$ 2.94
Heavy Industry - NC	30.97	-5.64%	28.41	30.12
Light Industry	11.88	3.00%	12.14	11.61
Business	8.28	3.00%	8.15	8.58

## Final Comments

- ▶ Tax competitiveness Strategy benefits
- ▶ Larger Classes are investing
- ▶ Tax appeal risks provided for
- ▶ All property classes are below or close to Average

Recommendation is to stay with current policy

## Recommendation:

**“THAT staff be directed to prepare the 2016 Tax Rates Bylaw”.**

► The end