



# 2017 Budget

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CITY OF PRINCE RUPERT

# 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 2017  
- \$1 Million
- Municipal users pay both user fees and tax subsidy
- Neighbours benefit –but only pay user fee

# Provincial Tax Cap – Major Industry

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- Major Industrial Mill Rate cap by Province
  - All Prince Rupert export industries eligible for cap
  - Industrial assessment declines if no investment
    - Flat rate **x** reduced assessment value
      - = less tax revenue received yearly
- To counter – need new investment every year

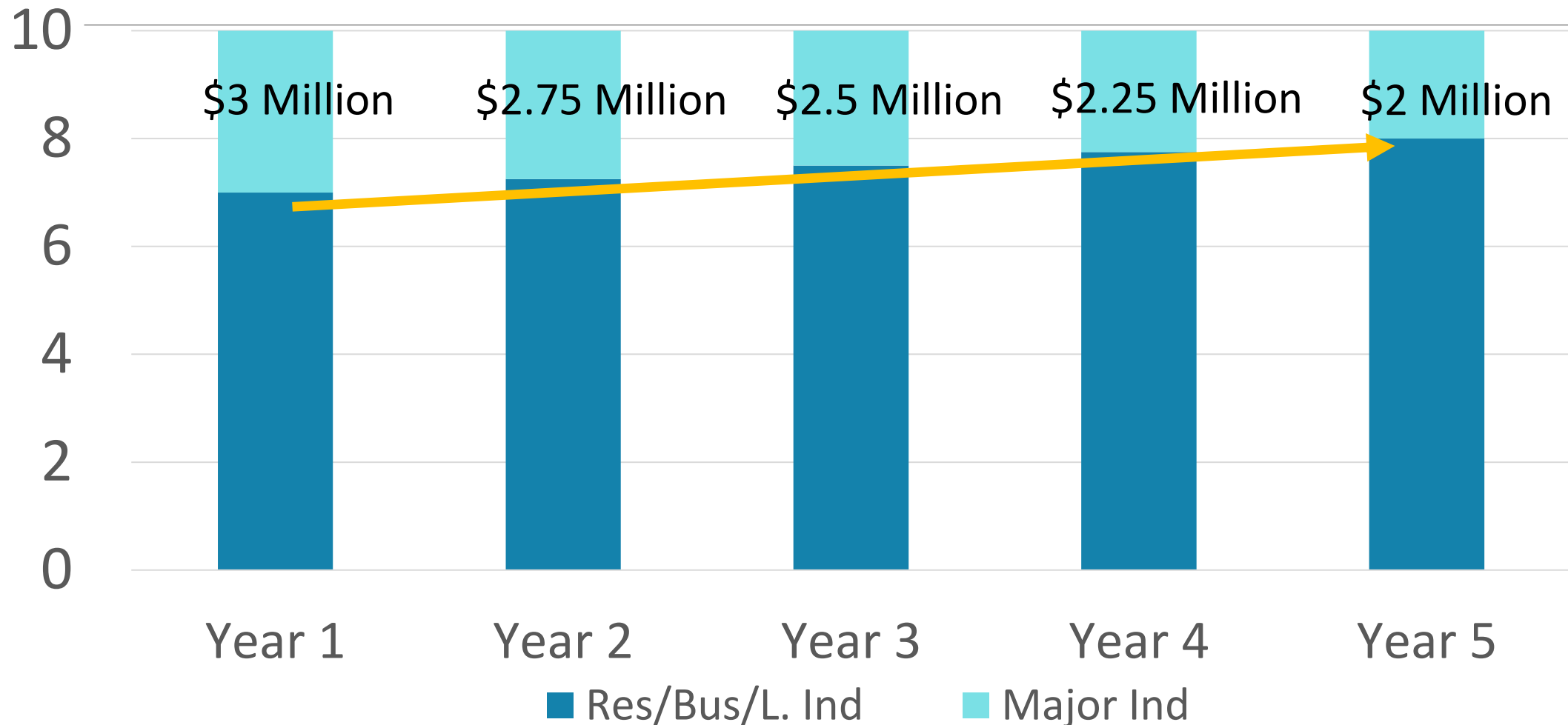
# Provincial offset

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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

Explanation on next slide



# 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.



# Budget requirements - Capital

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- Operations Budget includes Capital Works and Purchases:
  - Funded with Grants, Dividends, Reserves, and Surplus

# Budget Requirement - Preparing for Growth

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- Continue to fund Planning for Major Projects initiatives through Legacy
- No impact to taxpayers

# Budget requirements

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- Contractual wage increases
- Library increase
- Reduction due to Hawkair
  
- Budget deficit for 2017 of \$160,000

# Mill Rate Impact

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- = 1.5% increase to mill rate for Operations

# Mill Rate - Defined

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- Based on “mills”
  - One **mill** is \$1 per \$1,000 of assessed value
- It is not a reference to the closed pulp mill

# Mill Rate increase works as follows - example

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Beginning Mill Rate	% increase	Calculated Value	Final Mill Rate
10.00	2.5%	0.25	10.25

It **IS**  $10.0 \times 2.5\% = 0.25$

It is **NOT**  $10.0 + 2.5 = 12.5$

# Real Application of Proposed Increase

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Beginning Mill Rate	% increase	Calculated Value	Proposed Mill Rate
6.38583	1.5%	0.09579	6.48162

$$6.38583 + 0.09579 = 6.48162$$

# Residential Mill rates over time

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<b>Year</b>	<b>Rate</b>
2012	9.3887
2013	9.04575
2014	8.42627
2015	7.38384
2016	6.75310
2017 – proposed	6.48162



# 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

# Impact to Taxpayers

## 2016 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#:	Lot:	Block:

Mortgage Code:  
Mortgage Name:

Access Code: 10908

**DUE DATE  
July 4, 2016**

**Penalties & Interest**  
10% Penalty on taxes unpaid  
after July 4, 2016.  
Interest on arrears and delinquent  
calculated to July 4, 2016.

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

Taxable Assessed Value	Class		Land	Improvements
Hospital	01		76,500	169,000
General	01		76,500	169,000
School	01		76,500	169,000
Tax Levies	Class	Taxable Value	Rate	Amount
SCHOOL - RESIDENTIAL	01	245,500	2.920000	716.86
<b>GENERAL - RESIDENTIAL</b>	01	245,500	6.753100	<b>1,657.89</b>
NORTHWEST REG. HOSP-RESIDE	01	245,500	0.439240	107.83
SQCRD - RESIDENTIAL	01	245,500	0.201910	49.57
BCAA - RESIDENTIAL	01	245,500	0.054300	13.33
MFA - RESIDENTIAL	01	245,500	0.000200	0.05
<b>Total Current Taxes</b>				<b>2,545.53</b>

# Impact to Taxpayers

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$$\begin{array}{c} 2017 \text{ Assessed Value} / 1,000 \\ \times \\ 2017 \text{ Mill Rate} \end{array}$$

# Impact to Taxpayers

Property Class #	Property Class Name	Proposed 2017 Municipal Mill Rate
1	Residential	6.48162
2	Utility (Capped at 40.0)	40.0
4	Major Industrial	52.72733
4a	Major Industrial (Capped 27.50)	27.50
4b	Major Industrial (Capped 22.50)	22.50
5	Light Industrial	27.24454
6	Business	25.74272
8	Non-Profit/Recreation	4.98387

# Impact to Taxpayers

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2016 Average Assessment (rounded) \$244,000	\$1,647
2017 Average Assessment (rounded) \$260,000	<u>\$1,685</u>
Total Change	\$ 38
(10¢ / Day)	

# Expected Municipal taxes – no change to assessed value

Home Value	Actual 2016	Proposed 2017
\$100,000	\$ 675	\$ 648
\$150,000	\$1,013	\$972
<b>\$200,000</b>	<b>\$1,350</b>	<b>\$1,296</b>
\$250,000	\$1,688	\$1,620
\$300,000	\$2,026	\$1,944
\$350,000	\$2,364	\$2,269
\$400,000	\$2,701	\$2,593

# Home Owner Grant & Tax Deferral

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- Province offers residents:
  - Home Owner Grant
  - Tax Deferral Program
- Contact City Hall for details

# Changes likely

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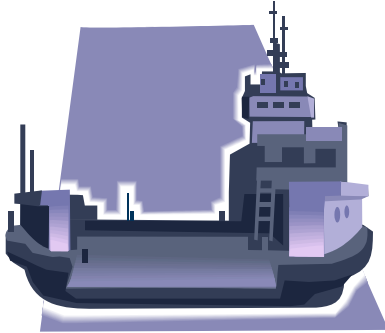
- March 31, 2017 – BC Assessment releases revised roll
  - Takes into account Appeals on Assessments
  - Reductions will result in changes to tax rate.



# Public Consultation

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- March 15, 2017 – Council Chambers @ 7:00PM
  - Broadcast on Channel 10 & [www.princerupert.ca/live](http://www.princerupert.ca/live)
  - Electronic polling
- March 20, 2017 during Regular Meeting of Council



Thank You

