



2019 Budget

CITY OF PRINCE RUPERT

PRESENTATION TO COUNCIL FEBRUARY 25, 2019

Presentation Order

Service & Revenue Challenges – a recap

Budget requirements

Recommendation

Impact to Property Tax Payers

Public Consultation

Service Challenges

- Digby Island Ferry
- Unique service
- Municipal taxpayer subsidization predicted for 2019
- \$1 Million
- Municipal users pay both user fees and tax subsidy
- Neighbouring communities benefit –but only pay user fee

Provincial Incentive Program

- 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

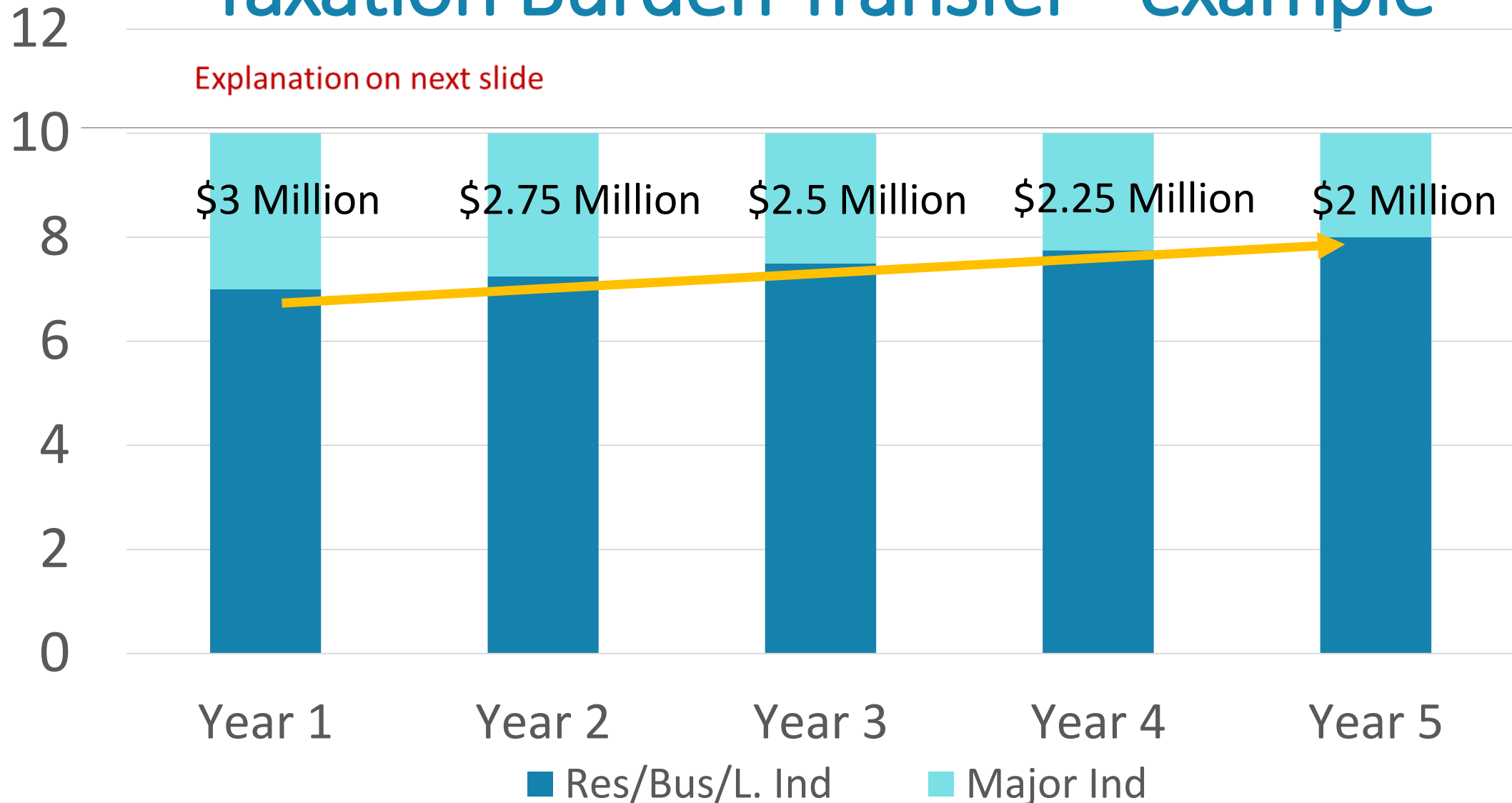
Provincial offset

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
 - 2018 = \$35,000 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.

- 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

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

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

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

Budget requirements - Capital

Operations Budget includes Capital Works and Purchases:

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

Budget requirements

Cost Increases

- Contractual wage increases
- RCMP contract increase
- Blue Ribbon Committee recommendation
- Additional payment to Port Edward

Revenue Increases

- New tax from expansions & new builds

Budget Surplus

No increase to the residential mill rate

Proposed use of Budget Surplus

Reserve for future debt repayment – RCMP Detachment

Return 2 RCMP officers to the force

Return 1 Bylaw officer to staff

Reduction to Property taxes – decrease of 2%

Mill Rate - Defined

Based on “mills”

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

Mill Rate - Adjusted

Adjust mill rate to collect same amount of tax

Residential Mill rates over time

Year	Rate
2013	9.04575
2014	8.42627
2015	7.38384
2016	6.75310
2017	6.48162
2018	6.19184
2019 - proposed	5.99961

Why have mill rates decreased?

- 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
 - This year proposes further decrease of 2%

Calculate Impact to you

- Need to compare the 2018 combined General property tax to the amount calculated for 2019.
 - See next two slides for example

Impact to Taxpayers

2018 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:
 Mortgage Name:

Access Code:

• Reprint •
 Feb 22, 2019

DUE DATE July 3, 2018	Penalties & Interest
	10% Penalty on taxes unpaid after July 3, 2018. Interest on arrears and delinquent calculated to July 3, 2018.

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

Taxable Assessed Value	Class		Land	Improvements
Hospital	01		91,800	217,000
General	01		91,800	217,000
School	01		91,800	217,000
Tax Levies	Class	Taxable Value	Rate	Amount
SCHOOL - RESIDENTIAL	01	308,800	2.523300	779.26
GENERAL - RESIDENTIAL	01	308,800	5.943240	1,835.27
LIBRARY - RESIDENTIAL	01	308,800	0.248600	76.77
NORTHWEST REG. HOSP-RESIDE	01	308,800	0.635180	196.14
NCRD - RESIDENTIAL	01	308,800	0.207830	64.18
BCAA - RESIDENTIAL	01	308,800	0.040300	12.44
MFA - RESIDENTIAL	01	308,800	0.000200	0.06
Total Current Taxes				2,964.06

1,912.04

Impact to Taxpayers

$$\begin{aligned} & 2019 \text{ Assessed Value} / 1,000 \\ & \quad \times \\ & \quad 2019 \text{ Mill Rate} \\ & = 2019 \text{ Municipal Taxes} \end{aligned}$$

Calculate Impact to you

Take 2018 Municipal taxes	\$xxxx
Compare to 2019 Municipal taxes	<u>\$xxxx</u>
Difference is increase or decrease	\$xx

Impact to Taxpayers

Property Class #	Property Class Name	2018 Municipal Mill Rate	Proposed 2019 Municipal Mill Rate
1	Residential	6.19184	5.99961
2	Utility (Capped at 40.0)	40.0	40.0
4	Major Industrial	53.10972	52.15183
4a	Major Industrial (Capped 27.50)	27.50	27.50
4b	Major Industrial (Capped 22.50)	22.50	22.50
5	Light Industrial	26.92148	24.22464
6	Business	25.28009	23.24497
8	Non-Profit/Recreation	4.95168	4.63614

Impact to Taxpayers

2018 Average Assessment (rounded) \$264,000	\$1,635
2019 Average Assessment (rounded) \$268,000	<u>\$1,607</u>
Total Change (savings)	\$ 28

Expected Municipal taxes – no change to assessed value

Home Value	Actual 2018	Proposed 2019
\$100,000	\$ 619	\$ 600
\$150,000	\$929	\$900
\$200,000	\$1,238	\$1,200
\$250,000	\$1,548	\$1,500
\$300,000	\$1,858	\$1,800
\$350,000	\$2,167	\$2,100
\$400,000	\$2,477	\$2,400

Council only controls Municipal rate

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PHONE (250) 627-0946

Roll:
Civic Address:
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Mortgage Code:
Mortgage Name:

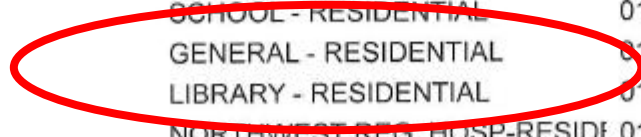
DUE DATE
July 3, 2018

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Municipal rate



Taxable Assessed Value	Class	
Hospital	01	
General	01	
School	01	
Tax Levies	Class	Taxable Value
SCHOOL - RESIDENTIAL	01	308,800
GENERAL - RESIDENTIAL	01	308,800
LIBRARY - RESIDENTIAL	01	308,800
NORTHWEST RES. HOSP-RESIDE	01	308,800
NCRD - RESIDENTIAL	01	308,800
BCAA - RESIDENTIAL	01	308,800
MFA - RESIDENTIAL	01	308,800



Home Owner Grant & Tax Deferral

Province offers residents:

- Home Owner Grant
- Tax Deferral Program

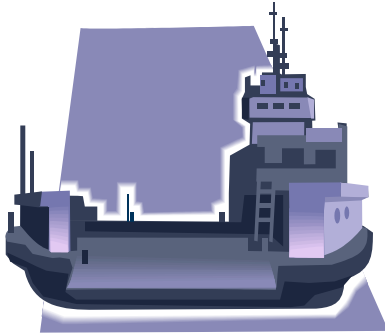
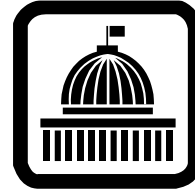
- Contact City Hall for details

Changes likely

- March 31, 2019 – BC Assessment releases revised roll
 - Takes into account Appeals on Assessments
 - Reductions will result in changes to tax rate.

Public Consultation

- March 11, 2019 – during Regular Meeting of Council
- March 25, 2019 during Regular Meeting of Council
- Broadcast on Channel 10 & www.princerupert.ca/live



Thank You

