

2024 Annual Tax Rates and Solid Waste Amendment Bylaws

RECOMMENDATION:

That Council:

1. Give first three readings to Annual Tax Rates Bylaw, 2024, No. 4368; and
2. Give first three readings to Solid Waste Amendment Bylaw, 2024, No. 4369.

PREVIOUS COUNCIL/COMMITTEE ACTION

February 27, 2024 – Committee of Council approved:

That Committee of Council:

1. Approve the capital plan as presented on December 5th, as updated, for inclusion in the 2024-2028 Financial Plan Bylaw;
2. Approve the operating budget as presented on December 12th, as updated, for inclusion in the 2024-2028 Financial Plan Bylaw; and
3. Direct staff to prepare the 2024-2028 Financial Plan Bylaw, 2024 Tax Rate Bylaw and 2024 Solid Waste Rate Bylaw for Council approval.

REPORT SUMMARY

Once the City's financial plan is adopted, property tax and solid waste rates are calculated to raise the revenue approved by Council.

The Annual Tax Rates Bylaw and Solid Waste Amendment Bylaw must be adopted prior to May 15 in order to generate the property tax and solid waste billings. To have the bylaws passed by May 15, it is recommended that Council give the first three readings on April 23 and the final reading on May 7, 2024. The due date for property taxes is July 2. The first 5% penalty will be applied after July 2 and the second 5% penalty will be applied after September 16.

BACKGROUND

In accordance with Section 197 of the *Community Charter*, the City must adopt an Annual Property Tax Rates Bylaw after the approval of the Financial Plan Bylaw and before May 15 of each year. The Annual Property Tax Rates Bylaw establishes the rates required to collect the appropriate funds as proposed in the City's financial plan and sets the distribution of funds among the property classes. Property tax revenue is the single largest source of revenue for the City, raising 54.3% of the City's expected revenue in 2024.

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As part of the annual process, staff reviews the distribution between property classes to ensure that tax rate ratios are competitive and if any shifting between classes is warranted. Since the Port Coquitlam ratios compared well against the average of the Metro Vancouver municipalities in 2023, the 2024 tax increase has been applied to all property classes. The actual amount of a homeowner's municipal tax increase will depend on how their property's assessed value changed compared to the average change in the property class. In 2024, the assessed values for residential properties increased on average 2.77%, whereas single family dwellings increased on average 2.62% and strata properties increased on average 1.91%. Residential properties that increased by 2.77% will see a municipal tax increase of 5.58%, while residential properties with a higher or lower assessment increase will see a higher or lower municipal tax increase.

DISCUSSION

How Property Taxes Are Calculated

Once the financial plan is adopted, staff sets the tax rate that will raise the required funds.

As per Council's Property Taxation Policy, City tax rates will be set to maintain each property classification's tax share, adjusted for property tax growth from new development in the classification, unless Council determines that adjustments are necessary to maintain the City's tax consistency within Metro Vancouver or to attain other objectives that Council may determine.

The standard benchmark used by municipalities and the province to compare tax rates is the ratio between non-residential property tax rates to the residential tax rate. This benchmark is commonly called the "property tax ratio" and is calculated by dividing the property classes' tax rate by the residential tax rate. These ratios change on an annual basis due to changes in assessed property values within each class.

Staff reviewed the distribution between property classes to ensure that Port Coquitlam's tax ratios are competitive and remain near the regional average for the business and light industry tax ratios. As listed in Attachment 3, in 2023 the City's business tax ratio of 2.7012 was slightly higher than the Metro Vancouver average of 2.6867 and the light industry tax ratio of 2.4261 was slightly lower than the Metro Vancouver average of 2.4326. Another comparative used is the property tax distribution between residential and non-residential properties.

Attachment 4 shows that in 2023, consistent with 2022, Port Coquitlam was close to the regional average with residential properties representing 78% (regional average was 84%) of the total property assessment and paying 56% (regional average was 64%) of the municipal property taxation. Because Port Coquitlam has a higher percentage of non-residential properties than the average, the City's non-residential properties pay a higher percentage of property taxes.

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Since the City's rates continue to remain competitive, staff do not recommend shifting tax ratios. The property rates are set by property class, which results in the actual increase in the property tax for any individual property varying, depending on its change in assessed value as compared to the average for the property class. This will be reviewed with Committee in the coming year.

2024 Property Tax Rates

The following table shows the 2024 property tax rates for every \$1,000 of property assessment. Property tax rates are set by property class. Attachment 5 provides BC Assessment's definitions of the property classes.

Class	Description	Tax Rate
1 & 3	Residential/Supportive Housing	2.0052
2	Utilities	40.0000
4 & 5	Major & Light Industry	4.6442
6	Business Other	5.0799
7	Managed Forest Land	40.0000
8	Recreation/Non-Profit	10.2309
9	Farm	29.3784

The utilities class rate is capped by the Province (per Regulation 329/96) at a rate of \$40 per \$1,000 of assessment. In 2024 utilities will pay \$661,672 in property taxes.

The 2024 distribution of property taxes amongst all the property classifications will be as follows (the City currently has no properties in the major industry or managed forest land classes):

Class	Description	% of General Property Taxation	% of Total Property Assessments
1 & 3	Residential/Supportive Housing	56.34%	76.53%
2	Utilities	0.79%	0.06%
5	Light Industry	9.39%	5.51%
6	Business Other	33.32%	17.87%
8	Recreation/Non-profit	0.13%	0.03%
9	Farmland	0.03%	0.00%

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As part of the Annual Property Tax Rates Bylaw process, the City must set the tax rate to raise funds to pay the Metro Vancouver Regional District (MVRD) tax requisition. This bylaw includes rates for the regional district in order to raise the funds needed to meet the City's obligations for the regional district annual tax requisition. MVRD's Tax Requisition for 2024 increased by \$317,093 or approximately 15% compared to 2023.

The Annual Property Tax Rates bylaw also specifies the 2024 Downtown Business Improvement Area Levy of \$0.4660 per \$1,000 assessed value to raise the required funds of \$167,480 from the class 5 and 6 properties in the specified area in the *Downtown Business Improvement Area Bylaw, 2020, No. 4188*.

Solid Waste Rates

The City provides solid waste collection services for all single-family residential households and some multi-family residential and select industrial, commercial and institutional units. The solid waste service is funded by user fees. The 2024-2028 financial plan includes an increase of \$62.67 to the 2023 solid waste rates from \$247.34 to \$310.00 for a single family dwelling. This is predominantly due to improving waste services to include large item pickup as a permanent service in 2024 and preparation for the roll-out of curbside glass pickup in 2025, as well as increases in tipping fees paid to Metro Vancouver and a shift to fund recycling solely by user fees. Consistent with prior years, this increase was applied to garbage, green and recycling fees.

Payment Due Date

The City collects property taxes on the first business day in July, which is July 2 in 2024, and consistent with provincial legislation, charges a 5% penalty on any outstanding balance after July 2 and an additional 5% after September 16.

Home Owner Grant

All eligible home owners submit their home owner grant application directly to the Province using their online system. Information on administration of the grant will continue to be included on the property tax notice.

There are no changes to Home Owner Grant eligibility requirements. The 2024 Basic/Regular Grant is \$570 and the Seniors Grant is \$845, unchanged from 2023. The threshold for receiving a Home Owner Grant increased in 2024 to \$2,150,000 from \$2,125,000. The grant is then reduced by \$5 for every thousand dollars of assessment above \$2,150,000, and is eliminated for homes assessed at more than \$2,264,000. The Senior/Additional grant is eliminated at \$2,319,000.

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MyPortCoquitlam Online Access

2024 will be the ninth year that Port Coquitlam residents can sign in or create a myPortCoquitlam account that will give them 24/7 secure online access to information about their City of Port Coquitlam property taxes, utilities, and dog and business licences. To date 4,950 or 22% of taxpayers have joined this service for property taxes. This program will be promoted throughout the year to give taxpayers 24/7 access to their property tax accounts. This service is especially helpful in providing 24/7 access to prior year's property tax and water and sewer bills for Canada Revenue Agency during income tax season.

MyPortCoquitlam also acts as the registration point for property tax and utility eBilling. Once a taxpayer has set up their account details, they can choose to receive their tax and utility bills by email.

Tax Prepayment Plan

The prepayment plan is an arrangement made by a taxpayer with the City to prepay, on an equal monthly instalment basis, the estimated property tax and flat rate utility levies for the following year. The taxpayer's utility bill and property tax notice will reflect the prepaid amount, including the May and June withdrawals as well as any interest earned on the account.

If the tax prepayments are in excess of taxes owing, the notice will show a credit balance indicated by a negative amount. If the prepayments are less than taxes owing, the notice will show a balance due, which will be subject to penalties if not paid by the due date. Joining the program makes budgeting easier for property taxes and utility tax obligations.

Currently there are 3,327 tax prepayment accounts out of the 22,487 properties or 14.79% of all properties.

To increase the number of residents who sign up for the pre-payment plan this program will continue to be promoted in the tax newsletter as part of the 2024 Property tax notice on the City website, advertisements through social media, and in public service announcements during the property tax season.

Provincial Property Tax Deferment Program

The Regular Program and Families with Children Program are low interest loan programs offered by the Province to help qualified BC homeowners pay their annual property taxes on their principal residence. These programs are available to property owners who meet the applicant, property and equity qualifications. For the Regular Program, the eligibility requirements include being 55 years of



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age or older during the calendar year, a surviving spouse or a person with a disability as defined by the regulation, and having 25% equity in your home. For the Families with Children Program, some of the eligibility requirements include financially supporting a dependent child, and having 15% equity in your home.

There have been no changes to the eligibility requirements.

In 2023, 788 Port Coquitlam taxpayers deferred taxes on properties compared to 725 in 2022.

Homeowners may apply to the Province to defer their property taxes only after the 2024 taxes have been levied by the municipality. Homeowners enrolled in the deferment program who opted into the auto-renewal option do not need to reapply each year but must continue to meet the eligibility requirements.

FINANCIAL IMPLICATIONS

The Property Tax and Solid Waste levy bylaws will raise \$83,665,900 in property tax revenue, \$2,419,071 in Metro Vancouver levies, \$167,480 Downtown Business Improvement Levy, and \$4,067,700 in Solid Waste Fees in alignment with revenues projected in the approved 2024 Financial Plan.

OPTIONS (✓ = Staff Recommendation)

	#	Description
<input checked="" type="checkbox"/>	1	Give Annual Tax Rates Bylaw, 2024, No. 4368 and Solid Waste Amendment Bylaw, 2024, No. 4369 first three readings.
<input type="checkbox"/>	2	Refer Annual Tax Rates Bylaw, 2024, No. 4368 and Solid Waste Amendment Bylaw, 2024, No. 4369 back to staff.

ATTACHMENTS

Attachment 1: Annual Tax Rates Bylaw, 2024, No. 4368

Attachment 2: Solid Waste Amendment Bylaw, 2024, No. 4369

Attachment 3: 2023 Property Tax Ratio Comparison to Residential Rates

Attachment 4: 2023 Property Tax Distribution Residential vs. Non-residential

Attachment 5: Fact Sheet – BC Assessment Property Classes

Attachment 6: Report to Committee February 27, 2024

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