



Regional District of Bulkley-Nechako  
Committee of the Whole  
SUPPLEMENTARY AGENDA  
Thursday, February 9, 2023

<u>PAGE NO.</u>	<u>REPORT</u>	<u>ACTION</u>
2-4	John Illes, Chief Financial Officer – Tax Implications (replace pages 6-9 on the Main Agenda)	Recommendation
	<u>ADJOURNMENT</u>	



## Regional District of Bulkley-Nechako Committee of the Whole

**To:** Chair and Committee  
**From:** John Illes, Chief Financial Officer  
**Date:** February 9, 2023  
**Subject:** Tax Implications [updated]

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**RECOMMENDATION:** (all/directors/majority)

That staff target a 6% property tax increase for the 2023 budget.

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### BACKGROUND

The market and non-market changes for property assessments have an impact on both the requisition amount and the tax rate for a local government. Market changes in assessments are based on a revised selling price for the property (market price) as of July 1, 2022 while non-market changes are the value of new construction between July 2, 2021 and July 1, 2022.

The average property price in the Regional District increased in weighted value by 11.5% (including both rural and municipal properties). The average property price for rural properties increased by 13.2%.

The updates are in **yellow**.

### Discussion

Major services in the Regional District include participation from all eight municipalities and seven electoral areas. The requisition for each of these services in 2022 was as follows:

General Government Services	\$ 936,658
Regional Economic Development	\$ 385,173
Planning	\$ 309,430
Development Services	\$ 327,410
Environmental Services	\$3,788,323
911	<u>\$ 432,574</u>
Total	\$6,179,568

Additional detail can be found in Table 1 attached. The tax rate for 2022 for these services was approximately \$0.797 per \$1,000 of assessed value.

The taxes paid for an average assessment (based on residential property) for the major services in 2022 that provided \$6,179,568 in requisition revenue was approximately:

Property assessment	Tax Paid
\$150,000	\$120
\$250,000	\$199
\$350,000	\$279
\$500,000	\$398

Based on the average increase in property assessments and maintaining the same amount of taxes paid as in 2022, the following scenarios can be considered:

		No Tax Change	4%	6%	8%
<b>New 2023 Requisition Amount</b>		\$ 6,389,571	\$ 6,645,154	\$ 6,772,946	\$ 6,900,737
<b>Increase from 2022 Requisition</b>		\$ 210,003	\$ 465,586	\$ 593,378	\$ 721,169
Tax Rate per \$1,000		0.716	0.744	0.759	0.773
2022 Property Assessment	2023 Property Assessment	<b>2023 TAXES PAID</b>			
\$ 150,000 →	\$ 167,024	\$ 120	\$ 124	\$ 127	\$ 129
\$ 250,000 →	\$ 278,374	\$ 199	\$ 207	\$ 211	\$ 215
\$ 350,000 →	\$ 389,724	\$ 279	\$ 290	\$ 296	\$ 301
\$ 500,000 →	\$ 556,748	\$ 398	\$ 414	\$ 422	\$ 430

While maintaining the same tax paid as in 2022 an additional \$210,003 is provided for the major services budgets. This is a result of new construction (or non-market changes). The options for a 4%, 6%, and 8% tax increase are also provided for discussion purposes. It is noted that for all scenarios the tax rate actually decreases as compared to the tax rate in 2022, this is because an 8% tax increase is still less than the 11.5% market rate increase.

The additional major services that rural residents paid in 2022 was:

Rural Government Services	\$334,083
Emergency Services	<u>\$403,039</u>
<b>Total</b>	<b>\$737,122</b>

Additional detail can be found in Table 2. The additional taxes that rural residents paid in 2022 for these services for different levels of property assessment was:

Property assessment	Tax Paid
\$150,000	\$28
\$250,000	\$46
\$350,000	\$64
\$500,000	\$92

Based on the average increase in property assessment (13.2%) and maintaining the same amount of taxes paid, as in the previous year the following scenarios can be considered:

		No Tax Change	4%	6%	8%
<b>New 2023 Requisition Amount</b>		\$ 776,740	\$ 807,810	\$ 823,345	\$ 838,880
<b>Increase from 2022 Requisition</b>		\$ 39,618	\$ 70,688	\$ 86,223	\$ 101,758
Tax Rate per \$1,000		\$ 0.162	0.169	0.172	0.175
2022 Property Assessment	2023 Property Assessment	<b>2023 TAXES PAID</b>			
\$ 150,000	→ \$ 169,842	\$ 28	\$ 29	\$ 29	\$ 30
\$ 250,000	→ \$ 283,070	\$ 46	\$ 48	\$ 49	\$ 50
\$ 350,000	→ \$ 396,298	\$ 64	\$ 67	\$ 68	\$ 69
\$ 500,000	→ \$ 566,141	\$ 92	\$ 96	\$ 97	\$ 99

The non-market increase in assessments generates an additional \$39,618 for these two rural services.

#### Attachments:

Table 1

Table 2