Property Taxes on Business and Industrial Property in British Columbia: Comparisons and Business Climate Observations

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EXECUTIVE SUMMARY

Property taxes are an extremely important tax for the kind of local government structure we have in North America and British Columbia, with its multiplicity of local governments with different boundaries, some of which overlap. Within this system the property tax is used in British Columbia by the provincial government for schools, but its most widespread use is for financing local services by municipalities and regional districts where there is considerable geographic diversity in both services and property taxes. This flexibility allows for use of the property tax as a group user charge or benefits received tax for relatively small geographic areas where the property in the area is taxed to pay for the services they receive.

For its use by municipalities, the provincial government has provided more flexibility to BC municipalities than exists in any other province in Canada except Newfoundland. This flexibility involves freedom for BC municipalities to set any rates they wish on 9 different classes of property, 4 of which are business, with only minimal constraints on Utility taxation. Most provinces, in contrast, put all business properties into one class and set required or maximum ratios between rates on different property classes. Exceptions to the general approach include Alberta, which allows complete discretion in rate and ratio setting, but puts all business real property into a single class, and Ontario, which allows up to 7 different business property classes and imposes constraints on ratios among rates in different classes. Four provinces also allow the use of Business Occupancy taxes tied to property, but only Newfoundland allows different rates on different classes of business with total local discretion.

The flexibility granted to BC municipalities allows them to adjust tax rates among different classes of property so that a class of property can pay for the services it receives. In general, the closer the balance between taxes paid and benefits received for local government services, the more efficient are the decisions on taxes and services. However, the flexibility, which allows for the balancing of taxes and the costs of services for a class of property, may also be used by municipal councils to tax some classes of property to subsidize services to others. This risk is very real in municipalities where voting and political representation before council is very different among the different property classes. The greatest risk is that residents, who are voters, will elect councils that simply tax business classes of property to keep residential taxes low, regardless of the costs of providing services to the businesses, even when costs of shoppers and employees who come into the municipality, but who pay their residential property taxes elsewhere, are taken into account.

Since the introduction of unconstrained variable rate setting in 1984, median municipal ratios for business and light industry in British Columbia have remained very close to the *Local Government Act* ratios the provincial government sets for use by regional and hospital districts. These have not been greatly changed since 1988, when the Machinery class was eliminated and the Industry class was separated between Light and Major. One change that is noticeable, however, is that a few municipalities have raised their rates and ratios for Business and Light Industry to levels that may be well above the costs of providing services to those properties, but are generally exceeded by rates elsewhere in Canada. One would have to look more closely at these rates in each municipality to see if they are justified by cost considerations.

What really stands out when examining BC municipal tax rates and ratios, however, are the very high rates and ratios in Major Industry taxation (and to a lesser extent in Utilities) in the top quartile of BC municipalities where tax rates and ratios are the highest not only in Canada but in virtually all of North America. Major Industry within these municipalities, when including other local and school taxes, has property tax rates ranging from 6.4 to 14.6 percent. At the same time these municipalities have kept their residential property tax rates at close to the provincial median and averages of 1.2 percent. The result is that ratios between Major Industry and Residential tax rates go as high as 19.5[1]. The high ratios raise questions as to the use to which property tax rate differences among classes are being put. The high rates can also have a major impact on the long-term viability of the municipality's tax base.

High property tax rates can become very significant in business decisions as to whether or not to remain in business or to make new investments. While a tax rate of 6% looks small compared to a sales plus GST rate of 14.5% or income tax rate of 46%, the property tax is paid on the same investment over and over, not just once on a purchase or earned income. One way to think about a 6% property tax is that for a homeowner the monthly tax payment would be equal to (or greater than) their mortgage payment. Alternatively, from an investment perspective a 6 percent property tax, requires a doubling of an investment to obtain the same dollar return. It is in actuality equivalent to a sales or excise tax on new construction of approximately 50%, or an income tax rate of approximately 50%, except that with an income tax if you do not achieve your expected net income your tax bill goes down while the a property tax bill does not. These rates are not only high in an absolute sense, they are also very high compared to the rates in BC's closest neighbours, Alberta and Washington State.

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[1]Tax rates and ratios for all municipality business taxes are in Appendix B; total taxes are in Appendix C, and a list of top quartile municipalities with their total rates and municipal ratios for Major Industry are in Appendix D.

Comparative studies of property taxes are always difficult because different jurisdictions may use the property tax to fund different activities, and different jurisdictions may have different assessment practices, classification schemes, grants and exemptions. Municipalities may also have different rationale for their tax rate practices. To cut through these differences some additional research may be useful. However, in spite of these differences, British Columbia appears to have a serious business climate problem in the treatment of Major Industry, and to a lesser extent, Utilities, by a significant number of municipalities. This is important for all municipalities, however, because an investor will understand that while a municipality does not currently have high rates and ratios on Major Industry, it can introduce them at any time after the investment has been made. The municipality can use as a justification that other BC municipalities also have high rates.

Similar problems of very high tax rates in some municipalities have not emerged in Alberta or Ontario and they still provide their municipalities with considerable discretion over local rate setting: Alberta has one business tax classification and thus there is always a local business community consulting with council on rate setting; Ontario has the provincial designation of "Ranges of Fairness" and "Threshold Ratios". It is in interests of all municipalities and others concerned with the business climate in British Columbia to look more closely at how municipalities set tax rates on Major Industry and other business classes to see if extremely high tax rates and ratios can be avoided while still maintaining local discretion in tax rate setting. Both municipal discretion and a favourable business climate are desirable objectives. However, the current arrangements do not appear to have achieved a proper balance between the two.

PREFACE AND ACKNOWLEDGMENTS

For some time I have observed increasing property tax rates on business relative to residential properties in British Columbia municipalities. This trend has always interested me because it related to earlier research on the relationships between suburban residents and city finances (called the "suburban-urban exploitation hypothesis") and the relationship between financing and the costs of providing local government services. From this perspective I always thought it was reasonable that cities impose higher rates on business properties to cover the costs of shoppers and employees who came into the city each day but paid their residential property taxes elsewhere. There was virtually no evidence, however, on how much higher those rates should be. When the KPMG study of costs of serving business properties and revenues from those properties in Vancouver was published in 1995 and subsequent examination of taxation relationships in the Capital Region was completed, it became obvious that municipal councils were using high property tax rates on business not only to cover the costs of providing services to business, but also to subsidize residential taxpayers. The KPMG study, for example, concluded that residences in Vancouver paid an average of only 50 cents for services costing $1.00 to produce, with the difference subsidized by their business tax base.

Since paying serious interest to this local government finance issue I have indicated in several presentations that higher and higher property tax rates on business may not only be unfairly imposed by councils elected by residents, but also that high tax rates on business could be very harmful because we needed a better business climate in British Columbia if the province is going to prosper in the future. In addition, I argued that because there is no relationship between a business's net income and its property tax bill so that high tax rates and ratios on business were unfair unless those taxes were related to the costs of servicing the businesses. Finally, I pointed out that it was the Provincial government's responsibility to create the rules under which local governments operate, including the setting of property tax rates, and that there may be a problem with the current system.

Following one of my presentations I was approached by NorskeCanada, a company owing pulp mills in several municipalities, and asked if I would undertake a study of business and industry property taxes in British Columbia. They agreed to fund such a study but have not been involved with any part of it. In contrast to many academic studies it has been done more quickly than is common for academics, but with the help of some research assistants from the MPA program at the University of Victoria and availability of considerable information on the internet, the completed report follows. In addition to acknowledging NorskeCanada for their financial support, I owe thanks to Irene Huse and Annette Mueller for assistance, to Professor Francois Des Rosiers from Laval University for responding to inquiries concerning Quebec and to many provincial and municipal officials across Canada who took time to provide information and discuss issues. Thanks are also due Dr. Enid Slack from Toronto and Brian Walisser and Eric Clemens from Victoria who as reviewers of the first draft of the report provided additional insights. Their help has been extremely valuable. I, of course, remain fully responsible for the report's contents and conclusions.

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INTRODUCTION

Since the introduction of total municipal discretion to set variable property taxes on different classes of property in 1984, British Columbia municipalities have enjoyed more property tax discretion than municipalities in any other province except Newfoundland and nearly all US states. Casual observation indicates that municipalities have used this discretion to impose higher and higher taxes on business properties relative to residential properties, which are after all, occupied by the voters who elect the councils that make the decisions. The purpose of this report is to examine in more detail the relationship between the taxation of residential and business properties in B.C. For the purpose of this analysis business properties include the Utility, Major Industry, Light Industry and Business classifications. A description of the content of the classes is provided in Appendix A.

The study consists of five main sections. First is a very brief discussion of the changing nature of the property tax over time from a general wealth tax to a geographically based benefits received tax. Second is a description of trends in the relationship between taxes on residences and business classes since the 1984 introduction of variable rates in British Columbia. Third is a description of the use of the property tax in the rest of Canada and US, with a focus on the treatment of taxation of business properties. Fourth, is an analysis of similarities and differences in different systems, and finally are concluding observations and recommendations.

Comparing property tax rates across provinces and states is extremely difficult because of all the things that are not the same, the most important of which are assessment practices, different classification schemes, grants and exemptions, and what the property tax is required to finance relative to other revenue sources. This is why virtually all comparisons limit themselves to residential property taxes or taxes on commercial offices where there may be some commonality, but even they lack consideration of which services those taxes must finance and other revenue sources for those jurisdictions. The focus in this study is on one issue, and even that is a difficult one: what is the relative treatment of business properties relative to residential properties in BC and in other jurisdictions and how does this relate to tax rates. Finally, even though a lot of data collection and analysis lies behind this analysis, like any policy study it is only a step along the way. It will, however, clarify some of the issues, identify some serious problems, provide some recommendations, and provide directions for further analysis.

PROPERTY TAXES[2]

Property taxes are an extremely important tax for the kind of local government structure we have in North America. Local government systems in North America consist of a multiplicity of local government units with different boundaries, some of which overlap. In British Columbia this includes municipalities, regional districts with their municipal and electoral areas, hospital districts, school districts, and improvement districts, and many municipalities and electoral areas have within them special taxing areas for financing specific services that are provided only in that area. Most of the services that property taxes finance are for the area where the taxes are raised, and it is this structure that permits locally elected officials to make decisions by comparing the costs of taxation with the benefits of services and this is the essence of democratic decision-making. The property tax has evolved to facilitate this system.

Historically the property tax was a tax on the wealth of individuals and it predates general sales taxes, income taxes and, equally important, businesses separate from individuals. As a wealth tax, tax rolls not only included "real" property (land and buildings) but "personal" or "movable" property (household furniture, bank accounts, business inventories, animals, ...etc). As a wealth tax the ideal was that all kinds of wealth would be taxed at the same rate (proportionally), although such uniformity was seldom achieved. Uniformity came closest to being achieved in those US states that wrote provisions requiring equal assessment and uniform tax rates into their state constitutions.

Attempting to tax movable property as of its quantity on one day a year proved to be extremely difficult and eventually more and more jurisdictions limited their property taxation to immovable land and buildings, as does British Columbia. Taxes on non-business personal property have generally been discontinued unless it was administratively easy as with items that must be registered like automobiles and boats. The direct taxation of business personal property (office furniture, inventories...etc.) has also generally been discontinued, but several provinces replaced those taxes with business occupancy taxes. These business occupancy taxes often have rates similar to the previous business personal property taxes. For example Nova Scotia's business occupancy tax rates roughly reflect old ratios of business personal property assessments

[2]The history and evolution of the property tax is well described in Glenn W. Fisher, *The Worst Tax?* The University Press of Kansas, 1996. A shorter history is provided in Harold M. Groves and Robert L. Bish, *Financing Government*, Holt, Rinehart and Winston, 7th ed., 1973. The major recent book on property taxation and municipal finance in Canada is Harry Kitchen, *Municipal Revenue and Expenditure Issues in Canada*, Canadian Tax Foundation, 2002.

to real property assessments. Newfoundland also retains a rather long list of different kinds of business occupancy taxes with different tax rates although their origin is less clear. The fact that different jurisdictions are at different places in the transition from the property tax from a tax on all wealth to a tax on real property is one reason it is so difficult to make comparisons of property taxes across jurisdictional boundaries. Business occupancy taxes must also be considered and such taxes and their rates are not available in standardized consolidated bases as are property taxes for some provinces.

The emergence of businesses separate from individuals has also complicated determination of tax incidence, which is the burden of the tax in relation to a persons income. Virtually all studies of property tax incidence are of residential property taxes only because it is impossible to make general statements about the incidence of property taxes on business. First there is no systematic relationship between a business's "real property" and its net income, which may in fact be negative in some years. Second, a business is only a "piece of paper". Tax burdens must fall on customers through higher prices, on sellers of resources to the business, including its employees, on owners of the business (which may include mutual and pension funds), or on property owners if the business leases instead of owning its real property. To determine the incidence of a property tax on business one has to know the demand and supply conditions in all of the markets in which the business buys or sells, a difficult task for most businesses. And it is an impossible task to generalize about the incidence of the tax on many businesses, especially when businesses are tax at different rates in different communities. Property taxes on businesses simply have no consistent relationship to the wealth or income of individuals, as do income and general sales taxes[3].

When the property tax was viewed as a general tax on wealth it was used not only to finance local services such as roads, fire protection, policing, parks, water supply, garbage collection and disposal, sewage collection and treatment, and schools, but also programs such as public health and social services. With the narrowing of the property tax from a general wealth tax to a real property tax and the adoption of income and general sales taxes, activities such as public health, social services and schools have increasingly been funded by income and sales taxes, although most provinces continue to use the property tax for part of school funding. At the same time water supply, garbage collection and sewage collection and treatment are

[3]There is a considerable body of literature on property tax incidence but like other tax incidence studies the most important determinant of results are the assumptions made by the authors. A good summary is included in Douglas Mair, "The Incidence of the Property Tax: A Survey," *British Review of Economic Issues,* October 1991, pp. 1-27.

increasingly financed by user charges. The result is that local governments are using the property tax to finance services that benefit the local citizens who occupy property in their jurisdiction where individual user charges are not feasible. This changes their property tax as a general tax on wealth to the equivalent of a "group user charge," which is, a benefits-received tax on the geographically defined group that benefits from that service. British Columbia has one of the most developed geographically based benefits-received property tax systems in North America. Within its regional district system, which can be divided up internally with any boundaries useful for supplying a service, only the properties within those boundaries are taxed for that service. Likewise, municipalities can create special taxing areas within them to pay for special services not provided elsewhere. Similar arrangements to levy property taxes in a small area for a special service exist in most jurisdictions in North America.

With the evolution of the property tax to a geographically based benefits-received tax, the logical next question is whether or not different kinds of property within each jurisdiction should be taxed at different rates. There are in fact different rates for different kinds of property in most jurisdictions, but the rationale for the differences is mixed. Most common is that farmlands are taxed at lower rates than residential and business are taxed at higher rates than residential properties. In Canada it is also common in some provinces, but not British Columbia, to tax multifamily residential property at a higher rate than single family residential properties. Three of the historic arguments that lie behind these relationships include:

- Farms lands use few local government services and their assessed value is high relative to their net income and therefore, to encourage the preservation of farms they should be taxed at lower rates. A service cost logic is also often applied to industry property relative to commercial property in the US, where industrial and utility properties are often taxed at lower rates than commercial property because they require fewer government financed services;

- Property tax payments by a business may be deducted in calculating their income taxes, and this would apply to multi-family housing when it was primarily rental, and therefore property of a business should be taxed at higher rates; and,

- Business personal (movable) property taxes were a larger percentage of a business' assessed value than personal property was of a home's assessed value, and therefore if business personal property taxes are eliminated the revenue should be made up with a business occupancy tax or higher real property tax rates.

With regard to any rationale for taxation, however, different participants in making the decisions may have different reasons for their choices.

In more recent times some jurisdictions have begun to apply the benefits received approach more systematically to different classes of property, with the different property tax rates on different classes property based on costs of providing services to different classes. For example, if businesses attract a lot of customers and employees from outside the local government's jurisdiction, the costs of providing services to those customers and employees while they are in the jurisdiction should be paid by the businesses that attract them and their property taxes should cover those costs. This approach could lead to either higher or lower property tax rates on different classes of property relative to residential rates. A second approach, as property taxes have increased, is to pay more attention to one's taxation relative to one's neighbours in order to maintain a favourable business climate. One's neighbours may be adjacent municipalities for most business taxation, but they can also be adjacent provinces, states or even countries for the location of industry.

Some combination of the cost of providing services to different classes of property and economic competitiveness appears to underlie the Ontario's government designation of a band of "fair" property tax rates for different classes of property in Ontario. Political pressure and a cost of services approach underlies the City of Vancouver's attempt to rebalance residential and business property taxes following the KPMG study[4] of the costs of providing services to business and residential properties. This approach is a natural evolution of the transition of the property tax to a benefits-received tax in relation to different classes of property as well as to geographically defined groups.[5] British Columbia's variable tax rate system would allow such a trend, although like any trend, there is a lot of politics along the way.

PROPERTY TAXES IN BRITISH COLUMBIA[6]

British Columbia has one of the most highly evolved systems of local government with property taxes as geographically based group user charges in North America. It has removed the responsibility of funding services devoted primarily to income redistribution from local

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[4]KPMG, *Study of Consumption of Tax-Supported City Services"* 2 vols. Prepared for the City Council, City of Vancouver, 1995.

[5]The closer that match between the costs of providing services and taxes paid, through user charges where feasible or for relatively small geographically defined groups, the more likely location and investment decisions will be efficient and contribute to increasing productivity in the economy.

[6]The use of the property tax in BC is described in Robert L. Bish and Eric G. Clemens, *Local Government in British Columbia*, published by the Union of B.C. Municipalities, 1999.

governments and funds them with general income and sales taxes. Property tax assessments are exceptionally uniform at market value and the tax is well administered. Homeowner grants and deferment programs reduce the burden on occupants of lower valued dwellings and for the elderly and disabled. It has reduced the proportion of school financing from property taxes and established a tax structure that equalizes school resources province-wide. And, with regional districts and provisions for benefiting area tax financing within municipalities, it provides opportunities for local people and their officials to relate local taxes to local benefits. **British Columbia's municipalities also have more discretion to set different property tax rates on different classes of property than any other jurisdiction in Canada.** Newfoundland municipalities, however, have similar discretion over business occupancy taxes. Other provincial governments either set the ratios among property classes, combine business properties into fewer (usually one) classes or constrain ratio and rate setting. The focus of this report is on how B.C. municipalities have used their property tax rate setting discretion, both within British Columbia, and in relation to property taxes in other jurisdictions.

The BC government designated the ratios between tax classes which were used by virtually all municipalities when setting their tax rates until 1983[7]. Beginning in 1984 municipalities began to set their own rates and ratios on 9 different classes of property, four of which were business properties: Utilities, Machinery, Industry, and Business[8]. In 1988 the machinery class was abolished and the industry class was split between Light and Major. The provincial government, however, continued to set ratios among property classes for use by regional and hospital districts and also set its own rural property tax rates for areas outside of municipalities.

During the initial years under variable rates, most municipalities continued to use ratios identical to or virtually identical to those the provincial government designated for use by regional districts under *Local Government Act* regulations. Table 1 illustrates the evolution of rates and ratios since 1983[9]. *Local Government Act* (LGA) ratios are shown beginning 1988

[7]Ratios are comparisons of a class tax rate relative to the residential rate. For example if the Business tax rate is 3.0% and the residential rate is 1.0%, the ratio is 3 (3/1). Ratios were set by using different percentages of assessed value to which a single rate was applied. There was some discretion to vary those percentages but very few municipalities took advantage of that discretion.

[8]The contents of current property tax classes in BC are presented in Appendix A.

[9]The data is provided for minimums, medians, averages and maximums. For comparisons median rates and ratios are generally used as averages may be skewed by very high rates and ratios. Municipal and total tax rate and ratio data is presented for all BC municipalities in Appendices B and C.

because that is when the tax on machinery was abolished and the industry class split between Light and Major. Also shown are the ratios relative to residential tax rates for business classes in 2003. These include the ratios for the provincial rural property tax where revenues go to the general fund and support, but are not directly related to, the financing of rural roads and rural policing, the LGA ratios used by regional districts, and an estimate of ratios for provincial school taxes. School tax rates are uniform across the province for all non-residential properties and the provincial government sets different residential rates in smaller areas to provide for residential school tax equalization. Because there are so many school tax areas the ratios are based on a sample of 52 different school taxing areas. Finally, summary statistics on municipal property taxes and total property taxes in municipalities are shown. For each tax and ratio, where relevant, the lowest, median (one half tax at a higher rate; one half at a lower rate), average, and high, rates and ratios are shown.

It is important to note that tax rates are shown four ways in Canada: dollars per thousand of assessed value, mills (which is the same as dollars per thousand without the "$" sign), dollars per hundred of assessed value, and percent (which is the same as dollars per hundred with a "%" instead of a "$"). While B.C. uses dollars per thousand, all rates presented in this analysis are presented in percentages, as is the custom in most Canadian jurisdictions. Thus a rate of 1.03% is the same as $10.30/thousand. Actual tax rates are also often expressed to 5 decimal places. For comparative purposes, amounts in this report are limited to fewer decimal places as it makes the tables easier to read without sacrificing the degree of accuracy needed for the comparisons.

Table 1. B.C. Property Tax Rates and Ratios

	Tax Rates (%)					Tax Ratios			
Tax Type	Res.	Utilities	Machin-ery	Industry	Bus.	Utilities Ratio	Machinery Ratio	Industry Ratio	Bus Ratio
1983						3.50	2.80	3.50	3.40
Tax Type	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus Ratio
LGA 1988-2003						3.50	3.40	3.40	2.45
2003									
Provincial/Rural	1.03	4.20	4.50	3.70	3.70	4.08	4.37	3.59	3.59
School									
Min.	2.36					1.98	1.65	1.30	1.30
Median	5.02	15.00	12.50	9.90	9.90	2.99	2.49	1.97	1.97
Average	4.77					3.37	2.81	2.23	2.23
Max.	7.59					6.36	5.30	4.20	4.20

Mun 2003	Tax Rates %					Tax Ratios			
Tax Type	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus Ratio
Minimum	0.17	0.17	0.17	0.17	0.17	1.00	0.42	0.80	0.82
Median	0.52	3.48	3.04	1.81	1.28	6.12	4.86	3.40	2.45
Average	0.57	3.29	3.31	2.14	1.39	6.12	6.02	3.85	2.53
Maximum	2.89	9.70	12.59	9.38	6.61	16.30	19.55	13.63	7.38

Total 2003	Tax Rates (%)					Tax Ratios			
Tax Type	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus Ratio
Minimum	0.47	2.05	1.48	1.19	1.02	1.79	1.33	1.67	0.97
Median	1.17	5.58	4.94	3.30	2.69	4.61	4.01	2.91	2.28
Average	1.22	5.42	5.13	3.67	2.78	4.70	4.41	3.10	3.39
Maximum	3.73	11.90	14.56	11.02	8.08	8.47	11.22	7.30	4.82

While one could report data for intermediate years they simply reflect trends between 1983 and 2003. To summarize these trends:

- LGA Act ratios applicable to regional and hospital districts have remain unchanged.
- Provincial government ratios for the rural area tax have all increased, with Business increasing the most from 2.45 to 3.59.

-School tax ratios are different as they are of no concern in tax rate setting. The province sets the same tax rates on all non-residential classes province wide but residential rates are set to equalize school tax burdens on residents in different school tax areas. Their median ratios are lower than all other tax ratios including 1983 pre-variable tax rate setting ratios. These lower ratios on school tax rates are the major reason tax ratios on **total** property taxes within municipalities are lower than the tax ratios set by municipalities on **municipal** property taxes.

-The table does not permit determination of changes in tax rates over time, only ratios, and the greatest changes are in the range of municipal tax ratios, both in medians for Utilities and Major Industry and with some very high ratios in all business classes. One can observe that municipalities with minimum ratios are taxing Utilities at the same rate as residential property some municipalities are taxing the other three business classes at less than residential rates, and over half of all municipalities have not increased ratios on business or light industry compared to LGA ratios. However, most have increased the ratios on Major Industry and Utilities and some ratios have become very high even though between 1988 and 2003 there were constraints placed on municipality's taxation of Utilities and the way railroads were assessed and taxed.

The greatest insight to these ratios will be obtained from the comparative analysis of the treatment of business classes of property relative to residential in other provinces and states. One should note, however, that property tax rates on business properties in many municipalities, especially Utilities and Major Industry, can become high enough to influence the location and investment decisions of businesses[10]. For example Utilities and Major Industry show median total tax rates of 5.58% and 4.94% and highs of 11.9% and 14.56% respectively. A 5% annual property tax bill is about the same total cost as the capital cost of an investment amortized over 20 years and thus the investor is paying double for the investment. Another way to think of tax rates at the 5% level is that the monthly property tax bill would be almost same size as the

[10]Large sample size studies in the U.S. show tax differences are most important within a metropolitan area and not between metropolitan areas. This is because most businesses need to be somewhere within a metropolitan area to serve that area. Major industry, in contrast, may need to locate near raw materials or at some point between raw materials and markets. Thus different kinds of business and industry will have different sensitivity to property tax rates in investment and location decisions. It should be noted that comparisons will show that US property tax rates are generally much lower than Canadian, and especially rates in British Columbia. Thus, one would expect more sensitivity by business to property tax rates in Canada and British Columbia than is identified in US studies.

mortgage payment. Seventeen municipalities have municipal tax rates on Major Industry that exceed 5% and in 48, or nearly one-third of all BC municipalities (49/153), the total property tax rate on major industry exceeds this amount. This is a tax rate that will preclude many investments. These potential effects are best examined in the context of comparing property tax treatment of business in B.C. with other provinces. In addition, some comparisons with US states will also be provided because many business decisions are North America wide, not just Canadian.

COMPARISONS WITH OTHER JURISDICTIONS

Canadian provinces have reasonably similar structures of local government with the exception of significant municipal social welfare responsibility in Ontario, which results in Ontario municipalities having the highest per capita expenditures and revenue needs. In all provinces the major revenue source for non-school local governments is the property tax, with the major differences being that municipalities in some provinces in rely relatively less on user charges (Quebec, Newfoundland, Nova Scotia) and in Newfoundland the provincial governments provides larger provincial transfers which reduces Newfoundland municipalities' need for own-source revenue. Thus in comparisons of tax rate one must be cognizant that Ontario municipalities must raise more own source revenue and Newfoundland municipalities much less own source revenue due to provincial policy and that different municipalities put different emphasis on user charges relative to the property tax. BC, along with Alberta, Saskatchewan, Manitoba and PEI, rely most heavily on user charges as a percentage of their own-source revenue.

Comparisons of property tax systems across jurisdictions can be done in several ways. One is to ignore all aspects of assessments and rates and simply survey individuals to find out their income, house value and amount of property tax paid as done in Statistics Canada and Royal LePage surveys. This works for residential rates and with this approach B.C. residents have lower property tax rates in relation to assessed value (less than 1%) than in all provinces except Newfoundland but rates in relation to family income are about the Canadian average. This appears to be the result of higher than average home values in B.C., where so much of the population is concentrated in the high housing price areas of the lower mainland and southern Vancouver Island and, as will be seen, the relatively high taxation of business.

Similar cross-Canada studies do not exist for industrial properties nor for entire provinces for other classes of property. For these one must get into specific case studies, as is done across

the United States, or examine assessment classifications and practices and tax rates. For example, the same tax rate means something much different in a provinces in which tax assessments are updated annually to market value compared to one which has a three, six, ten year or even a random assessment cycle. In addition, in four provinces municipalities may still maintain a business occupancy tax in addition to the property tax. They are noted and included as a property tax. Newfoundland, however, also has a local business gross income tax on some kinds of business. It is not included. Where it is known that these and other kind of differences are significant in the comparisons they will be noted.

Provincial governments follow different policies for municipal taxation of residential and business properties. First, they have different classification systems with most simply having residential, non-residential and farm, but others, like BC and Ontario, have more classes. With regard to rates, some provincial governments set fixed ratios, either by setting the percentage of the assessment that is to be taxed for each class or by designating ratios directly. Others set fixed ratios for the real property tax, but allow municipalities to set their own rates on the business occupancy tax; others allow municipal rate setting but designate "fair ranges" and limits, and others allow municipalities nearly full discretion. In addition, provinces have different policies on residential exemptions, such as British Columbia's homeowner grants, and some allow tax credits for municipal property taxes against provincial property taxes or against provincial income taxes. In addition, some provinces have different policies for their largest city compared to smaller municipalities. And if all of the above were not enough, some provinces are in the middle of reforming assessment practices or reorganizing their local governments.

To make comparisons taking every difference into account in detail would require a research effort far larger than this one, and one that has never, to the author's knowledge, been done in Canada. There is sufficient information, however, to make some basic comparisons of the treatment of residential versus business properties in different provinces to place the policies of British Columbia's municipalities in the Canadian context. No attention is given to the treatment of farms or forests. That would require still another major research effort.

Where the provincial government sets the tax ratios between residential and business properties the ratios are quite small. For example, in Saskatchewan it is 1.43 for commerce and industry and 1.07 for utilities, and in Manitoba it is 1.4 for business, 1.1 for pipelines and 0.56 for railroads. Winnipeg also has a business tax that raises nearly half as much revenue as its business property taxes, resulting in a ratio of approximately 2.0. These ratios are all very low compared to British Columbia and greater emphasis in this analysis is placed on the provinces

where there are higher ratios or more flexibility on either property tax rates and ratios on business occupancy rates.

In some provinces where municipalities set their own rates and ratios there is sufficient information to get a good picture of their policies. These provinces include Alberta, Ontario and Nova Scotia. Basic information on property tax rates and ratios for Alberta and Nova Scotia are presented below in Table 2. Alberta and Nova Scotia have had excellent market value assessments for some time and Ontario has recently updated to market value so assessment bases are similar. The information has been made as similar as that compiled for British Columbia as is possible. Data on Ontario follows in Tables 3 and 4.

Table 2. Interprovincial Property Tax Comparison for 2003

BC Mun.	Tax Rates (%)					Tax Ratios			
Tax Type	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus. Ratio
Minimum	0.17	0.17	0.17	0.17	0.17	1.00	0.42	0.80	0.82
Median	0.52	3.48	3.04	1.81	1.28	6.12	4.86	3.40	2.45
Average	0.57	3.29	3.31	2.14	1.39	6.12	6.02	3.85	2.53
Maximum	2.89	9.70	12.59	9.38	6.61	16.30	19.55	13.63	7.38

B.C.Total	Tax Rates (%)					Tax Ratios			
Tax Type	Res	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus. Ratio
Minimum	0.47	2.05	1.48	1.19	1.02	1.79	1.33	1.67	0.97
Median	1.17	5.58	4.94	3.30	2.69	4.61	4.01	2.91	2.28
Average	1.22	5.42	5.13	3.67	2.78	4.70	4.41	3.10	3.39
Maximum	3.73	11.90	14.56	11.02	8.08	8.47	11.22	7.30	4.82

Alberta Municipal	Residential Tax Rate (%)	Non-Residential Tax Rate (%)	Ratio Non-Residential/ Residential
Minimum	0.09	0.14	0.13
Median	1.08	1.33	1.14
Average	1.18	1.42	1.32
Maximum	3.14	3.76	7.50

Alberta Total	Total Residential Tax Rate (%)	Total Non-Residential Tax Rate (%)	Ratio Total Non-Residential/Res.
Minimum	0.58	0.94	0.58
Median	1.57	2.12	1.28
Average	1.68	2.18	1.35
Maximum	3.75	4.54	3.38

	Tax Rates (%)					Tax Ratios			
Nova Scotia	Res.	Commercial	Com. + 0.25	Com.+ 0.50	Com. +0.75	Com.	Com. + 25%	Com. + 50%	Com. + 75%
Minimum	0.60	1.27	0.85	1.10	1.35	1.19	2.07	1.48	1.78
Median	1.58	3.20	3.45	3.70	3.95	1.98	3.47	2.48	2.98
Average	1.48	2.93	3.18	3.43	3.68	2.00	3.50	2.50	3.00
Maximum	2.19	5.50	5.30	5.55	5.80	2.78	3.47	4.17	4.86

Alberta.

The Alberta data includes cities, municipal districts, specialized municipalities, towns and villages but does not include summer villages or improvement districts. Alberta places all business properties into a single class, Non-Residential with an additional Machinery and Equipment class. For those municipalities that do impose the Machinery and Equipment tax, they tend to use the same rate as for Non-Residential taxes and the rate for school taxes on Machinery is 0. An examination of a sample of Alberta municipalities indicated that the majority either had no assessed value or used a 0 rate for the tax (including Calgary), and in those that did tax, the Machinery and Equipment tax was from less than 1 percent to as high as 8 percent of the Non-Residential assessment. Because there is no summary data on use of Machinery and Equipment taxation, data on it is not included in the table. Adding it systematically would have very little effect on the minimum, median or average non-resident tax rates although it could raise the high if that municipality imposed it. Median and average **municipal** Residential tax rates are a little over twice the level of BC. Alberta municipal Non-Residential rates are very close to BC's Business class rates, but Alberta's Non-Resident rates are about 75% of BC's Light Industry, 44 % of BC's Major Industry and slightly less than 40% of BC's Utility rates. The higher residential rates and lower business rates results in median and average ratios of less than 1.5, and would not go above that by adding Machinery and Equipment. When one looks at specific municipalities they do cluster around the mean and median with only 4 of 295 municipalities having ratios above 3, and those include Calgary, Banff and Jasper.

Alberta is one of the provinces where municipalities may levy a business tax in addition to business property taxes. A recent study of business taxes by the City of Calgary observed that very few Alberta municipalities levied such a tax and for most revenues were very low. Calgary, however, had the highest taxes reported and it was noted that the business tax was equivalent to 27% of their non-residential property tax collections. Inclusion of this tax (for which no centralized data source is available) I estimate could increase the average municipal tax rate by perhaps 5%, but for Calgary itself the rate would need to increase about 30 percent, which would still make its business rate 1.7% and raise its ratio to 3.8. This would result in slightly higher business rates than the median BC Business tax rate of 1.28% and about the same as Vancouver's 1.64%, but Calgary's rates remain lower than the BC medians for Utilities, Major Industry and Light Industry. Calgary ratios are all lower than BC medians or Vancouver's. Edmonton also has a business tax but its overall ratio is lower than Calgary's. Systematically adding business tax rate equivalent totals to municipal rates would not change the basic Alberta-BC patterns.

When one adds school taxes to the municipal taxes and compare them with total taxes levied within B.C. municipalities, the same patterns as for municipal taxes remains. Alberta residential tax rates remain higher than in BC, but BC has higher tax rates and ratios on all business classes of property.

Nova Scotia.

Nova Scotia municipalities may set different property tax rates on residential and commercial property and add a business tax based on proportions of assessed value to commercial properties. For the business tax the provincial government sets maximum assessment ratios for three classes of business. Businesses such as service stations, restaurants, and automobile dealers may be taxed on up to 25% of the assessed commercial value of the space they use. Financial institutions may be taxed on up to 75% of their building's value and other businesses may be taxed on up to 50% of the assessed value of their building. The average taxable business tax assessment base is 35.6% for all municipalities. For comparative purposes the Nova Scotia table shows the residential and commercial property tax rates and ratios, and then provides what the **maximum** commercial rates and ratios could be for the three business tax classes.

Median residential rates in Nova Scotia are a little more than three times BC municipal rates. Median commercial property tax rates are 2.5 times BC municipal Business rates; nearly 1.8 times BC Light Industry rates; .92 of BC Major Industry rates and .91 of BC Utility rates. If municipalities add the maximum permitted business tax, which many do not, the maximum potential rates and ratio are also shown in the table. This would leave residential rates unchanged but increase taxes on businesses and raise ratios relative to residential taxes. This would bring median commercial property tax rates above all BC business classes, but the maximums and ratios are all much lower, with no tax rates above 5.8 percent and no ratios above 4.86.

Nova Scotia has no additional property taxes for schools as do BC and Alberta. If one compares total property tax rates and not just municipal, Nova Scotia residential rates remain slightly higher than BC's, BC's Business rates are similar depending on the level of the business tax levied in Nova Scotia, and BC's Utility and Major Industry rates are higher. All of BC's ratios remain higher.

Ontario.

Ontario has recently been through major assessment practice changes and rate transitions to implement those changes. It has emerged with more business property classes than British Columbia, but it also has provincially designated "Ranges of Fairness" for the mandatory classes. "These ranges ensure that taxes are not shifted onto property classes that are already subject to unfairly high tax rates, or off property classes that are subject to unfairly low tax rates." There are also regulations for setting transition ratios and caps on taxes due to reassessments. Fifty-four Ontario municipalities representing 71 percent of the population participate in a detailed study of municipal revenue issues each year and the observations here are taken from this BMA Management Consulting *Municipal Study-2002*. Reliance on this study for municipalities avoids trying to sort out all of the legislative and regulatory changes since reassessment and the differences among the two-tier and single levels of local government across the province.

Ontario has three mandatory classes for business property: Commercial, Industrial and Pipelines. Optional classes, which come under the same constraints as the mandatory classes include Office Buildings, Shopping Centres, Parking Lots and Large Industrial. The optional classes are not used by all municipalities. The designated Range of Fairness ratios for the Commercial and Industrial classes are 0.60 to 1.10 and for Pipelines it is 0.60-0.70. These ranges are not mandated by the provincial government but municipalities can only change tax rates in ways that move ratios toward the range of fairness, not away. Municipalities must treat these ranges as objectives and move toward them in their rate setting. In addition to requiring a move toward Range of Fairness ratios, in 2000, the province also established "Threshold Ratios" which preclude any increase in actual tax rates on any classes where the threshold ratio is exceeded. The Threshold Ratio for Commercial is 1.98 and for Industrial, 2.63. These ratios are not currently achieved by all Ontario municipalities but they are constraining regulations that are being moved toward to create a more friendly business climate in the province.

Actual tax ratios for 2002 as well as Threshold and Range of Fairness ratios are shown for Ontario in Table 3.

Table 3. Ontario Municipal Tax Ratios

	Commercial	Industry	Large Industry
Average	1.83	2.63	2.84
Median	1.89	2.63	2.67
Threshold	1.98	2.63	2.63
Range of Fairness	0.6-1.1	0.6-1.1	0.6-1.1

For Commercial only 4 municipalities exceeded the threshold but only one was within the Range of Fairness. For Industrial half the sample was above the provincial threshold but only Toronto, with a ratio of 5.3, exceeded a ratio of 3.7. For Large Industrial, over half again exceeded the threshold with Toronto again at 5.3, Owen Sound at 4.4, Hamilton at 4.17 and no others were above 3.7.

The provincial government determines the school property tax rates for all classes. For 2002, the school rate for single family residential was 0.373%. Commercial and Industrial Rates varied by city and region, with the average around 3%. Thus, what Ontario has done is left cities with a very low residential school tax rate but constrained their ability to shift municipal residential taxes to business classes. The provincial government, however, sets higher school property tax rates on the business classes with an effective ratio of about 8. The relatively low ratio constraints set for municipalities forces their voters to carefully consider expenditures because they cannot simply raise taxes on non-residential properties as can be done in provinces with unconstrained variable rates. At the same time, the very low residential school tax rate helps keep total residential property tax rates on residences down even with the lower municipal ratios.

The combined municipal and school property tax rates and ratios are presented in Table 4. The ratios are calculated from the summary rate statistics instead of from the entire columns of individually calculated ratios as was done for BC, Alberta and Nova Scotia. Thus only the medians and averages are meaningful because the different low and high rates for each class are from different municipalities.

Table 4. Ontario Municipal and School Tax Rates and Ratios

	Tax Rates (%)				Tax Ratios		
Tax Type	**Res.**	**Com.**	**Industry**	**Large Industry**	**Com.**	**Industry**	**Large Industry**
Minimum	1.10	2.95	3.62	3.62			
Average	1.58	4.15	6.15	6.50	2.63	3.89	4.11
Median	1.64	4.09	6.40	6.56	2.49	3.89	3.99
Maximum	2.19	5.97	9.53	10.25			

Examining medians, one can note that the school plus municipal Residential rate in Ontario is 1.4 times the total residential rate in BC and the combined Commercial rate is 1.5 times BC's Business rate. Ontario's basic industry is twice BC's Light Industry, and Ontario's large industry is 1.9 times BC's. Thus median tax rates are higher in all classes in Ontario compared to British Columbia. Some form of higher taxes should be expected because Ontario municipalities fund a significant part of social welfare programs. What is different between the two provinces is that Ontario municipal and total tax rates are more tightly clustered around the median and average, while BC's are spread out, especially in higher directions. Thus, BC has many more municipalities with higher rates than Ontario's maximums.

Other Provinces.

Quebec is in the process of eliminating the business tax and merging it into non-residential tax rates and merging taxes among all the municipalities that were amalgamated into the new Montreal. This provides for a mixture of tax rates where averaging rates and ratios would have not have the same meaning as in BC, Alberta and Nova Scotia. The Quebec government has established maximum ratios that municipalities are moving toward, although some grandfathering may make the move a slow one. The new the ratio for non-residential (but not industrial) buildings will not be able to exceed 1.96 times the residential rate except in Montreal where the ratio may not exceed 2.5. If a municipality levies a business tax the business tax revenue is added to the property tax and the two together may not exceed the ratio maximums. Specific industrial buildings (not land) may have a tax rate not exceeding 1.2 times the non-residential rate. This would provide for a maximum ratio relative to residential of 4.3 on the building. Quebec also allows municipalities to have a special serviced vacant land rate that may not have a ratio greater than 2. During 2003, in 26 of 28 Montreal communities residential rates were between 1 and 2 percent . One community was at 2.05% and I'lle Dorval

was at 3.72%. Overall the residential rates were 2 to 4 times the median municipal rate in BC and 1.4 to 1.9 times the median total tax rate in B.C. municipalities. The ultimate non-residential ratio in Montreal will be very close to the Business ratio in BC but Quebec ratios for light industry and industrial buildings will be less than BC ratios. School boards can also levy a property tax up to .34%. Because the rate is both low and uniform it has a very small effect to reduce the total rate ratios below those resulting from municipal taxation.

New Brunswick has a **provincial** property tax of 1.5% on residential properties and 2.25% on non-residential properties (a ratio of 1.5). Municipalities set their own rates but must use a ratio of 1.5 for non- residential compared to residential. New Brunswick also has a tax credit program for residents on their residential property but not for non-residents who own residential property. A small survey of rates among municipalities indicated average residential rates were 1.3% and average non-residential were 1.96%; total property tax rates which included the provincial rate (the provincial government funds schools) were 2.8% for residential and 4.2% for non- residential. These residential rates, even when modified with homeowner credits are considerably higher than medians in BC. Non-residential municipal rates are slightly lower than the municipal Business rate in BC and a lot lower than other BC business classes. Total non-residential taxes at 4.2% are higher than the median Business, Light Industry and Major Industry classes in BC but the highest New Brunswick rate observed was 4.8%, while BC Light Industry and Utilities go into the 8% range and Major Industry goes clear to 14.5%.

Prince Edward Island does not have a lot of municipalities and it has a long assessment cycle (up to 10 years) so rate and data must be interpreted with caution. The provincial government sets a provincial rate of $1.50 on residential and commercial but then provides a large credit against municipal property taxes for PEI residents so that for many residents the residential rate ends up at $1.50. Municipalities themselves may set different rates on residential and non-residential and a separate uniform rate is set for schools. Charlottown had a residential rate of 1.35 and a commercial rate of 2.31 for a ratio of 1.9. Summerside had a residential rate of 1.72 and a commercial rate of 1.92 for a ratio of 1.1. These rates and ratios are a little lower than BC's.

Newfoundland and Labrador have had long assessment cycles but St. John has a nearly up- to-date roll. Municipalities may set separate tax rates for residential and non-residential property. The residential rate reported for St John's is 1.27% with a non-residential rate of 1.87% for a ratio of 1.47. In addition there are 10 categories of business tax, with the highest on banks, as in Nova Scotia. While the basic property tax rate differences between residential and

business realty are relatively small, business occupancy tax rates can be quite high and thus make a significant change in the ratios. These rates and revised ratios are indicated in Table 5 below. There are no school property taxes in Newfoundland.

Table 5. St. John Property and Business Tax Rates and Ratios

	Rate	Maximum Business Occupancy	Maximum Total Rate	Ratio
Residential	1.27			
Business Realty	1.87			1.47
General		1.93	3.80	2.99
Banks		7.49	9.36	7.37
Loan Co's		5.35	7.22	5.69
Oil Terminals		1.21	3.08	2.43
Tank Farms		3.85	5.72	4.51
Breweries		2.68	4.55	3.58
Commercial Schools		2.68	4.55	3.58
Hotels		2.14	4.01	3.16
B & B's		1.28	3.15	2.48
Communications		3.85	5.72	4.51
Minimum		1.21	3.08	2.43
Median		2.68	4.55	3.58
Average		3.25	5.12	4.03
Maximum		7.49	9.36	7.37

One can note that the basic residential tax rate is higher than BC's municipal residential rate and about the same as the BC total tax rate within a municipality. The overall ratio between residential and business property tax rates of 1.47 is lower than in BC and similar to many jurisdictions across Canada. What stands out, however, is the variety and rates of the business occupation tax . The median and average rates of property taxes plus business occupation taxes at 3.6 and 4% are higher than the general Business and similar to the Light Industry classes in BC, but several other classes, especially banks and loan companies are taxed at quite high rates and thus have high ratios as well.

U. S. States.

Municipalities within the 50 US states and District of Columbia have the same history of

the use of property taxes as municipalities within Canadian provinces. Both began with the property tax as a wealth tax and have been narrowing it to a tax based on land and buildings. During the past few decades, however, municipalities in more states have been permitted to expand their revenue sources to include retail sales and income taxes so that their reliance of property taxation as their only significant tax has declined. While additional taxes may appear desirable to municipal officials, these other revenue sources, especially the income tax, have introduced considerable instability into municipal revenues and caused serious financial problems during the last economic downturn. The debates as to whether Canadian municipalities should be allowed to use these additional taxes continue.

Within the context of additional tax sources, the property tax still remains the single most important revenue source for most local governments in the US. And, while the diversity of property tax systems is as great as in Canada, the Minnesota Center for Public Finance Research undertakes far more complete comparisons of property taxation among the 51 states than is available in Canada[11]. The information presented here is largely from that source. Descriptions will be limited to rates and ratios in relation to business properties as was the description of provincial systems.

The Minnesota Center studies are extremely detailed. Because of extremely diverse assessment practices their methodology is different from that used in the inter-provincial comparisons. Their approach is to select representative residences, three different sized commercial establishments and three different sized industrial properties and calculate the actual taxes that would be paid by those properties in the largest city and a representative small city within each state. This approach does not provide for the diversity that may occur within a state, except that diversity is much less likely because of either constitutional or legislative provisions which either require uniform rates on all classes of property or set the ratios that must be used. This methodology also produces the effective rate for total property taxes, not just the municipal rate. The methodology also takes into account exemptions (like the BC homeowners grants) where they exist. By being able to take residential exemptions into account, the effective rate is lower than the Canadian published rates, especially for low valued properties. This lower effective rate on residential properties also creates an upward bias in ratio calculations because it is the residential properties that receive the exemptions.

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[11]Data on US states is from the Minnesota Center for Public Finance Research, *50-State Property Tax Comparison Study*, published in cooperation with the Minnesota Taxpayers Association (http://www.statetaxes.net).

Table 6 shows calculations similar to those shown for provinces except the observations are for two municipalities within each state instead of municipalities within a province. With each state the data has been separated between data for the largest city in each state, labeled "urban" and a representative small city (labeled "rural"). It should be remembered that except for a few large cities, state constitutions or state legislatures set the ratios. It also should be noted that the ratios are calculated for the median and averages as was done for Ontario as high and low observations for different classes come from different municipalities.

Table 6. U.S. Property Tax Rates and Ratios

	Tax Rates (%)						**Tax Ratios**			
Tax Type	**Residential**		**Commercial**		**Industry**		**Commercial**		**Industry**	
	Urban	**Rural**	**Urban**	**Rural**	**Urban**	**Rural**	**Urban**	**Rural**	**Urban**	**Rural**
Minimum	0.17	0.18	0.72	0.50	0.47	0.30				
Median	1.02	1.39	1.99	1.59	1.62	1.21	1.95	1.14	1.59	0.87
Average	1.18	1.52	2.13	1.68	1.68	1.30	1.81	1.11	1.42	0.86
Maximum	2.79	2.31	5.60	4.52	3.34	4.87				

A comparison of median and average total residential property tax rates reveals that they are very close, with the large city median a bit lower and the rural median and average a bit higher than in BC. Median BC Business rates are a bit higher, although BC maximums are triple the US maximum.

The greatest differences between the US and BC is in Major Industrial rates. Here methodological differences are much less important and the median and average rates of close to 1.6% are less than one-third of the BC total median and average rates of 4.94 and 5.13%. An even more extreme difference, however, is revealed in the maximum rates where the maximum US rate was 3.34% in large cities and 4.87% in a small town, rates less than the BC median and about one- third of the BC maximum of 14.5%. The differences are only a little less extreme for Light Industry. The commercial class has less difference than Light Industry but tax rates are still significantly higher in BC, with the US median and average being close to 1.6% compared to BC's median and average of 2.69% and 2.78%. Again BC's maximums are much higher than in the US, with a high rate of 8.08% compared to 4.87%. One must be careful when comparing

maximum rates as the methodology used for the US study may have missed exceptionally high rates in some municipality in one of the very few states that allow greater municipal discretion in setting their ratios among classes.

The overall differences in the patterns are in the treatment of business properties relative to residential properties. In so far as tax rates go, both treat residential properties similarly. However, in the US commercial and industrial properties are taxed at less than two times as much as residential and in small towns industrial properties are usually taxed at lower rates than residences. In BC, commercial properties are taxed at about 2.3 times the residential rate, light industry at about 3 times the residential and major industry about 4 times as much as residential. The net result, in so far as property taxation is concerned is that most US states provide a much more business friendly property tax climate and expect their residents to pay a greater share of property taxes to support local governments than is the case in Canada.

OBSERVATIONS

Rates and Ratios.

In Canada, BC has the lowest municipal and total rates on residential properties with total rates at around 1.2%. Total residential rates in Nova Scotia and Ontario are 1.5-1.6% and a little over 2% in Alberta. US median residential rates tend to be slightly lower than in B.C.

Non-residential business taxes are more complicated because different provinces have different classification systems. For BC's Business class, Alberta is on average the lowest at 2.1% compared to BC's 2.7%. Nova Scotia is higher at (3.45-3.95%) and Ontario is still higher at about 4%. St. John's, Newfoundland, multiplicity of business taxes range from comparable to Nova Scotia to higher than Ontario. Other provinces have their non-residential tax ratios constrained by their provincial governments at ratios of 1.5 to 2.5. This will generally put their business taxes into the 3-4% range similar to Nova Scotia and Ontario and slightly higher than in BC.

For other kinds of business (Utilities, Light Industry and Heavy Industry) Alberta, is on average lower. It has only one class for all business properties and separate business occupancy taxes are not widely imposed. Nova Scotia, through its business taxes, and Ontario, through more classifications can treat different businesses differently. For median and average rates BC's rates on Light Industry and Major Industry move up to be about the same as Nova Scotia's, in the 3+% range. BC's utility tax rates move up to 5.5%. Ontario, however, taxes industry and

large industry in the 6.1-6.5% range. The overall profile for **median** and **average** municipal and total property tax rates in B.C. should not be a problem for business competitiveness with the rest of Canada, although compared to Alberta, BC has a pattern of lower residential rates and higher rates on businesses, especially in the Major Industry and Utilities classes.

Virtually all Canadian provinces levy higher property taxes on business than is common in US states. This difference results from US municipalities having more alternative revenue sources and constraints on taxing non-residential compared to residential properties. In most US states, property taxes are also generally lower instead of higher on industrial property compared to commercial property. There may also be some bias in the methodologies used for comparisons in that the US study examines actual property taxes paid to calculate effective rates while in B.C. we look at published rates. The major differences in these approaches, however, are for comparisons on low-valued residential properties where in B.C. we have not taken the homeowners grant into account while such exemptions are taken into account in the US comparisons. There should be fewer differences in business tax comparisons. In comparison with US state medians BC's median Business class rate is 2.7% compared to 2.0%, and on industry 3.1-3.4% compared to the US 1.6%. In comparison with its closest US neighbour, Washington State, BC's median rates are relatively high, with Washington State residential and commercial property taxes running about 1% and their industrial property taxes running at 0.8%, and these rates are fairly uniform. This is quite a difference from those BC municipalities which levy industrial property taxes at rates up to 14.5%

While an examination of median tax rates and ratios provides some insight into how systems compare, one cannot help notice that when one examines the maximum rates and ratios, British Columbia stands out in its municipal and total rates and municipal ratios with the highest maximum rates and ratios in Canada for Utilities, Light Industry and Major Industry. Ontario also shows some high maximum rates, but under the regulations in place in Ontario they are expected to decline. St. John's uses its business tax to have a relatively high rate on banks (9.36%). The high maximum rates in BC where municipalities have complete discretion to set rates and ratios require that the distribution of tax rates be examined as well as their medians and averages. Table 7 below repeats the summary table of rates and ratios and adds a table showing quartiles. That is the 1st quartile shows the highest rate or ratio for the lowest one-quarter, the second goes up to one-half, and the third includes 3/4th of all rates. The 4th simply shows the maximums as it includes 100% of the rates.

Table 7: B.C. Municipality Total Tax Rates and Ratios with Quartile Calculations

TOTAL Property Taxes	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus. Ratio
Min	0.47	2.05	1.48	1.19	1.02	1.79	1.33	1.67	0.97
Median	1.17	5.58	4.94	3.30	2.69	4.61	4.01	2.91	2.28
Average	1.22	5.42	5.13	3.67	2.78	4.70	4.41	3.10	2.39
Maximum	3.73	11.90	14.56	11.02	8.08	8.47	11.22	7.30	4.82
1st Q	0.96	4.41	3.36	2.84	2.43	3.70	3.10	2.51	2.03
2nd Q	1.18	5.58	4.96	3.30	2.68	4.63	4.01	2.91	2.28
3rd Q	1.43	6.23	6.38	4.25	3.08	5.43	5.31	3.43	2.69
4th Q	3.73	11.90	14.56	11.02	8.08	8.47	11.22	7.30	4.82

Total Residential rates remain at or below Canadian averages in three quarter of BC municipalities. Business rates are also competitive through the third quartile. Light Industry is about average at the 3rd quartile at 4.2% (but lower than Ontario's median) but again is the last quartile ranging from 4.25% to 11.02% that needs examination. Major Industry at the 3rd quartile is above the Canadian average but about the same as Ontario's median for Large Industry. Again it is the 4th quartile than needs examination. British Columbia's property tax rates through the third quartile are not extreme, however the 4th quartile rates are relatively high and the maximum rates appear to be the highest in Canada on Utilities, Major Industry and Light Industry, although the Light Industry maximum is not far above Ontario's. In regard to total ratios, total ratios are lower than municipal ratios because of the uniformity of non-residential school tax rates across the province. Business and even Light Industry ratios are high but reasonable compared to other jurisdictions, although the Light Industry maximum is pretty high. Utility and Major Industry ratios are high for the 3 and 4th quartiles, especially the fourth quartile.

In Table 8, total property tax rates and ratios for municipalities ranking in the 4th quartile on Major Industry tax rates are broken down.

Table 8: Tax Rates and Ratios for Major Industry Top Quartile Municipalities

TOTAL Property Taxes	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities Ratio	Major Industry Ratio	Light Industry Ratio	Bus. Ratio
Min	0.71	3.49	6.04	2.79	2.02	1.79	3.92	1.67	0.97
Median	1.31	6.30	7.02	4.26	2.91	5.25	5.90	3.17	2.43
Average	1.29	6.28	7.80	4.46	3.03	5.15	6.37	3.59	2.47
Maximum	2.39	9.34	14.56	10.30	4.31	8.25	11.22	7.30	4.04
1st Q	1.03	5.78	6.58	3.30	2.60	4.54	5.10	2.59	2.11
2nd Q	1.32	6.35	7.02	4.25	2.91	5.16	5.90	3.17	2.43
3rd Q	1.48	6.77	8.33	4.84	3.33	5.62	7.62	4.01	2.72
4th Q	2.39	9.34	14.56	10.30	4.31	8.25	11.22	7.30	4.04

Their median and average residential tax rats are very close to the all-municipality medians and averages at 1.31% and 1.29% for the top quartile set compared to 1.17% and 1.22%. Rates are also not much higher in the Business class. However, Utilities are higher than the all-municipal median averages but not as high as Major Industry–which was the selection criteria for the set. Within the Major Industry top-quartile set there is a reasonably tight clustering in the first three quartiles between 6.52% and 8.33%, with only 5 municipalities in the set having higher rates.

When one examines ratios, all business class ratios are higher at all ranges of the set. When one examines the ratios used by these municipalities for municipal tax rates the minimum is 5.54, the median 10.52, the average 10.14 and the maximum is 19.55. This means that the municipalities with the highest Major Industry rates, and accompanying higher rates in other business classes, also keep their residential rates similar to other municipalities in B.C. The result is that they have higher ratios on business class properties than anywhere else that has been examined in Canada. A list of the top Major Industry quartile by total tax rates is provided, along with their municipal Major Industry ratios in Appendix D. What is noticeable from the list is that virtually all of the municipalities are not in the lower mainland or southern Vancouver Island where even low residential tax rates would lead to high tax bills because of high assessed values; they are primarily municipalities where residential values are much lower.

The ratios used by municipalities for municipal taxes are higher than ratios for total taxes because of the BC governments uniform school tax rates, but the resulting total rates and ratios

are still highest in Canada and insofar as US summary data goes, the lowest BC rate in the 4th quartile set is higher than in any US state and 3 to 5 times higher than US state median rates.

The Industrial Assessment Issue.

There are three ways to assess property. Single family homes are assessed by comparing sales prices. Commercial and rental properties are assessed by capitalizing their net income, and industrial properties are assessed by calculating what it would cost to replace the facility minus depreciation plus land value. These approaches are used across Canada and the US. With a replacement cost minus depreciation approach if the inflation rate on the cost of construction and land value increase are less than the depreciation on the facility, the assessed value will decline as the plant ages. If a municipality has decided to obtain the same amount of property tax revenue from industrial property and there is no new investment they will have to keep raising tax rates, which will in turn keep raising tax ratios. All municipalities across Canada face a similar problem with industrial assessments.

The important policy question that arises from a decline in industrial assessments is how to set their tax rates. If rates are set to recover the costs of providing municipal services to industry it may be necessary to raise rates to cover costs if assessments decline. This would also imply that if the industry was to undertake additional investment and service costs did not increase proportionally, tax rates would decline. By relating tax rates and revenues to service costs there is a clear benchmark for rate setting that is both fair and leads to greater economic efficiency in the provincial economy.

If service costs and tax revenues are unrelated there is no clear justification for a practice of maintaining revenues as assessed value declines but this may be what has happened in some BC municipalities. It is important to note, however, that it has not occurred to the same degree elsewhere in Canada. The long run implications of such a policy and discussed in the section on business climate.

Classification Systems.

Different provinces have different classification systems for setting tax rates. It appears that when property tax classifications place all business properties in the same class, as does Alberta, all businesses are taxed with reasonable ratios compared to residential. It is only when municipalities have discretion over a larger number of classes such as BC's 4 classes of business properties or St. John's 10 categories of business occupancy taxes that we see exceptionally high rates and ratios on some classes. Perhaps the lack of a local business community to represent

Major Industry and Utilities in BC municipalities accounts for their high rates.

Comparing Kinds of Taxes.

Property tax rates sound low, especially compared to income tax rates. The difference is that the property is taxed over and over again where a sale on income is only taxed once. To put property tax rates in context, at the lowest 4th quartile Major Industry total tax rate of 6.375%, the tax rate is sufficiently high as to require a doubling of a capital investment to obtain the same dollar return. This is equivalent to a 50% excise tax rate on the new facility. Or, if the facility returns the expected profit, the property tax is equivalent to a 50% income tax. And of course if the facility does not return the expected profit the property tax must be paid anyway, which can result in property tax rates being equivalent to higher than 100% income tax rates. Thus, what at first glance looks like a low tax rate is in fact equivalent to very high rates of other taxes.

Efficient Council Decision on Services.

The most important decision process for a municipality is preparation of its annual budget. During the process the council must balance the costs of services against their benefits. Where all classes of taxpayers are affected by decisions the council has an incentive to be efficient in its decisions. This is one reason why Ontario has constrained the ability of municipalities to shift taxes away from residences to non-residential properties with municipal property tax ratio limits. In BC, in contrast, municipal councils can provide more services for their residents than their residents would be willing to pay for because the council can shift the tax burden to other classes of property. It is nice for residential taxpayers to reside in such a system, at least in the short run. It is not so desirable if the resulting high taxes on those activities, which are taxed heavily, leads to a discontinuance of investment and addition to the tax base of the municipality[12].

It was pointed out at the beginning of the report that BC has a well developed local government system for achieving an efficient geographic match between taxes and service costs. However, while that is an important achievement, the economic efficiencies that accrue from that balance can be lost if taxes are levied on different classes of property disproportionately to the costs of their services. This is very likely to be the case in those municipalities which levy high

[12]There is research that shows that municipalities may be subject to the Laffer curve. This means that as tax rates are raised there is a point where declines in property values and disinvestment are sufficient to result in lower tax revenue than would be the case with lower tax rates. Andrew Haughwout, Robert Inman, Steven Craig and Thomas Luce, *Local Revenue Hills: A General Equilibrium Specification with Evidence from Four U.S. Cities*, National Bureau of Economic Research, Cambridge, Mass., 2000.

rates on non-residential properties and is virtually guaranteed to be the case in those municipalities in the top quartile of Major Industry tax rates.

The Business Climate.

High rates of property taxation have different consequences for different kinds of businesses. Where the land is a large proportion of the assessed value the developer can offer a lower price for the land to offset part of the expected property tax burden and for businesses that rent or lease property taxes can be taken account of in setting rental prices. However, specifically for major industry, land is usually a very small proportion of its assessed value and the company generally owns the property. Thus the company has to treat property taxes as a cost of doing business in making investment decisions. The high property taxes in some municipalities will obviously discourage business investment in those municipalities unless those taxes are offset by municipally provided service benefits. In some high tax rate municipalities it is likely that no company will invest or reinvest in that municipality and when its plant is obsolete it will simply close up and leave. While obtaining high revenues from an industry to keep residential property taxes low may appear to be a desirable policy, if those high taxes discourage new investment the high rates may contribute to a potential disaster for the community.

While it is obvious that high property tax rates may influence business investment decisions in the high rate municipalities, what may not be recognized is that the use of high tax rates by a significant number of municipalities may also affect business decisions to invest in other BC municipalities. This is because after an investment is made, the municipal council can proceed to raise property tax rates on the investment as high as it wants. An investor can feel fairly safe if the investment is in the Business Class where there is likely to be a local business community that influences council, but investors in Major Industry or Utilities would not feel the same safety because once the investment is in place they are vulnerable. Their vulnerability is demonstrated by the fact that a significant number of BC municipalities already have what appears to be the highest tax rates and ratios on Major Industry and Utilities in Canada and probably in North America. This should be of concern to all municipalities in the province and the provincial government. Large investments in plant and equipment as are required for major industry require confidence that taxes will be fair, comparable to other jurisdictions, and predictable. These conditions are a necessary characteristic of a favourable business and are missing with regard to the taxation of Major Industry and, to a slightly lesser extent, Utilities, at this time in British Columbia.

RECOMMENDATIONS

Since variable rates were introduced in 1984 the Provincial government has had to intervene twice to reduce municipal property taxation of business. First, the Provincial government changed the way railways were assessed and to imposed caps on rates or ratios on Utility taxes. Second, the Provincial government constrained the taxation of Light and Major Industry within port areas. In port areas property tax rates had become very high compared to the property taxes imposed on port facilities on the West Coast of the United States and especially those in Washington State. What I found interesting in the exchange of arguments over the rate capping was that not one municipality produced a report that indicated it was receiving less revenue from their port area than it was costing to provide municipal services[13]. Given their tax rates in the context of other research it is very likely that the port area industrial properties were providing a surplus to the municipality to keep the residential tax rates of their voters down. The data in this report indicate that high tax rates on Major Industry and Utilities (and even Light Industry rates are high compared to Washington State) extend far beyond those of port areas and that other areas of BC's economy may also be uncompetitive due to high property tax rates in some municipalities and the negative influence these rates can have on investments throughout the province.

As a general policy municipalities want more taxation authority, not less, but the majority of municipalities who act responsibly in setting differential tax rates on different classes of property can be harmed by those that have set exceptionally high rates and only the Provincial government has the authority to resolve this problem through regulation by Cabinet. Such authority was provided for in B.C.'s local government legislation in 1984 when variable rates were introduced.

Most provinces have never faced the problem BC faces because they fix the ratios that municipalities must use for non-residential property taxes. In others the problem has not arisen because it seems that when all business properties are in the same class, ratios remain reasonable. Ontario, which has more classes than BC has begun to resolve a problem similar to British Columbia's by designation Ranges of Fairness and Threshold ratios towards which

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[13]The major study of port competitiveness is the *Discussion Paper: Options to Improve th Competitiveness of Ports in British Columbia* prepared for the BC Ministry of Employment and Investment by Perrin, Thorau & Associates, March, 2001. The City of Vancouver and other municipalities have placed their arguments on their respective municipal web sites.

municipalities are required to move. This leaves Newfoundland, where the business tax, with its many classifications, as the other province with a potential tax problem. It is British Columbia, however, that has the most serious problem with regard to Major Industry and Utility tax rates. This problem is exacerbated by British Columbia being adjacent to Alberta and Washington State where property taxes on business properties are much lower than in B.C. Washington State also ranks as having the 8th most favourable business tax climate in the US on an evaluation of all non-property taxes[14] and it has the 4th lowest commercial and industrial property taxes in the US. This makes the high Major Industry and Utility tax climate in B.C. even more important to resolve. Toward that end the following actions are suggested.

Research.

This study has approached the analysis of business taxation with an analysis of rates and ratios, with only qualitative consideration of potential differences in assessment practices, classifications, exemptions and other details of tax policy and implementation. The alternative methodology for comparing property tax burdens is to cut through all of these differences by developing several commercial, utility and industry models and calculating what their tax bill would be in different jurisdictions. I believe the use of this alternative methodology will verify the conclusions of this report but analysts who disagree may want to give it a try. One approach would be to make an agreement with the Minnesota Center for Public Finance to include Canadian provinces along with US states in their comparative studies. Many Canadian consulting companies would also be capable of undertaking such comparisons.

The second area of research that would be useful would be a comparison of assessment practices for Major Industry and Utilities among the provinces. While all provinces use a replacement cost minus depreciation approach, different cost inflation rates or depreciation rates could make a difference in assessed values. The BC Assessment Authority could provide such information and explain its relevance for the high tax rates and ratio problem in some Major Industry communities.

The third researchable issue is at the municipality level. In 1982 the Ministry of Municipal Affairs published a study which explained how a municipality could annex the area where a major industry was located to the municipality even if the site was not contiguous to the municipality. The annexation was to increase the fairness of taxation among major industry

[14] An extremely useful comparative study of US non-property taxes is the Tax Foundation, *State Business Tax Climate Index,* Background Paper Number 41, May 2003.

facilities between those located within and outside of municipal boundaries. At that time the tax ratio for industry was set by the provincial government at 3.5 and a case could be made that the major industry should contribute to the municipal budget where its employees lived, even if no services were provided by the municipality to the industrial facility itself. Since then the median ratio for Major Industry taxes has increased to 4.86, the average to 6.02 and the high to 19.5, with a full one-fourth of municipalities having a ratio above 8.12. It would be useful to know the costs of municipal services provided to major industry and the share of residential services that may be attributable to their employees as one important approach to evaluating the fairness of the existing system.

A study of the costs of servicing different classes of property relative to the property taxes raised from those classes would be an important contribution to making BC's local government both fairer and more efficient. The City of Vancouver undertook such a study in relation to all business classes relative to residents. I have not seen such a study in relation to the ports tax issue but it is this kind of study that would provide a sound basis for different property tax rates on different classes of property. One should not be surprised if in such a study it was determined that industrial and utility tax rates should be lower than Business class rates and perhaps even lower than residential rates, even when a share of the costs of services to residents who are employees are included. These later findings are consistent with Ontario's Range of Fairness designations.

Policy.

While additional research may be helpful, it is very unlikely to change the major conclusions of this report: BC has a serious business climate problem with the very high property tax rates and ratios imposed on Major Industry, and to a slightly lesser extent, Utilities in a significant minority of its municipalities. Two approaches that offer potential solutions need to be considered. Neither approach would prevent municipalities to set tax rates to cover their costs of services in a flexible manner, but both would affect their discretion to levy very high tax rates on narrow classes of property.

The first approach would be to combine all 4 business classes into a single class as is done in other provinces except Ontario. The same effect can be achieved by tying Major Industry and Utility[15] tax rates and ratios directly to the Business or Light Industry classes. What

[15]While Utility tax rates are limited to 4% or a 2.5 ratio relative to Business class tax rates, Utility tax rates are still very high. Given research on the costs of providing services elsewhere there is no service cost justification for these rates.

limited evidence exists in Canada indicates that with such a broad classification system business tax ratios remain reasonable. It is unlikely that local Business class property owners would find such an approach attractive, but in the long run if major industry chooses not to reinvest or locate in high tax municipalities their own businesses will suffer. In some municipalities this would also be likely to generate tax increases for residents. The statistics are available to analyze short run consequences. The difficulty is in predicting any increase in investment that might occur in light of lower tax revenues that would result from lower taxes on Major Industry or Utility properties in the long run.

A second approach would be to look more closely at the applicability of the Ontario reforms. They involve determining Ranges of Fairness and Thresholds based on average property tax rates in the municipalities for different major classes, and then requiring all tax rate changes to move toward the range of fairness. The Ontario provincial government also imposes a very low rate for residential school taxes that has freed up municipalities to raise their own residential tax rates, which in turn reduces the ratio between residential taxes and business classes. This reform has the advantage of creating a fairer and more competitive property tax system and it has the added benefit of improving the efficiency of council decisions by forcing councils to consider any expenditure increases compared to tax increases on residents instead of passing them on to non-voters in business classes. To obtain an analysis of the potential of the Ontario reforms to work in B.C. there is a very simple recommendation: contract with Enid Slack, a Toronto consultant, who has examined the implementation of the Ontario reforms closely and who, along with Professor Harry Kitchen, is one of the two leading property tax experts in Canada. Dr. Slack is also aware and has written about the problems of reforming any tax system where individuals anticipating losses make disproportionate noise compared to gainers, and this is even more of a problem when gains occur over the longer run as an improved property tax climate influences higher levels of investment to be taxed[16].

It is important to note that neither of these recommendations would prevent the property tax from continuing as a geographically based user charge with its flexibility to adjust rates up or down and have different rates in different small areas. It is also very unlikely that these reforms would prevent the property tax from being related to the costs of servicing business relative to residential properties. What they would do is prevent the targeting of specific classes of

[16]Issues of the Ontario reform are described by Enid Slack, "Property Tax Reform in Ontario: What Have We Learned?, *Canadian Tax Journal* Vol 50, No. 2 (2000) pp. 576-585. This paper also contains many references to reports leading up to the reforms.

property for taxation disproportionately to the costs of providing services to them in order to subsidize the costs of services for residential taxpayers.

CONCLUSIONS

The introduction of complete municipal discretion with 4 different business classes for property tax properties in 1984 has led to serious business climate problems for major industry and utilities. These problems must be resolved if BC is going to attract the scale of investment needed to replace ageing plant and equipment instead of watching facilities close with resulting higher taxes on whoever is left[17]. Reforming any tax system is extremely difficult. It must be politically driven by officials who are dedicated to the long run health of the economic climate in British Columbia. In the meantime the issue needs much wider scrutiny and debate. To stimulate such a debate is the objective of this report.

[17]The highest residential, utility, light industry and business tax rates in British Columbia are found in a municipality that used to have two mines that both closed. They no longer have to be concerned with their tax rate on major industry.

APPENDIX A

B. C. PROPERTY CLASSIFICATIONS

Class 01 - Residential - includes single family, multi-family, summer homes and vacant land not zoned or used for other purposes.

Class 02 - Utilities - includes railways, pipelines, telephone lines, cable TV and electrical systems.

Class 03 - Unmanaged Forest Land - includes forest land which is not managed in accordance with an approved Forest Management Plan.

Class 04 - Major Industry - includes land and buildings of major industrial properties such as lumber or pulp mills, mining operations and others.

Class 05 - Light Industry - includes properties used for the extracting, manufacturing or transporting products. A scrap metal yard, winery or boat building yard fall within this category.

Class 06 - Business/Other - includes properties that do not fall into the other categories such as hotels, offices, warehouses and others.

Class 07 - Managed Forest Land - privately owned land for which a Forest Management Plan and been approved by BC Assessment and the land has been designated Forest Land Reserve.

Class 08 - Recreational Property/Non-profit Organization - includes land used solely as an outdoor recreational facility such as golf course, waterslides, marina and others.

Class 09 - Farm Land - farm land must produce primary agricultural products for sale such as a crop or livestock.

Appendix B

Municipal Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Business	Utilities	Major Industry	Light Industry	Business
100 Mile House	0.54	4.00	4.23	0.88	0.87	7.43	7.85	1.63	1.61
Abbotsford	0.58	4.00	2.53	1.59	1.47	6.92	4.38	2.75	2.54
Alert Bay	0.76	2.64	2.57	2.57	1.36	3.50	3.40	3.40	1.80
Anmore	0.17	0.17	0.17	0.17	0.17	1.00	1.00	1.00	1.00
Armstrong	0.46	3.17		2.59	1.29	6.82		5.58	2.78
Ashcroft	0.57	2.57		1.99	1.89	4.49		3.48	3.30
Belcarra	0.26	0.86			0.63	3.34			2.45
Bowen Island	0.32	1.35			0.32	4.16			1.00
Burnaby	0.38	3.95	5.09	1.37	1.37	10.46	13.48	3.62	3.62
Burns Lake	0.64	3.48	3.94	2.16	1.47	5.47	6.19	3.40	2.31
Cache Creek	0.31	1.34	2.60	2.60	0.53	4.36	8.47	8.47	1.74
Campbell River	0.56	1.55	5.23	1.49	1.49	2.75	9.30	2.65	2.65
Castlegar	0.43	3.63	2.89	1.61	1.45	8.43	6.71	3.75	3.37
Central Saanich	0.37	1.85		0.82	0.82	5.00		2.20	2.20
Chase	0.64	4.00		2.21	1.09	6.23		3.44	1.70
Chetwynd	0.63	4.36	4.07	1.87	1.61	6.94	6.47	2.97	2.56
Chilliwack	0.60	4.08		1.14	1.35	6.82		1.90	2.25
Clinton	0.87	3.95	0.97	2.95	1.74	4.55	1.12	3.40	2.00
Coldstream	0.35	1.65	2.82	0.48	0.66	4.75	8.12	1.38	1.90
Colwood	0.40	3.52	3.60	3.60	1.38	8.79	8.98	8.98	3.45
Comox	0.45	3.16	1.80		1.42	7.00	4.00		3.15
Coquitlam	0.42	4.78	5.21	1.97	1.91	11.47	12.50	4.73	4.59
Courtenay	0.61	4.25	2.43	2.43	1.76	7.00	4.00	4.00	2.90
Cranbrook	1.09	6.34	6.01	3.04	2.55	5.84	5.54	2.80	2.35
Creston	0.64	4.00		1.26	0.97	6.21		1.95	1.51
Cumberland	0.72	4.00	2.45	1.23	1.15	5.55	3.40	1.70	1.60
Dawson Creek	0.73	6.03	3.31	3.15	3.15	8.27	4.54	4.32	4.32
Delta	0.47	4.00	2.89	1.52	1.40	8.44	6.09	3.20	2.94
Duncan	0.48	3.97			1.28	8.30			2.68
Elkford	1.06	3.71			2.60	3.50			2.45
Enderby	0.44	2.66		1.51	1.09	6.00		3.40	2.45
Esquimalt	0.65	3.62	3.04	1.94	1.94	5.55	4.66	2.98	2.98
Fernie	0.54	2.42		1.49	0.97	4.47		2.75	1.79

Municipal Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Business	Utilities	Major Industry	Light Industry	Business
Fort Nelson	0.47	1.65		1.61	1.16	3.50		3.40	2.45
Fort St. James	0.54	4.14	4.58	1.62	1.33	7.71	8.53	3.02	2.48
Fort St. John	0.62	4.00	1.25	3.09	2.36	6.49	2.03	5.02	3.84
Fraser Lake	0.64	3.75	2.98		1.54	5.88	4.67		2.41
Fruitvale	0.52	2.32	1.76	1.76	1.16	4.50	3.40	3.40	2.25
Gibsons	0.36	1.67			1.02	4.66			2.84
Gold River	0.90	2.92	4.50	3.86	1.17	3.25	5.00	4.29	1.30
Golden	0.59	4.00	2.49	1.91	1.64	6.82	4.25	3.25	2.80
Grand Forks	0.43	2.61	4.24	1.08	1.02	6.13	9.96	2.52	2.39
Granisle	2.89	9.70		9.38	6.61	33.56		32.45	22.89
Greenwood	0.83	2.90			1.99	3.50			2.40
Harrison Hot Springs	0.46	1.61	1.56	1.56	1.04	3.50	3.40	3.40	2.26
Hazelton	0.76	2.65			1.86	3.50			2.45
Highlands	0.47	1.89	3.10	1.89	1.66	4.00	6.56	4.00	3.50
Hope	0.60	4.00		2.32	1.20	6.64		3.85	2.00
Houston	0.76	4.63	6.16	5.37	1.85	6.11	8.14	7.09	2.44
Hudson's Hope	0.40	2.50	1.70	1.70	1.20	6.25	4.25	4.25	3.00
Invermere	0.43	2.78	0.90	2.14	1.11	6.50	2.11	4.99	2.60
Kamloops	0.87	4.73	7.02	2.97	1.93	5.42	8.04	3.41	2.21
Kaslo	0.42	1.97	1.44	1.44	1.14	4.65	3.40	3.40	2.70
Kelowna	0.62	2.33	1.81	1.27	1.27	3.76	2.93	2.04	2.04
Kent	0.46	4.80	1.37	1.37	0.94	10.55	3.01	3.01	2.07
Keremeos	0.42	1.45		0.63	0.98	3.49		1.51	2.36
Kimberley	0.40	4.00	4.95	4.95	2.60	9.93	12.28	12.28	6.44
Kitimat		3.14	5.33	2.92	1.34				
Ladysmith	0.64	4.83	9.50	1.73	1.93	7.58	14.92	2.71	3.03
Lake Country	0.46	4.00	2.19	2.19	1.56	8.65	4.74	4.74	3.37
Lake Cowichan	0.66	4.70	12.59		1.66	7.07	18.94		2.50
Langford	0.42	2.69	1.44	1.44	1.10	6.35	3.40	3.40	2.60
Langley	0.56	4.00	1.20	1.20	1.20	7.16	2.15	2.15	2.15
Langley	0.42	4.21	1.44	1.45	1.22	10.08	3.45	3.48	2.92
Lillooet	0.45	1.73	1.52	1.52	0.89	3.87	3.40	3.40	2.00
Lions Bay	0.18	0.92	0.92	0.92	0.82	5.00	5.00	5.00	4.44

Municipal Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Business	Utilities	Major Industry	Light Industry	Business
Logan Lake	0.55	3.27	1.34	1.92	1.73	6.00	2.46	3.52	3.17
Lumby	0.50	2.93	1.70	1.70	0.70	5.85	3.40	3.40	1.40
Lytton	0.77	4.00	3.00		1.67	5.21	3.91		2.18
Mackenzie	0.87	4.00	3.05	3.00	1.65	4.57	3.48	3.43	1.89
Maple Ridge	0.48	4.00	5.23	1.50	1.37	8.27	10.82	3.11	2.83
Masset	0.89	3.11		3.02	2.17	3.50		3.40	2.45
McBride	0.66	3.95	2.64	2.64	1.58	6.00	4.00	4.00	2.40
Merritt	0.60	3.62	4.65	2.11	1.45	6.01	7.71	3.50	2.40
Metchosin	0.34	1.67	1.10	1.10	1.28	4.96	3.25	3.25	3.81
Midway	0.55	2.16	2.77		0.88	3.95	5.04		1.61
Mission	0.62	4.57	1.81	1.81	1.66	7.37	2.92	2.92	2.67
Montrose	0.23	1.38			0.55	6.13			2.45
Nakusp	0.53	3.03		1.95	1.46	5.68		3.65	2.73
Nanaimo	0.84	4.72	3.60	1.87	1.91	5.61	4.27	2.22	2.27
Nelson	0.80	3.98	1.59	1.59	1.59	5.00	2.00	2.00	2.00
New Denver	0.26	1.31	0.63	0.60	0.53	5.00	2.40	2.30	2.00
New Hazelton	1.08	3.79	0.45	3.68	2.65	3.50	0.42	3.40	2.45
New Westminster	0.57	4.68	3.35	3.19	1.87	8.20	5.86	5.59	3.28
North Cowichan	0.24	1.71	4.72	1.51	0.84	7.07	19.55	6.25	3.48
North Saanich	0.20	1.84		1.46	1.46	9.30		7.38	7.38
North Vancouver	0.36	4.00	3.69	2.29	1.14	10.98	10.13	6.28	3.13
North Vancouver	0.36	4.00	4.04	2.10	1.21	11.16	11.26	5.86	3.37
Oak Bay	0.48				0.73				1.50
Oliver	0.29	1.16		0.70	0.70	4.00		2.41	2.41
Osoyoos	0.30	1.05		0.39	0.39	3.50		1.30	1.30
Parksville	0.61	2.73	0.76	0.82	1.09	4.47	1.25	1.34	1.79
Peachland	0.61	2.45		2.15	1.23	4.00		3.50	2.00
Pemberton									
Penticton	0.68	2.03	1.01	1.01	1.01	3.00	1.50	1.50	1.50
Pitt Meadows	0.50	4.44	3.22	2.22	1.35	8.86	6.42	4.42	2.69

Municipal Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Business	Utilities	Major Industry	Light Industry	Business
Port Alberni	1.06	7.23	7.59	4.22	2.90	6.84	7.18	3.99	2.74
Port Alice	0.46	2.99	3.78	3.78	0.85	6.50	8.20	8.20	1.84
Port Clements	0.62	1.25	1.25	1.25	1.25	2.00	2.00	2.00	2.00
Port Coquitlam	0.50	4.68	2.43	2.43	1.53	9.36	4.86	4.86	3.06
Port Edward	0.54	4.00	3.24	1.62	1.40	7.41	6.00	3.00	2.60
Port Hardy	0.59	2.84		2.30	1.83	4.86		3.93	3.12
Port McNeill	0.42	3.60	3.30	3.30	0.60	8.67	7.95	7.95	1.45
Port Moody	0.45	4.00	4.87	3.07	1.39	8.80	10.72	6.75	3.06
Pouce Coupe	0.62	4.72		4.08	1.89	7.65		6.61	3.06
Powell River	0.42	3.97	4.85	2.58	1.59	9.44	11.55	6.14	3.78
Prince George	1.05	4.00	4.15	1.76	1.62	3.80	3.94	1.68	1.54
Prince Rupert	1.13	8.51	4.55	3.41	3.41	7.52	4.02	3.01	3.01
Princeton	0.60	4.10	3.48	1.51	1.78	6.82	5.79	2.51	2.97
Qualicum Beach	0.48	3.76			1.18	7.80			2.45
Quesnel	0.47	3.64	4.56	2.33	1.09	7.74	9.69	4.95	2.31
Radium Hot Springs	0.31	2.05	3.33	1.19	0.82	6.65	10.80	3.85	2.66
Revelstoke	0.74	6.00	5.00	3.09	2.17	8.15	6.79	4.19	2.94
Richmond	0.37	4.00	1.11	1.43	1.12	10.78	2.98	3.86	3.01
Rossland	0.50	3.09			0.99	6.25			2.00
Saanich	0.52	3.49	1.48	1.48	1.48	6.71	2.85	2.85	2.85
Salmo	0.53	3.80		1.13	1.24	7.17		2.14	2.33
Salmon Arm	0.72	3.58	4.52	2.46	1.53	4.94	6.24	3.39	2.12
Sayward	0.72	2.67	4.61	4.18	1.53	3.70	6.40	5.80	2.13
Sechelt	0.44	2.60		1.43	1.02	5.88		3.25	2.32
Sechelt Indian Government	0.37	1.29	1.25	1.25	0.90	3.50	3.40	3.40	2.45
Sicamous	0.53	3.27		1.82	1.31	6.12		3.40	2.45
Sidney	0.43	1.83		1.07	1.07	4.26		2.50	2.50
Silverton	0.37				0.59				1.57
Slocan	0.27	4.32	4.42	2.68	0.58	16.30	16.67	10.11	2.20
Smithers	0.63	5.23	5.94	8.55	2.10	8.33	9.46	13.63	3.34
Sooke	0.29	2.09		0.84	0.84	7.10		2.86	2.84
Spallumcheen	0.47	3.56	3.50	1.63	1.52	7.63	7.51	3.49	3.26

Municipal Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Business	Utilities	Major Industry	Light Industry	Business
Sparwood	0.48	2.95	1.64	1.64	1.18	6.13	3.40	3.40	2.45
Squamish	0.55	3.87	5.41	2.14	1.38	7.00	9.78	3.87	2.49
Stewart	1.13	3.75	2.89	5.33	1.97	3.30	2.55	4.70	1.74
Summerland	0.51	2.63	0.91	0.91	1.05	5.20	1.80	1.80	2.08
Surrey	0.35	3.47	1.37	0.96	0.96	9.91	3.90	2.75	2.75
Tahsis	1.43	2.55	9.38	2.81	1.18	1.79	6.57	1.97	0.82
Taylor	0.51	4.00	5.38	3.94	0.76	7.82	10.52	7.71	1.48
Telkwa	0.57	2.69		2.25	1.09	4.73		3.96	1.91
Terrace	0.86	6.59	6.97	3.71	2.64	7.66	8.10	4.31	3.06
Tofino	0.38	0.96		0.96	0.67	2.52		2.52	1.75
Trail	0.46	4.00	1.59	0.37	0.79	8.67	3.44	0.80	1.72
Tumbler Ridge	1.65	3.46	4.18	3.38	2.96	2.10	2.54	2.05	1.80
Ucluelet	0.55	3.96		1.98	1.45	7.19		3.59	2.64
Valemount	0.68	1.64		3.19	1.08	2.43		4.72	1.60
Vancouver	0.32	3.25	2.77	1.61	1.64	10.23	8.74	5.07	5.16
Vanderhoof	0.50	2.49	3.56	2.63	1.53	4.95	7.06	5.21	3.03
Vernon	0.46	1.01		0.71	1.01	2.22		1.56	2.22
Victoria	0.54	3.34		1.75	1.42	6.18		3.24	2.63
View Royal	0.31	3.30		1.58	1.03	10.67		5.10	3.32
Warfield	0.49	1.22		0.49	0.49	2.50		1.00	1.00
Wells	0.28	1.97	0.98	0.98	0.78	7.04	3.50	3.50	2.80
West Vancouver	0.34	1.53	1.10	1.10	0.64	4.50	3.25	3.25	1.88
Whistler	0.19	1.43		0.78	0.70	7.59		4.15	3.72
White Rock	0.63	3.87			1.25	6.18			2.00
Williams Lake	0.73	4.00	6.40	3.01	1.27	5.45	8.73	4.10	1.73
Zeballos	0.95	2.65	3.22	5.16	2.31	2.80	3.40	5.45	2.44
Minimum	0.17	0.17	0.17	0.17	0.17	1.00	0.42	0.80	0.82
Median	0.52	3.48	3.04	1.81	1.28	6.12	4.86	3.40	2.45
Average without 0's	0.57	3.29	3.31	2.14	1.39	6.12	6.02	3.85	2.53
Maximum	2.89	9.70	12.59	9.38	6.61	16.30	19.55	13.63	7.38

Municipal Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Business	Utilities	Major Industry	Light Industry	Business
1st Quartile	0.42	2.38	1.59	1.37	1.01	4.47	3.40	2.75	2.00
2nd Quartile	0.52	3.48	3.04	1.81	1.28	6.12	4.86	3.40	2.45
3rd Quartile	0.64	4.00	4.54	2.63	1.64	7.57	8.12	4.31	2.14
4th Quartile	2.89	9.70	12.59	9.38	6.61	16.30	19.55	13.63	7.38

Appendix C

Total Property Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res	Utilities	Major Industry	Light Industry	Bus.	Utilities	Major Industry	Light Industry	Bus.
100 Mile House	1.36	6.35	6.38	2.74	2.49	4.66	4.68	2.01	1.83
Abbotsford	1.07	5.79	4.06	2.83	2.65	5.43	3.82	2.66	2.49
Alert Bay	1.53	4.79	4.45	4.16	2.79	3.12	2.90	2.71	1.82
Anmore	0.60	2.16	1.48	1.19	1.46	3.61	2.47	1.99	2.44
Armstrong	1.03	5.05		3.93	2.54	4.88		3.79	2.45
Ashcroft	1.33	4.66		3.54	3.29	3.52		2.67	2.48
Belcarra	0.70	2.88			2.04	4.14			2.93
Bowen Island	0.63	3.23			1.57	5.17			2.52
Burnaby	0.74	5.78	5.09	2.65	2.58	7.82	6.88	3.59	3.49
Burns Lake	1.64	6.25	6.43	4.32	3.34	3.82	3.92	2.64	2.04
Cache Creek	1.06	3.43	4.43	4.14	1.93	3.24	4.17	3.90	1.82
Campbell River	1.16	3.49	7.50	2.89	2.85	3.00	6.44	2.48	2.45
Castlegar	1.17	5.75	4.75	3.18	2.87	4.94	4.07	2.73	2.46
Central Saanich	0.82	3.96		2.19	2.16	4.85		2.68	2.64
Chase	1.29	6.10		3.76	2.50	4.74		2.92	1.94
Chetwynd	1.67	6.87	6.31	3.81	3.30	4.11	3.77	2.28	1.97
Chilliwack	1.17	6.23		2.45	2.63	5.34		2.10	2.25
Clinton	1.63	6.06	2.82	4.51	3.14	3.73	1.73	2.77	1.93
Coldstream	1.26	4.78	5.66	3.03	2.79	3.81	4.51	2.41	2.22
Colwood	0.89	5.49	5.31	5.02	2.71	6.18	5.97	5.65	3.05
Comox	1.06	5.60	3.68		2.85	5.30	3.48		2.69
Coquitlam	0.80	6.61	6.79	3.26	3.13	8.25	8.47	4.07	3.90
Courtenay	1.21	6.67	4.29	4.00	3.18	5.51	3.54	3.31	2.63
Cranbrook	1.66	8.16	7.57	4.25	3.72	4.91	4.56	2.56	2.24
Creston	1.43	6.52		3.21	2.67	4.55		2.24	1.86
Cumberland	1.34	6.36	4.30	2.64	2.47	4.75	3.21	1.97	1.84
Dawson Creek	1.61	7.99	5.01	4.56	4.45	4.95	3.10	2.82	2.76
Delta	0.91	6.38	4.85	2.99	2.79	6.99	5.31	3.28	3.05
Duncan	1.11	6.20			2.77	5.59			2.50

Total Property Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res	Utilities	Major Industry	Light Industry	Bus	Utilities	Major Industry	Light Industry	Bus
Elkford	1.79	6.00			4.13	3.36			2.31
Enderby	1.10	5.30		3.14	2.55	4.81		2.85	2.31
Esquimalt	1.14	5.90	4.98	3.44	3.41	5.18	4.37	3.02	2.99
Fernie	1.22	4.65		2.97	2.30	3.83		2.44	1.89
Fort Nelson	1.32	4.20		3.58	2.87	3.17		2.71	2.17
Fort St. James	1.41	6.49	6.65	3.40	2.91	4.59	4.70	2.41	2.05
Fort St. John	1.32	6.13	3.12	4.67	3.79	4.66	2.37	3.55	2.88
Fraser Lake	1.50	6.04	5.00		3.07	4.03	3.33		2.05
Fruitvale	1.52	5.39	4.53	4.24	3.24	3.54	2.98	2.79	2.13
Gibsons	0.87	3.70			1.02	4.24			1.17
Gold River	1.87	4.69	6.04	5.09	2.32	2.51	3.23	2.72	1.24
Golden	1.13	5.94	4.17	3.30	2.93	5.25	3.69	2.91	2.59
Grand Forks	1.21	5.12	6.47	3.02	2.71	4.21	5.33	2.49	2.23
Granisle	3.73	11.90		11.02	8.08	3.19		2.96	2.17
Greenwood	1.45	4.81			1.99	3.33			1.38
Harrison Hot Springs	1.05	3.42		2.83	2.26	3.25			2.15
Hazelton	1.61	5.04			1.86	3.13			1.15
Highlands	0.96	3.85	4.80	3.30	2.98	4.02	5.01	3.45	3.11
Hope	1.27	6.42		2.32	2.55	5.05		1.82	2.00
Houston	1.51	6.82	8.08	7.00	3.31	4.52	5.37	4.65	2.20
Hudson's Hope	1.02	4.37	3.31	3.02	2.44	4.27	3.23	2.95	2.38
Invermere	1.00	4.81	2.67	3.62	2.46	4.82	2.67	3.62	2.47
Kamloops	1.45	6.60	8.63	4.30	3.17	4.55	5.94	2.96	2.18
Kaslo	1.11	4.15	3.35	3.06	2.60	3.73	3.01	2.75	2.33
Kelowna	1.12	4.22	3.45	2.61	2.52	3.78	3.09	2.34	2.26
Kent	1.04	6.73	2.89	2.60	2.11	6.47	2.78	2.50	2.03
Keremeos	1.30	4.26		2.32	2.85	3.28		1.79	2.20
Kimberley	0.98	6.07	6.75	6.46	3.97	6.16	6.86	6.57	4.04
Kitimat	0.71	5.05	7.02	4.28	2.59	7.09	9.84	6.00	3.63
Ladysmith	1.19	6.72	11.14	3.07	3.19	5.63	9.33	2.57	2.67
Lake Country	0.96	6.17	3.89	3.60	2.86	6.45	4.06	3.76	2.99

Total Property Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Bus.	Utilities	Major Industry	Light Industry	Bus.
Lake Cowichan	1.30	6.94	14.56		3.16	5.35	11.22		2.43
Langford	0.94	4.75	3.24	2.95	2.50	5.06	3.45	3.15	2.66
Langley	0.97	5.83	2.78	2.49	2.42	6.02	2.87	2.57	2.49
Langley	0.83	6.04	3.02	2.74	2.43	7.30	3.65	3.31	2.94
Lillooet	1.27	4.07	3.59	3.30	2.47	3.20	2.82	2.60	1.94
Lions Bay	0.47	2.75	2.49	2.21	2.03	5.85	5.30	4.69	4.32
Logan Lake	1.21	5.81	3.12	3.57	3.29	4.79	2.57	2.94	2.71
Lumby	1.51	6.41	4.88	4.60	3.07	4.25	3.23	3.04	2.03
Lytton	1.55	6.14	4.91		3.13	3.97	3.18		2.02
Mackenzie	1.59	6.03	4.82	4.48	3.01	3.79	3.02	2.81	1.89
Maple Ridge	0.90	5.83	6.81	2.79	2.58	6.47	7.55	3.10	2.87
Masset	1.75	5.24		4.59	3.59	3.00		2.63	2.06
McBride	1.79	7.45	5.82	5.54	3.96	4.15	3.25	3.09	2.21
Merritt	1.32	5.72	6.48	3.65	2.85	4.35	4.92	2.78	2.16
Metchosin	0.83	3.64	2.81	2.52	2.62	4.40	3.40	3.05	3.17
Midway	1.13	3.96	4.30		2.07	3.49	3.80		1.83
Mission	1.09	6.47	3.34	3.05	2.85	5.91	3.05	2.79	2.61
Montrose	1.24	4.48			2.65	3.61			2.14
Nakusp	1.32	5.40		3.76	3.05	4.09		2.84	2.31
Nanaimo	1.46	6.97	5.50	3.34	3.30	4.78	3.77	2.29	2.27
Nelson	1.50	6.24	3.59	3.27	3.10	4.15	2.38	2.17	2.06
New Denver	0.95	3.33	2.38	2.07	1.87	3.51	2.51	2.18	1.97
New Hazelton	1.94	6.19	2.58	5.52	4.26	3.19	1.33	2.85	2.20
New Westminster	0.98	6.52	4.92	4.48	3.09	6.68	5.05	4.59	3.17
North Cowichan	0.79	3.64	6.40	2.89	2.12	4.63	8.13	3.68	2.70
North Saanich	0.62	4.06		3.04	3.01	6.50		4.87	4.82
North Vancouver	0.70	5.83	5.26	3.57	2.35	8.29	7.49	5.08	3.35

Total Property Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res.	Utilities	Major Industry	Light Industry	Bus	Utilities	Major Industry	Light Industry	Business
North Vancouver	0.70	5.90	5.68	3.41	2.43	8.47	8.16	4.89	3.49
Oak Bay	0.95				2.02				2.13
Oliver	1.11	3.83		2.62	2.45	3.44		2.35	2.20
Osoyoos	1.02	3.31		1.82	1.75	3.23		1.78	1.71
Parksville	1.34	5.68	2.55	2.35	2.71	4.24	1.90	1.75	2.02
Peachland	1.13	4.41		3.56	2.53	3.90		3.15	2.24
Pemberton	0.57	3.32			1.75	5.87			3.09
Penticton	1.27	4.03	2.66	2.37	2.30	3.17	2.10	1.87	1.82
Pitt Meadows	0.89	6.37	4.97	3.56	2.59	7.19	5.61	4.01	2.93
Port Alberni	1.73	9.34	9.43	5.78	4.31	5.39	5.45	3.34	2.49
Port Alice	1.24	5.14	5.66	5.37	2.28	4.15	4.56	4.33	1.84
Port Clements	1.48	3.23	2.97	2.69	2.63	2.18	2.00	1.81	1.77
Port Coquitlam	0.88	6.51	4.00	3.72	2.74	7.37	4.53	4.20	3.10
Port Edward	1.31	5.98	4.96	3.05	2.72	4.57	3.79	2.33	2.08
Port Hardy	1.35	4.95		3.85	3.23	3.66		2.85	2.39
Port McNeill	1.28	6.03	5.46	5.17	2.23	4.73	4.28	4.05	1.75
Port Moody	0.84	5.83	6.44	4.36	2.61	6.95	7.68	5.19	3.11
Pouce Coupe	1.52	6.74		5.10	3.23	4.44		3.36	2.13
Powell River	1.07	5.97	6.59	4.03	2.92	5.60	6.18	3.78	2.74
Prince George	1.77	6.06	5.97	3.14	2.92	3.42	3.37	1.77	1.65
Prince Rupert	1.88	10.59	6.24	4.77	4.71	5.62	3.31	2.53	2.50
Princeton	1.29	6.10	5.22	2.96	3.11	4.74	4.05	2.30	2.42
Qualicum Beach	1.07	6.50			2.62	6.10			2.46
Quesnel	1.36	6.35	7.17	4.26	2.66	4.68	5.28	3.13	1.96
Radium Hot Springs	0.88	4.08	5.09	2.66	2.17	4.64	5.80	3.03	2.47
Revelstoke	1.42	7.83	6.57	4.37	3.38	5.50	4.61	3.07	2.37

Total Property Tax Rates and Ratios

	Rates					Ratios			
Municipality	Res	Utilities	Major Industry	Light Industry	Bus.	Utilities	Major Industry	Light Industry	Bus.
Richmond	0.75	5.83	2.68	2.72	2.33	7.78	3.58	3.63	3.11
Rossland	1.51	6.19			3.09	4.11			2.05
Saanich	0.96	5.58	3.13	2.84	2.81	5.80	3.25	2.95	2.92
Salmo	1.28	6.20		2.97	2.85	4.83		2.32	2.22
Salmon Arm	1.25	5.32	6.00	3.65	2.68	4.24	4.79	2.91	2.14
Sayward	1.25	4.32	6.15	5.42	2.69	3.46	4.93	4.34	2.15
Sechelt	0.96	4.65		2.93	2.39	4.83		3.05	2.49
Sechelt Indian Gov't	0.85	3.22	2.92	2.63	2.18	3.77	3.42	3.08	2.56
Sicamous	1.11	5.19		3.19	2.58	4.66		2.86	2.32
Sidney	0.87	3.87		2.46	2.43	4.43		2.82	2.78
Silverton	1.07	2.05			1.96	1.91			1.83
Slocan	0.91	6.34	6.17	4.15	1.93	6.97	6.79	4.56	2.12
Smithers	1.41	7.53	7.97	10.30	3.64	5.34	5.65	7.30	2.58
Sooke	0.87	4.90		2.48	2.44	5.62		2.85	2.80
Spallumcheen	1.03	5.40	5.09	2.93	2.74	5.27	4.96	2.85	2.67
Sparwood	1.09	4.83	3.17	2.97	2.43	4.43	2.91	2.73	2.23
Squamish	0.89	5.69	6.97	3.41	2.57	6.36	7.79	3.82	2.88
Stewart	1.83	5.58	4.46	6.62	3.19	3.05	2.44	3.62	1.74
Summerland	1.09	4.62	2.64	2.36	2.38	4.25	2.43	2.17	2.19
Surrey	0.74	5.30	2.94	2.25	2.17	7.16	3.97	3.04	2.94
Tahsis	2.39	4.27	10.89	3.99	2.31	1.79	4.56	1.67	0.97
Taylor	1.14	5.89	7.02	5.29	2.02	5.16	6.14	4.63	1.76
Telkwa	1.34	4.97		3.97	2.62	3.70		2.95	1.95
Terrace	1.56	8.46	8.57	5.03	3.87	5.41	5.48	3.21	2.48
Tofino	0.92	3.03		2.47	2.04	3.27		2.68	2.21
Trail	1.53	7.27	4.13	3.06	3.02	4.77		2.00	1.98
Tumbler Ridge	2.50	5.30	5.77	4.68	4.19	2.12	2.31	1.87	1.68
Ucluelet	1.23	6.36		3.56	2.88	5.18		2.90	2.35
Valemount	1.72	4.80		5.77	3.23	2.80		3.36	1.88
Vancouver	0.94	5.08	4.35	2.90	2.87	5.40	4.62	3.08	3.05
Vanderhoof	1.33	4.68	5.47	4.25	2.98	3.50	4.10	3.19	2.24
Vernon	1.32	3.80		2.75	3.03	2.88		2.08	2.29

Total Property Tax Rates and Ratios

	Rates					Ratio			
Municipality	Res	Utilities	Major Industry	Light Industry	Bus.	Utilities	Major Industry	Light Industry	Bus.
Victoria	1.00	5.49		3.18	2.77	5.51		3.19	2.78
View Royal	0.74	5.48		3.00	2.35	7.39		4.04	3.16
Warfield	1.50	4.31		3.00	2.58	2.87		2.00	1.72
Wells	1.25	4.63	3.36	3.07	2.58	3.69	2.68	2.45	2.05
West Vancouver	0.63	3.36	2.68	2.39	1.85	5.37	4.28	3.82	2.96
Whistler	0.47	3.05		1.85	1.76	6.49		3.94	3.74
White Rock	1.02	5.71			2.47	5.61			2.43
Williams Lake	1.55	6.69	9.16	5.00	2.86	4.30	5.90	3.22	1.84
Zeballos	1.91	4.38	4.71	6.38	3.46	2.30	2.46	3.34	1.81
Minimum	0.47	2.05	1.48	1.19	1.02	1.79	1.33	1.67	0.97
Median	1.17	5.58	4.94	3.30	2.69	4.61	4.01	2.91	2.28
Average	1.22	5.42	5.13	3.67	2.78	4.70	4.41	3.10	2.39
Maximum	3.73	11.90	14.56	11.02	8.08	8.47	11.22	7.30	4.82
1st Quartile	0.96	4.41	3.36	2.84	2.43	3.70	3.10	2.51	2.03
2nd Quartile	1.18	5.58	4.96	3.30	2.68	4.63	4.01	2.91	2.28
3rd Quartile	1.43	6.23	6.38	4.25	3.08	5.43	5.31	3.43	2.69
4th Quartile	3.73	11.90	14.56	11.02	8.08	8.47	11.22	7.30	4.82

APPENDIX D
Total Tax Rates and Municipal Ratios for the Top Quartile of Major Industry Rates

Municipality	Total Major Industry Rate (percent)	Municipal Major Industry Ratio
Lake Cowichan	14.559	18.94
Ladysmith	11.137	14.92
Tahsis	10.892	6.57
Port Alberni	9.434	7.18
Williams Lake	9.163	8.73
Kamloops	8.629	8.04
Terrace	8.575	8.10
Houston	8.082	8.14
Smithers	7.969	9.46
Cranbrook	7.572	5.54
Campbell River	7.500	9.30
Quesnel	7.169	9.69
Kitimat	7.017	*
Taylor	7.015	10.52
Squamish	6.968	9.78
Maple Ridge	6.808	10.82
Coquitlam	6.787	12.50
Kimberly	6.752	12.28
Fort St. James	6.651	8.53
Powell River	6.593	11.55
Revelstoke	6.569	6.79
Merritt	6.480	7.71
Pt. Moody	6.473	10.72
Grand Forks	6.445	9.96
Burns Lake	6.426	6.19
North Cowichan	6.395	19.55
100 Mile House	6.375	7.85

*Kitimat uses a split tax system with a flat parcel tax on residences so there is no simple tax ratio calculation, only a range that would require much more detailed analysis to determine.