

## Putting Property Taxes in Perspective

(by Corrie Kost)

$$\text{Municipal Taxes (\$)} = \frac{\text{Assessed Value (\$)} \times \text{Mill Rate}}{1000}$$

Now Mill Rates vary from place to place because of two factors

- How much Municipal Taxes are required to finance the basket of municipal services
- Average Assessed Value of the properties.

For example, in Regina the 2001 Mill rate is 39.0638 (see [http://www.cityregina.com/content/info\\_services/taxation/assessment/calc\\_taxes.php3](http://www.cityregina.com/content/info_services/taxation/assessment/calc_taxes.php3))

The average Mill Rate for the Lower mainland is about 7.0. Now in the Lower Mainland, the application of the Mill Rate used in Regina would result in taxes about 5 times what we currently pay. Just because the Mill Rate is high does not mean one pays any more taxes for the same services. It likely means that the assessed values (eg. in Regina) are low.

The only objective way to see if you are getting relative (to adjacent municipalities) good value for your taxes is to determine:

- a) How do the basket of services (fire, police, roads, parks, library, etc) compare with those of adjacent municipalities?
- b) How much does the average home have to pay to get them?  
On the above basis, assuming that service levels of the municipalities are roughly on par with each other, you could conclude that the District of North Vancouver taxes are high – being second only to West Vancouver.

In my opinion, this is an objective way to evaluate if you are getting good value for your taxes.

There are additional factors however, which influence the Residential Mill Rates. If one is lucky to have a strong commercial and/or industrial tax base – which are usually taxed at much higher Mill Rates than Residential components, then the Residential Mill Rates can be kept lower than those municipalities (like West Vancouver) who have relatively far fewer Industrial and Commercial components. Comparison with other municipalities having a similar mix to ours again shows we have higher than normal taxes.

Another factor which can keep the taxes down is if the Municipality has a significant endowment/trust/heritage fund in place to pay for new capital projects on a sustainable basis. The City of Vancouver has about \$1Billion in such

funds. The District of North Vancouver has virtually none. The reasons for this are arguable. That we have been either

- Living beyond our means and/or
  - Poorly managing our finances
- are reasonable conclusions.

Another indicator of our financial health is the state of our reserve funds. There are/were many such reserve funds in the District –

- Riverside reserve fund
- Heritage Reserve Fund
- Water Reserve Fund
- Sewer Reserve Fund
- Capital reserve Fund
- Etc

A review of these reserve funds indicate that –

- last year they went down \$4million
  - this year they will go down another \$2.5million
- I let the reader draw their own conclusions.

Can we do better? You bet we can! This is where community groups such as ourselves can make a difference. To do this we need access to all the details of the District's budget. We need reports like those available in the City of North Vancouver (~250 pages!). We need an open and consultative process as is mandated by the Local Government Act. We need to lobby the Provincial Government for a fair shake on taxes from Crown corporations. Finally we need to do some hard work and make some tough choices.