

Municipal Property Tax Backgrounder

Making Sense of the Property Tax “Mumbo Jumbo”

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This is a common theme and concern with taxpayers when it comes to considering the possible amalgamation of the two municipalities, so here’s some information that may help make sense of that “gift” you receive every year in your mailbox.

When you look at the total property tax total, don’t be lead to believe that your municipality is having all of your hard earned money going into their coffers. Municipalities act as tax collectors for other agencies, in fact a conduit to fund other functions within your community. These include all of the services provided by the Capital Regional District (CRD), your hospitals and health services and your public schools. All of these taxes are set by the receiving entities based on the value of your residence as determined by the BC Assessment Authority. Please note that the services provided by the two municipalities and who they are carried out by (e.g. CRD) are precisely the same.

So let’s look at what the municipalities actually get to keep. There are two components, **firstly**; General Property Taxes levied for Municipal Services based on the assessed value of the house, **secondly**; Residential User Fees, usually billed separately throughout the year, charged for water, sewer infrastructure, garbage collection and storm water fee. Combined these two are known as the **“Residential Tax Burden”**.

One measure often used by pundits is to equate the **“taxation revenue on a per capita basis”** to normalize the total property tax and fee revenue collected by a municipality to account for the variance in population sizes. An example is as follows based on a 5 year average:

<u>Municipality</u>	<u>Population</u>	<u>Taxation Revenue</u>	<u>per Capita</u>
Victoria	89,666	\$127,369,000	\$1,420
Saanich	119,503	\$112,814,000	\$ 944
Combined	209,169	\$240,183,000	\$1,148

A further method of misleading tax burden analysis uses the 2016 Canada census information on average household size (Victoria 1.8 persons; Saanich 2.4 persons) and 5 year average taxation revenue of both municipalities is as follows:

<u>Municipality</u>	<u>Population</u>	<u># of Households</u>	<u>Taxation Revenue</u>	<u>per Household</u>
Victoria	89,666	49,814	\$127,369,000	\$2,557
Saanich	119,503	49,793	\$112,814,000	\$2,266
Combined	209,169	99,607	\$240,183,000	\$2,411

So when a Saanich taxpayer looks at this, it's no wonder they would resist amalgamation based on these perceived tax burden scenarios. When a Victoria taxpayer looks at this, they feel they would benefit.

Why doesn't the per capita or per household calculation make sense?

Each individual resident or household doesn't pay taxes, as it doesn't account for the impact of the municipality demographics such as residents in rental and seniors housing, composition of households and age composition.

What makes sense?

The BC Ministry of Municipal Affairs and Housing uses the calculation "**Taxes and Charges on a Representative House**" to determine the total property tax burden in each municipality in B.C. A Representative House value is determined by adding the total assessed value of all houses in a Municipality and dividing that figure by the number of houses in that Municipality. This makes for a fair comparison of taxes and fees from one municipality to the next.

So what does that look like for Victoria and Saanich residential taxpayers?

From data extracted from the noted BC Ministry of Municipal Affairs and Housing information, the past seven year average (2014-20) of General Municipal Taxes and User Fees only on a Representative House is:

- Saanich \$3,643
- Victoria \$3,569
- A negligible difference of 2%

So now when a property taxpayer from Victoria chats with a property taxpayer from Saanich, an amalgamation shouldn't concern them as to the impact on their wallets.