

COUNCIL REPORT

Date: March 28, 2023
File: 2.3.10.1
To: Warren Waycheshen, CAO for Mayor and Council
From: Dustin Rutsatz, Director of Finance
Re: Flat Tax Options for 2023



Recommendations:

Actions: That Council discusses the flat tax options.

Motion:

THAT the Flat Tax rate for the 2023 year be set at \$693, equal to the 2022 Flat tax rate.

AND THAT the Residential Flat Tax Court of Revision be scheduled for May 1, 2023 at 7:00 p.m. and be held as an electronic meeting.

Background: In 1990, the Municipal Act was amended to allow for the residential flat tax system. The residential flat tax amendment was repealed in 1992, but municipalities using the system were permitted to continue using it. The flat tax has been used in Kitimat for over 30 years and is an established part of the property taxation system here.

Analysis: Please see attached for an assessed value analysis. We are proposing to keep the rate the same as 2022 to keep a separation between the flat tax amount and the basic home owner grant amount.

Please note, once a local government ceases using the Flat Tax, it cannot be reinstated in the following years. The court of revision will be held May 1, 2023 at 7:00pm in the council chambers

Timing For Adopting Bylaws: The five-year financial plan and property tax bylaws must be adopted by the end of day on Friday, May 12. In 2023, The current schedule is to provide the bylaws for consideration for three readings on May 1, 2023 (Monday), and adoption at a special meeting on May 8, 2023 (Monday), but these timelines can be moved up if deliberations are concluded earlier.

Options (or Alternatives):

- 1) The Flat Tax for 2023 be set at some other rate as determined by Council.**
- 2) THAT the Flat Tax be discontinued starting in 2023.** Please note that this action would cause a wide swing in taxes for many property owners. A preferred course of action would be a phase-out process over 5 to 10 years.

Budget Implications: Building the 2023 Budget

"DR"

Dir of Finance Initials

Budgeted: X

Unbudgeted:

"Dustin Rutsatz"

"Warren Waycheshen"

Submitted by:
Dustin Rutsatz, Director of Finance

Approved for Submission:
Warren Waycheshen, CAO

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Flat Tax Analysis on Kitimat Residential Properties

Estimated 2023 Data-from Revised Roll

Flat Tax Breakdown			
2023 Folios	Rate at 4.15%	Flat Tax	
3656	693	\$	2,533,608
To get this amount from variable: divide Flat Tax Revenue by total assessed value			
2,533,608	/	1,495,599,050	= 1.69404

Total if all variable 3.5863

Note: Minimum Tax is \$350 for owners under 65, and \$100 for owners over 65.
Utilities have not been added

No PHOG

Assessed Value	Mill Rate Gen, Debt, Transit	Taxes		Gen, Debt, Transit	Flat	Other Authorities	Total
		Flat	Other Authorities				
2022 Actual							
100,000	1.8923	693.00	2.62191	189.23	693	262.19	1,144.42
150,000	1.8923	693.00	2.62191	283.85	693	393.29	1,370.13
200,000	1.8923	693.00	2.62191	378.46	693	524.38	1,595.84
300,000	1.8923	693.00	2.62191	567.69	693	786.57	2,047.26
350,000	1.8923	693.00	2.62191	662.31	693	917.67	2,272.97
400,000	1.8923	693.00	2.62191	756.92	693	1,048.76	2,498.68
409,000	1.8923	693.00	2.62191	773.95	693	1,072.36	2,539.31
450,000	1.8923	693.00	2.62191	851.54	693	1,179.86	2,724.40
500,000	1.8923	693.00	2.62191	946.15	693	1,310.96	2,950.11
550,000	1.8923	693.00	2.62191	1,040.77	693	1,442.05	3,175.82
600,000	1.8923	693.00	2.62191	1,135.38	693	1,573.15	3,401.53

Assessed Value	Mill Rate Gen, Debt, Transit	Taxes		Gen, Debt, Transit	Flat	Other Authorities	Total
		Flat	Other Authorities				
100,000	3.5863		2.62191	358.63	-	262.19	620.83
150,000	3.5863		2.62191	537.95	-	393.29	931.24
200,000	3.5863		2.62191	717.27	-	524.38	1,241.65
300,000	3.5863		2.62191	1,075.90	-	786.57	1,862.48
350,000	3.5863		2.62191	1,255.22	-	917.67	2,172.89
400,000	3.5863		2.62191	1,434.54	-	1,048.76	2,483.30
409,000	3.5863		2.62191	1,466.81	-	1,072.36	2,539.17
450,000	3.5863		2.62191	1,613.85	-	1,179.86	2,793.71
500,000	3.5863		2.62191	1,793.17	-	1,310.96	3,104.13
550,000	3.5863		2.62191	1,972.49	-	1,442.05	3,414.54
600,000	3.5863		2.62191	2,151.80	-	1,573.15	3,724.95

The point of equilibrium is where the improved property is assessed at \$ 409,000