

COUNCIL REPORT

Date: April 6, 2022
File: 2.3.10.1
To: Warren Waycheshen, CAO for Mayor and Council
From: Dustin Rutsatz, Director of Finance
Re: Flat Tax Options for 2022



Recommendations:

Actions: That Council discusses the flat tax options.

Motion:

THAT the Flat Tax rate for the 2022 year be set at \$693, equal to the 2021 Flat tax rate of \$668 plus a 3.75% adjustment for budget increases.

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 The residential flat tax amendment was repealed in 1992, but municipalities using the system were permitted to continue using it.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

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 2, 2022 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 Saturday, May 14. In 2022, The current schedule is to provide the bylaws for consideration for three readings on May 2nd, 2022 (Monday), and adoption at a special meeting on May 9th, 2022 (Monday), but these timelines can be moved up if deliberations are concluded earlier.

Options (or Alternatives):

- 1) The Flat Tax for 2022 be set at some other rate as determined by Council.**
- 2) THAT the Flat Tax be discontinued starting in 2022. (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 2022 Budget

Dir of Finance Initials

Budgeted: X

Unbudgeted:

Submitted by:
Dustin Rutsatz, Director of Finance

Approved for Submission:
Warren Waycheshen, CAO

Attachment(s): Flat Tax Analysis on Kitimat Residential Properties

Flat Tax Analysis on Kitimat Residential Properties

Estimated 2022 Data-from Completed Roll

Flat Tax Breakdown			
2022 Folios	Rate at 3.75%	Flat Tax	
3624	693	\$	2,511,432
To get this amount from variable:			
divide Flat Tax Revenue by total assessed value			
2,511,432	/	1,465,724,600 =	1.71344

Total if all variable 4.172595

Note: Minimum Tax is \$350 for owners under 65, and \$100 for owners over 65.

Utilities of have not been added

No PHOG

Assessed Value	Mill Rate		Taxes					Total
	Gen, Debt, Transit	Flat	Other Authorities	Gen, Debt, Transit	Flat	Other Authorities		
							2021 Actual	
100,000	2.4592	693.00	2.90438	245.92	693	290.44	1,229.35	
150,000	2.4592	693.00	2.90438	368.87	693	435.66	1,497.53	
200,000	2.4592	693.00	2.90438	491.83	693	580.88	1,765.71	
300,000	2.4592	693.00	2.90438	737.75	693	871.31	2,302.06	
350,000	2.4592	693.00	2.90438	860.70	693	1,016.53	2,570.24	
400,000	2.4592	693.00	2.90438	983.66	693	1,161.75	2,838.41	
404,450	2.4592	693.00	2.90438	994.61	693	1,174.68	2,862.28	
450,000	2.4592	693.00	2.90438	1,106.62	693	1,306.97	3,106.59	
500,000	2.4592	693.00	2.90438	1,229.58	693	1,452.19	3,374.77	
550,000	2.4592	693.00	2.90438	1,352.54	693	1,597.41	3,642.94	
600,000	2.4592	693.00	2.90438	1,475.49	693	1,742.63	3,911.12	

Assessed Value	Mill Rate		Taxes				Total
	Gen, Debt, Transit	Flat	Other Authorities	Gen, Debt, Transit	Flat	Other Authorities	
100,000	4.1726		2.90438	417.26	-	290.44	707.70
150,000	4.1726		2.90438	625.89	-	435.66	1,061.55
200,000	4.1726		2.90438	834.52	-	580.88	1,415.40
300,000	4.1726		2.90438	1,251.78	-	871.31	2,123.09
350,000	4.1726		2.90438	1,460.41	-	1,016.53	2,476.94
400,000	4.1726		2.90438	1,669.04	-	1,161.75	2,830.79
404,450	4.1726		2.90438	1,687.61	-	1,174.68	2,862.28
450,000	4.1726		2.90438	1,877.67	-	1,306.97	3,184.64
500,000	4.1726		2.90438	2,086.30	-	1,452.19	3,538.49
550,000	4.1726		2.90438	2,294.93	-	1,597.41	3,892.34
600,000	4.1726		2.90438	2,503.56	-	1,742.63	4,246.19

The point of equilibrium is where the improved property is assessed at \$ 404,450