

# The Watchdog Bulletin



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## PROPERTY TAXES 101

### or How do you like your tax bill?

City governments (taxing authorities) pay for public services through property taxes. Individual property taxes are based on an assessed value of the owner's property. The BC Assessment Authority, a provincial government entity, determines the market value of properties and sends property owners a Property Assessment Notice early in the year which can be appealed -- rarely successfully.

After the assessments are determined, city government tax authorities determine the property tax rate (called a mill rate) that they will set to raise the revenues they believe are needed to pay for public services. The City applies this rate to the assessed value of properties and sends property owners a Tax Notice.

Here's a simplistic example: the owner of a residential property assessed at \$100,000 by the BC Assessment Authority and taxed at a City tax rate of 1.000 (\$1 for every \$1,000 in assessed value) in 2005 will owe \$1,000 in taxes to the City in 2005.

Now, if, in 2006, that same property is assessed at an increased value of

\$125,000 by The BC Assessment Authority and, if the tax rate by the City stays the same as in 2005 -- at 1.000 -- the residential property owner will pay increased taxes (\$250) as result of the increased property assessment for a total of \$1,250. The property tax owner will pay more to the City even though the City has not raised its tax rate. Thus, the City will have increased revenues but not increased the tax rate..

However, again with the same example, but, this time, in addition to the increased assessment (\$125,000), the City decides to raise its tax (mill) rate by 10% -- to 1.100. The property owner will then be required to pay \$1,375 in 2006. The City will see increased revenue through the increased assessment (\$250) and an additional increase through a raise in the residential tax rate (\$125).

These examples illustrate the basic theme of property tax setting but, of course, there are other factors such as assessments for the number of feet of sewer pipe you have running across your property. If your frontage is greater than your neighbors, you will pay more because you have more sewer pipe running across your property. (I'm not defending the system—just trying to explain it.)

### Important Stories in Our Community

- Property Tax Lesson
- MLA Simons supports JV

**"The Farm property class has been hit especially hard this year. . ."**

The basic City tax rate schedules for 2006 and earlier years are posted at <http://ourpowellriver.com>. Please note that the Total for each property class only represents the rate charged for the first 10 items (excluding General Flat Tax) on your property tax bill. The General Flat Tax is just that -- an 'across the board' flat tax and not part of the official mill rate. Additionally, Sewer Disposal Treatment, Sewer Frontage (discussed above), and all Utility charges are figured separately. Thus, the official property tax rate set by the City is only one part of your property tax rate -- although the largest.

The Farm property class has been hit especially hard this year as, in addition to increased assessments, the City increased its mill rate from 10.80058 in 2005 to 13.9467. The City had the option of lowering the mill rate in order to ease the increased burden on the 'farm' property class from higher assessments. In other words, using our previous example, if the tax (mill) rate was lowered to .80, down from the hypothetical 1.000 in 2005, then the residential property tax would have remained the same as that in 2005 at \$1,000. Another option to bring tax bills down is to cut the budget. Unfortunately, for taxpayers, neither was the path chosen by our City.