

Property Taxation 101

The Basics

Property tax levied equals

Tax Rate multiplied by Assessment*

* Per \$1,000

For example:

$$\begin{array}{ccc} \textit{Levy} & \textit{Tax Rate} & \textit{Assessment} \\ \$100,000 & = \$10 \times & \frac{\$10,000,000}{1,000} \end{array}$$

Example Tax Levy of \$100,000

$$\text{\$100,000} = \text{\$10} \times \frac{\text{\$10,000,000}}{1,000}$$

Tax Levy = \$100,000

Tax Rate = \$10 per \$1,000

Assessment = \$10 Million

Property Classes (7) in the NRRM

BC Assessment places property in one or more of nine classes, based on the property's type or use.

Municipal zoning does not determine property class, though it may be a factor in some cases.

Class 1: Residential

Class 6: Business

Class 8: Recreation/Non-Profit

Farm 9: Farm

Class 2: Utilities

Class 4: Light Industry

Class 5: Major Industry

Variable Tax Rate & NRRM Industrial Cap

Different classes of property are taxed at different tax rates

In the NRRM, the *maximum* Industrial tax rate is 3.3 times the Residential Rate

RG099 (2015v)	Assessed	Conversion		Converted
	Value	%	Multiple	Assessment
Residential	1,000,000	10.00%	1.000	100,000
Business	1,000,000	31.00%	<u>3.100</u>	310,000
Rec Non Profit	1,000,000	3.50%	0.350	35,000
Farm	1,000,000	5.00%	0.500	50,000
Utilities	1,000,000	33.00%	3.300	330,000
Light Industry	1,000,000	33.00%	3.300	330,000
Major Industry	1,000,000	33.00%	3.300	330,000
	7,000,000			1,485,000

Converted Assessment converts the Assessed Value by the amount of the variable tax ratio to enable calculations using Residential tax rates.

Converted Assessment (NRRM)

“Converted Assessment converts the Assessed Value by the amount of the percentage variable tax ratio to enable calculations using Residential tax rates.”

Residential \$1,000,000 converted equals \$100,000

Industrial \$1,000,000 converted equals \$333,000

- If Residential Rate = \$10 Industry Rate = \$33

$\$10 \times 1,000,000/1,000 = \$10,000$ in taxes

$\$33 \times 1,000,000/1,000 = \$33,300$ in taxes

Which is the same as:

$\$10 \times 100,000/100 = \$10,000$ in taxes

$\$10 \times 333,000/100 = \$33,300$ in taxes

(Dividing by 100 not 1,000, because we've already reduced by a factor of 10 in the conversion process)

Effect of Changing Business Multiple

From 3.1 to 2.5

RG099 (2015v)		Conv		Converted	Levy =	\$500,000	% Tax Rate
Assessment	%	Multiple	Assessment	Total conv	% of	Levy	Per \$1,000
				Assessment	Assessment		Assessed Value
Residential	1,000,000	10.00%	1.000	100,000	6.734%	33,670	33.6700
Business	1,000,000	31.00%	3.100	310,000	20.875%	104,377	104.3770
Rec Non Profit	1,000,000	3.50%	0.350	35,000	2.356%	11,785	11.7850
Farm	1,000,000	5.00%	0.500	50,000	3.367%	16,835	16.8350
Utilities	1,000,000	33.00%	3.300	330,000	22.222%	111,111	111.1110
Light Ind	1,000,000	33.00%	3.300	330,000	22.222%	111,111	111.1110
Maj Ind	1,000,000	33.00%	3.300	330,000	22.222%	111,111	111.1110
	7,000,000			1,485,000	1.000	500,000	
					66.7%		

RG099 (2015v)		Conv		Converted	Levy =	\$500,000	% Tax Rate
Assessment	%	Multiple	Assessment	Total conv	% of	Levy	Per \$1,000
				Assessment	Assessment		Assessed Value
Residential	1,000,000	10.00%	1.000	100,000	7.01754%	35,088	35.0880
Business	1,000,000	25.00%	2.500	250,000	17.54386%	87,720	87.7190
Rec Non Profit	1,000,000	3.50%	0.350	35,000	2.45614%	12,281	12.2810
Farm	1,000,000	5.00%	0.500	50,000	3.50877%	17,544	17.5440
Utilities	1,000,000	33.00%	3.300	330,000	23.15789%	115,789	115.7890
Light Ind	1,000,000	33.00%	3.300	330,000	23.15789%	115,789	115.7890
Maj Ind	1,000,000	33.00%	3.300	330,000	23.15789%	115,789	115.7890
	7,000,000			1,425,000	1.000000	500,000	
					69.5%		



If one class of property pays less as a result of changing the multiple, then to reallocate, the others pay more.

Using NRRM Assessment

On a \$3 million levy

RG099 (2015v)	Assessment	Conv %	Multiple	New Svc Converted Assessment	Levy = % of Total conv Assessment	\$3,000,000 Levy	% Tax Rate Per \$1,000 Assessed Value
Residential	571,749,550	10.00%	1.000	57,174,955	8.79701%	263,910	0.46158
Business	314,955,477	31.00%	3.100	97,636,198	15.02243%	450,673	1.43091
Rec Non Profit	608,400	3.50%	0.350	21,294	0.00328%	98	0.16108
Farm	971,442	5.00%	0.500	48,572	0.00747%	224	0.23059
Utilities	232,961,000	33.00%	3.300	76,877,130	11.82842%	354,853	1.52323
Light Ind	807,730,355	33.00%	3.300	266,551,017	41.01189%	1,230,357	1.52323
Maj Ind	459,474,970	33.00%	3.300	151,626,740	23.32949%	699,885	1.52323
	2,388,451,194			649,935,906	1.000000	3,000,000	
76.2% Industrial share							

RG099 (2015v)	Assessment	Conv %	Multiple	New Svc Converted Assessment	Levy = % of Total conv Assessment	\$3,000,000 Levy	% Tax Rate Per \$1,000 Assessed Value
Residential	571,749,550	10.00%	1.000	57,174,955	9.06045%	271,814	0.47541
Business	314,955,477	25.00%	2.500	78,738,869	12.47766%	374,330	1.18852
Rec Non Profit	608,400	3.50%	0.350	21,294	0.00337%	101	0.16601
Farm	971,442	5.00%	0.500	48,572	0.00770%	231	0.23779
Utilities	232,961,000	33.00%	3.300	76,877,130	12.18264%	365,479	1.56884
Light Ind	807,730,355	33.00%	3.300	266,551,017	42.24005%	1,267,201	1.56884
Maj Ind	459,474,970	33.00%	3.300	151,626,740	24.02813%	720,844	1.56884
	2,388,451,194			631,038,577	1.000000	3,000,000	
78.5% Industrial Share							



If one class of property pays less as a result of changing the multiple, then to reallocate, the others pay more.

Town & Regional District

Prior to 2009

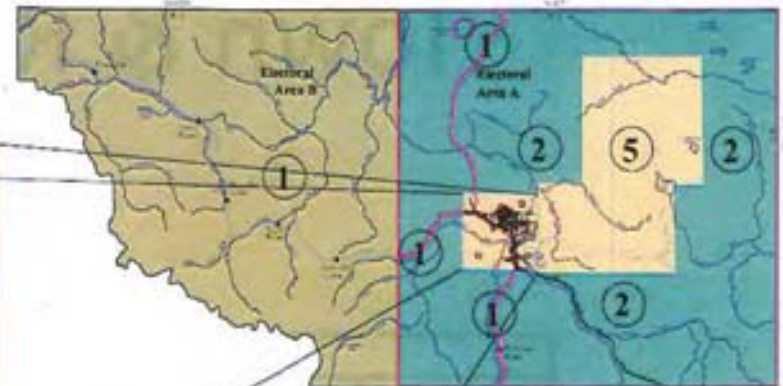
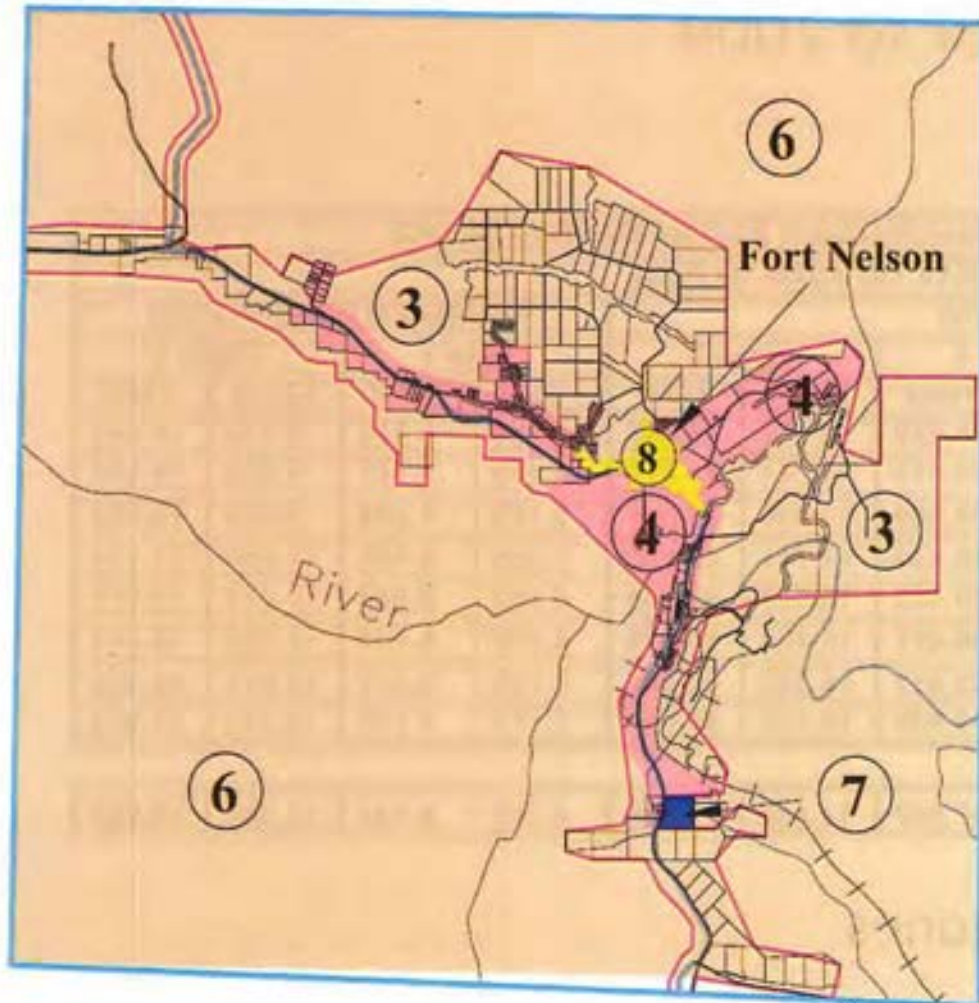
Town of Fort Nelson/Northern Rockies Regional District											
2006 Tax Rates by Zone											
Zone	Industrial						Residential & Commercial				
	Class 2		Class 4		Class 5		Class 1		Class 6		
	Local	Total	Local	Total	Local	Total	Local	Total	Local	Total	
Area B	1	7.862	23.277	8.077	21.250	7.177	16.642	1.752	5.834	6.178	15.642
GGs	2	12.564	27.979	12.644	25.818	11.744	21.210	3.095	7.177	9.469	18.934
GGs ex	3	12.658	28.073	12.736	25.909	11.836	21.301	3.122	7.204	9.535	19.000
Fire	4	15.680	31.095	15.671	28.844	14.771	24.236	3.986	8.067	11.650	21.114
Rec	5	17.341	32.756	17.285	30.458	16.385	25.850	4.460	8.542	12.813	22.278
Bldg	6	17.360	32.775	17.303	30.477	16.403	25.869	4.466	8.548	12.826	22.291
FN Plant	7	20.381	35.796	20.238	33.412	19.338	28.804	5.329	9.411	14.941	24.406
Town	8	19.828	35.243	19.423	32.596	19.423	28.888	5.713	9.795	18.146	27.611
Regional Municipality		14.848	30.263	14.423	27.597	14.423	23.889	4.242	8.324	10.393	19.858

8 different taxation level zones

Electoral Area B Electoral Area A



NRRD/TOWN OF FORT NELSON
REGIONAL MUNICIPALITY PROJECT



Town of Fort Nelson/Northern Rockies Regional District
2006 Tax Rates by Zone

Zone	Industrial				Residential & Commercial					
	Class 2		Class 4		Class 8		Class 1		Class 5	
	Local	Total	Local	Total	Local	Total	Local	Total	Local	Total
Area B										
1	7,862	23,217	3,077	21,350	7,177	16,642	1,752	6,834	6,178	11,442
2	12,964	27,919	12,644	28,916	11,744	21,210	3,025	7,177	9,409	18,934
3	12,056	28,073	12,730	28,909	11,830	21,391	3,122	7,264	8,535	19,000
4	16,080	31,086	15,071	28,844	14,771	24,236	3,980	8,067	11,892	21,114
5	17,341	32,758	17,285	38,438	18,385	28,890	4,463	8,542	12,815	22,278
6	17,360	32,775	17,303	38,477	18,403	28,969	4,466	8,548	12,826	22,291
7	20,381	36,786	20,228	33,412	19,338	28,804	5,329	9,411	14,041	24,408
8	19,820	35,243	18,423	32,596	19,423	28,888	5,713	8,795	18,148	27,611
Regional Municipality	14,840	30,263	14,423	27,597	14,423	23,889	4,242	8,924	10,380	19,858

8 different tax zones, with different rates for each property class.



NRRM Rural Residential & Business

NRRM Area A & B phase in rates (20 years)

*Most of the property taxation

		Completed 2015	Conv		Converted	% of	% Tax Rate	
		Assessment	%	Multiple	Assessment	Total conv	Per \$1,000	
						Assessment	Assessed Value	
						Levy		
Residential	Town	352,590,825	10.00%	1.000	35,259,083	5.63638%	1,285,573	3.646
Residential	B	10,630,700	3.45%	0.345	366,759	0.05863%	13,373	1.257
Residential	A	208,528,025	6.50%	0.650	13,554,322	2.16674%	494,200	2.369
Business	Town	219,988,850	29.00%	2.900	63,796,767	10.19831%	2,326,079	10.573
Business	B	4,435,661	10.01%	1.001	444,010	0.07098%	16,189	3.649
Business	A	90,530,966	18.85%	1.885	17,065,087	2.72796%	622,206	6.872
Rec Non Profit	All	608,400	3.50%	0.350	21,294	0.00340%	775	1.273
Farm	All	971,442	0.00%	0.000	0	0.00000%	0	
Utilities	All	232,961,000	33.00%	3.300	76,877,130	12.28929%	2,803,000	12.032
Light Ind	All	807,730,355	33.00%	3.300	266,551,017	42.60983%	9,718,655	12.032
Maj Ind	All	459,474,970	33.00%	3.300	151,626,740	24.23848%	5,528,429	12.032
		2,388,451,194			625,562,209	1.000000	23,808,479	

Residential in B is 34.5% of Town Residential

Residential in A is 65.0% of Town Residential

Business in B is the same as Town Residential

Business in A is 1.85 times Town Residential

Business in Town is 2.9 times Town Residential*

*variable, historically has been 3.1

Sample Properties

2015 Levy = \$26,863,120

2014 Levy = \$24,919,860

			2012		2014		2015		
			Assess	NRRM Levy	Assess	NRRM Levy	Assess	NRRM Levy	
Richard Pacheco	Residential	1068.210	\$267,100	\$1,845	\$266,100	\$1,766	\$259,000	\$1,804	\$1,785
Heather Cosman	Residential	8001.022	\$291,700	\$1,804	\$309,700	\$1,815	\$296,300	\$1,832	\$1,810
Randy McLean	Residential	41974.010	\$223,000	\$833	\$244,000	\$870	\$223,900	\$844	\$833
Sample \$200,000	Residential Town		\$200,000	\$1,071	\$200,000	\$1,016	\$200,000	\$1,073	\$1,058
Sample \$200,000	Residential A		\$200,000	\$747	\$200,000	\$713	\$200,000	\$754	\$744
Sample \$200,000	Residential B		\$200,000	\$405	\$200,000	\$401	\$200,000	\$429	\$425
Patricia Croal	Residential	41435.043	\$287,300	\$581	\$288,300	\$578	\$278,500	\$598	\$592
Colin Leake	Residential B	43781.010	\$120,600	\$244	\$123,000	\$247	\$122,000	\$262	\$260
Toad River Lodge	Business 6	41408.000	\$353,050	\$2,200	\$381,350	\$2,351	\$394,100	\$2,440	\$2,579
Trapper Rays Class 06	Business	60351.000	\$437,900	\$2,728	\$461,500	\$2,846	\$470,400	\$2,912	\$3,078
Stone Mountain Safaris	Bus & Res	42426.000	\$693,750	\$1,404	\$739,750	\$1,484	\$710,500	\$1,525	\$1,512
Landmark Plaza	Business	1065.100	\$1,271,000	\$22,780	\$1,244,000	\$21,256	\$1,244,000	\$21,050	\$22,079
Ed's Building Supplies	Business	540.000	\$615,000	\$11,258	\$584,000	\$10,239	\$572,000	\$9,956	\$10,428
Woodlands Hotel	Business	643.100	\$10,726,300	\$180,006	\$13,766,400	\$218,416	\$13,741,700	\$215,754	\$227,083
Fort Hotel/Motel	Business	118.000	\$3,256,150	\$56,179	\$3,416,650	\$55,878	\$3,356,700	\$54,381	\$57,140
Fort Nelson Drug Store	Business	1065.300	\$800,000	\$14,052	\$800,000	\$13,359	\$800,000	\$13,227	\$13,886
Oshawa Group Ltd (IGA)	Business	1070.000	\$781,000	\$14,996	\$881,000	\$15,889	\$881,000	\$15,743	\$16,469
Omineca Enterprises Class 06	Business	41132.000	\$130,000	\$3,406	\$130,000	\$3,335	\$146,000	\$3,496	\$3,581
5th Wheel Truck Stop Classes 6&8	Business	42870.000	\$1,088,650	\$14,677	\$1,215,900	\$15,428	\$1,355,000	\$16,790	\$17,582
Petro Canada Bulk Plant Class 06	Business	41887.110	\$480,000	\$5,539	\$479,000	\$5,267	\$784,000	\$8,538	\$8,997
Mobile Oil - Sierra Class 06	Business	40774.500	\$447,500	\$4,277	\$421,000	\$3,934	\$156,600	\$1,463	\$1,548
Tackama Class 04	Maj Industry	43594.0 & .1	\$2,081,300	\$34,165	\$2,059,300	\$32,257	\$2,336,600	\$38,717	\$38,252
Tackama - OSB	Maj Industry	41912.101	\$3,709,000	\$60,884	\$3,676,000	\$57,580	\$6,613,000	\$109,575	\$108,259
Westcoast Plant	Maj Industry	43147.000	\$13,403,000	\$220,013	\$13,211,000	\$206,936	\$13,217,000	\$219,002	\$216,370
Sime Rentals Class 1	Residential	645.000	\$274,000	\$2,274	\$267,000	\$2,163	\$273,000	\$2,272	\$2,251
Bill Streeper	Residential	41400.520	\$408,700	\$1,527	\$583,600	\$2,080	\$551,100	\$2,077	\$2,049
Ron Vigeant	Residential	5524.001	\$835,000	\$5,211	\$1,061,000	\$6,128	\$1,021,000	\$6,218	\$6,142
	Business Multiple			3.1		3.1		2.9	3.1



*Does not include School Taxes or BC Assessment Levy

Classification of Property

- BC Assessment places property in one or more of nine classes, typically based on the property's type or use. Municipal zoning does not determine property class, though it may be a factor in some cases.
- **The property classes:**
- **Class 1, Residential** — single-family residences, multi-family residences, duplexes, apartments, condominiums, nursing homes, seasonal dwellings, manufactured homes, some vacant land, farm buildings and daycare facilities.
- **Class 2, Utilities** — structures and land used for railway transportation, pipelines, electrical generation or transmission utilities, or telecommunications transmitters. This property class does not include gathering pipelines, offices or sales outlets.
- **Class 3, Supportive Housing** — this property class only includes eligible supportive housing property that has been designated by Cabinet. Eligible supportive housing property is funded by the provincial government or a health authority for the provision of housing that includes on-site support services for persons who were previously homeless, at risk of homelessness, and who are affected by mental illness or who are recovering from drug or alcohol addictions or have other barriers to housing. For more information, see the fact sheet on [Classifying Supportive Housing Property](#).
- **Class 4, Major Industry** — land and improvements (buildings and structures) of prescribed types of industrial plants, including lumber and pulp mills, mines, smelters, large manufacturers of specified products, ship building and loading terminals for sea-going ships.
- **Class 5, Light Industry** — property used or held for extracting, processing, manufacturing or transporting products, including ancillary storage. Scrap metal yards, wineries and boat-building operations fall within this category. Exceptions include properties used for the production or storage of food and non-alcoholic beverages and retail sales outlets, which fall into Class 6. For more information, see the fact sheet on [Light Industrial vs. Business and Other Property Classifications](#).
- **Class 6, Business Other** — property used for offices, retail, warehousing, hotels and motels all fall within this category. This class includes properties that do not fall into other classes.
- **Class 7, Managed Forest Land** — privately-owned, forest land managed in accordance with the *Private Managed Forest Land Act* or the *Forest and Range Practices Act*. Property owners in this class have an obligation to provide good resource management practices, such as reforestation, care of young trees, protection from fire and disease and sound harvesting methods.
- For more information on managed forest land, consult the fact sheets titled: [Managed Forest Classification in British Columbia](#) and [How Managed Forest Land is Assessed](#).
- **Class 8, Recreational Property, Non-profit Organization** — includes two very different categories:
- **Recreational Land**
 - land used solely as an outdoor recreational facility for specific activities such as golf, skiing, tennis, public swimming pools, waterslides, amusement parks, marinas and hang gliding. Improvements on the land (such as a clubhouse) fall into Class 6.
 - land in a rural area that is part of parcel used for overnight commercial accommodation that exists predominantly to facilitate specific outdoor recreational activities such as hunting, fishing and kayaking. Improvements on the land most likely fall within Class 6 (e.g. a hotel).
- **Non-Profit Organization Land and Improvements**
 - property used or set aside for at least 150 days per year as a place of public worship or as a meeting hall by a non-profit, fraternal organization. The 150 days cannot include activities with paid admission or the sale/consumption of alcohol.
 - additionally, the 150 days needs to be in the year ending on June 30 of the calendar year preceding the calendar year for which the assessment roll is being prepared.
- **Class 9, Farm** — to qualify as farm for assessment purposes, the land must produce a prescribed amount of qualifying primary agricultural products for sale, such as crops or livestock. Farm buildings come within Class 1. For more information on farm land, see the fact sheet titled: [Classifying Farm Land](#).
- **Split Classification**
 - Property with several distinct uses can fall into more than one class. For example, commercial and residential space might be combined in one building, or a property combines residential, farm and forest land. In these cases, BC Assessment determines the share of the value of the property attributable to each class.

<http://www.bcasessment.ca/public/Fact%20Sheets/Classification%20of%20Property.aspx>

Industry Class 4

- **Major Industry Property (MIP) Classification in British Columbia - Class 4**
- Major industry property includes land and improvements (buildings and structures) of prescribed types of industrial plants. In the *Assessment Act Prescribed Classes of Property Regulation, B.C. Reg. 438/8*, Class 4 - Major Industry is described as: *Class 4 property shall include only the property referred to in section 20 (3) of the Assessment Act, that is to say,*
 - (a) *land used in conjunction with the operation of industrial improvements, and*
 - (b) *industrial improvements.*
- **What is an "Industrial improvement"?**
- The *Assessment Act*, Section 20 defines industrial improvements as: *"...an improvement that is part of a plant, whether or not the plant can be operated as a going concern or is temporarily or permanently unprofitable, if the plant is designed and built for the purpose of one or more of the following:*
 - (a) *mining, extracting, beneficiating or milling of metallic or non-metallic ore;*
 - (b) *mining, breaking, washing, grading or beneficiating of coal;*
 - (c) *producing of aluminum;*
 - (d) *smelting or refining of metal from ore or ore concentrate;*
 - (e) *producing, manufacturing, processing or refining of petroleum or natural gas;*
 - (f) *manufacturing of lumber or other sawmill and planing mill products;*
 - (g) *manufacturing of wood veneer, plywood, particle board, wafer board, hardboard and similar products;*
 - (h) *manufacturing of gypsum board;*
 - (i) *manufacturing of pulp, paper or linerboard;*
 - (j) *manufacturing of chemicals;*
 - (k) *manufacturing of chemical fertilizer;*
 - (l) *manufacturing of synthetic resins or the compounding of synthetic resins into moulding compounds;*
 - (m) *manufacturing of cement;*
 - (n) *manufacturing of insulation;*
 - (o) *manufacturing sheet glass or glass bottles;*
 - (p) *building, refitting or repairing ships;*(q) *loading cargo onto sea going ships or barges, and associated cargo storage and loading facilities, including grain elevators".*
- **Are there any exemptions from Class 4?**
- The *Assessment Act Exemption from Industrial Improvement Regulation, B.C. Reg. 97/88* exempts from the definition of industrial improvements certain types of plants that have less than specified capacities.

Distinction Business/Light Industry

- **Classifications**
- This Fact Sheet is intended to provide property owners with an understanding of the assessment and taxation differences between Class 5 Light Industry properties and Class 6 Business and Other properties.
- **Which properties fall within Class 5 Light Industry?**
- Property used or held for extracting, manufacturing or transporting products, including ancillary storage, fall into Class 5. Examples of properties in Class 5 include: scrap metal yards, wineries and boat-building operations. Exceptions include properties used for the production or storage of food and non-alcoholic beverages, which fall into Class 6.
- **Which properties fall within Class 6 Business and Other?**
- Property used for offices, retail, warehousing, hotels and motels all fall within this category. Class 6 also includes any properties that do not fall into the other classes.
- **Can properties be placed in both classifications?**
- Yes, properties that have different distinct uses can fall into more than one class. For example, if a manufacturing property also housed the corporate head office, the classification would be split between Class 5 and Class 6 based on the value contribution of the components.
- **What are the tax implications for property owners relative to these property classes?**
- Commencing in January 2011, Class 5 properties received a credit equal to 60 percent of their school property tax. However, that benefit is being phased out so that by 2014, there will be no special credit for school taxes for Class 5 property.
- Around the province, the municipal general tax rates for Class 5 may be higher or lower than Class 6 rates.
- Information about property tax rates for the previous year can be found at this link:
 - http://www.cscd.gov.bc.ca/lgd/infra/statistics_index.htm

Farm Land

- **Classifying Farm Land**

- **What land is eligible for farm class?**

The Classification of Land as a Farm Regulation, B.C. Reg. 411/95, made under the Assessment Act, provides that, upon application, the following land may qualify for farm class:

- a) land used for a qualifying agricultural use;
- b) land used for purposes that contribute to a qualifying agricultural use (e.g., irrigation, access to farm outbuildings, shelter belts);
- c) land used for a farmer's dwelling;
- d) land in an agricultural land reserve (ALR) that is used for a retired farmer's dwelling;
- e) land used for the training and boarding of horses when operated in conjunction with horse rearing; and
- f) in some cases, vacant land associated with a farm.

- Other requirements will also apply.

- All farm structures used in connection with the farm operation, including the farmer's dwelling, will be classified as Class 1 - residential.

- **How do I apply?**

To have land classified as a farm the next taxation year, the owner must submit a General Application for Farm Classification or a Retired Farmer's Dwelling Land Application. These forms can be found on the [Forms page](#) under "Farm Forms".

- The Farm forms are also available at your local BC Assessment area office. Please submit your application form to the local office by October 31. This application is not required every year, but BC Assessment may require information periodically to support continued farm classification.

- The Retired Farmer's Dwelling Land Application is available online [here](#) and at your local BC Assessment area office.

- An application to have land used for a retired farmer's dwelling classified as a farm must be made every year.

- For 2014 and subsequent tax years, the deadline is October 31.

- **What if only a part of my property is farmed?**

Land that is used for a purpose other than farming will be classified according to that use. Land that has no present use and located in the ALR may qualify for farm class if part of the parcel is farmed. If the land is not in the ALR, unused land may qualify for farm class if part of the property is farmed, the land is not zoned or held for business, commercial or industrial purposes, and:

- it meets a prescribed highest and best use test;
- at least 50% of the land outside the ALR is in production or contributes to production, provided the land is farmed by the owner; or
- at least 25% of the land outside the ALR is in production, and the farm meets a higher income requirement, provided the land is farmed by the owner.

<http://www.bcasessment.ca/public/Fact%20Sheets/Classifying%20Farm%20Land.aspx>