

UNDERSTANDING TAX RATES

What are tax rates?

Tax rates are the rates used to determine how much property tax you pay, based on the assessed value of your property. The tax rate applies to each \$1,000 of net taxable value.

They used to be commonly referred to as mill rates as they represent the amount of tax per thousand dollars of property value. Mill stands for millage, or “rate per thousand”.

The property tax rate is different depending on the class of property you own.

- Residential – class 1
- Utilities – class 2
- Major industry – class 4
- Light industry – class 5
- Business and other – class 6
- Recreational and non-profit – class 8
- Farm – class 9

How is the tax rate set?

When the annual budget is adopted by City Council for the current year, City Council passes a tax rate bylaw.

This bylaw sets a tax rate for every class of property, as defined on the BC Assessment roll. These rates must be sufficient to raise enough revenue to pay all obligations of the city falling due within the year.

The rate applies to each \$1,000 of net taxable value by property class. This rate is referred to as the municipal tax levy. It includes general and transit rates.

The City of Terrace is not the only government body that taxes properties in the city. Other institutions get a portion of the annual revenue from the property tax base:

- BC Government – for school purposes
- Regional District of Kitimat – Stikine
- NW Regional Hospital District
- Municipal Finance Authority (MFA)
- BC Assessment (BCA)

Terrace City Council has no control over these other taxing authority levies. Also they do not control the way they are distributed amongst property classes.

However, to reduce the administrative cost of billing and collecting these other property taxes, the City of Terrace includes these levies on the tax bill sent to property owners each year.

Why have my property taxes increased?

There are a number of reasons why property taxes increase – but generally, taxes increase because:

- There has been an increase in the tax rate
- There has been a change in your property's assessed value
- There has been an increase in taxable value (ie: change to a tax exemption)
- There are new or increased utility charges (not tax related but would affect your bill)
- There has been a change in your Home Owner Grant status
- There has been a change in your property class

Why is my tax increase higher than the Council approved rate?

Many factors influence the taxes on a given property making it different from the overall percentage approved by Council and reported in the media.

Each year some assessments go up more (or less) than the average. If BC Assessment reports the average residential assessment increased 10%, but your own assessment went up by more than 10%, it's likely that your taxes will go up by more than the increase amount passed by City Council.

Other Taxing authorities affect the tax rate too.

Another factor is that the City of Terrace collects taxes on behalf of other groups (BC Government school tax, the Regional and Hospital Districts, Municipal Finance Authority and BC Assessment).

The rate passed by City Council is only for the municipal levy. Lines that appear on your tax notice as General Municipal & General Municipal Transit.

Other Charges

Other charges such as water, sewer, garbage or utility frontages may also appear on your notice. These are not included in the municipal levy, which is the number most often reported in the media.