

NO: F030

COUNCIL DATE: JULY 21, 2014

FINANCE COMMITTEE

TO: **Mayor & Council**

DATE: **July 15, 2014**

FROM: **General Manager, Finance & Technology**

FILE: **1970-01**

SUBJECT: **Property Tax Review Task Force**

RECOMMENDATION

It is recommended that the Finance Committee recommend that Council:

- 1) Establish a Property Tax Review Task Force as generally described within this report;
- 2) Propose the terms of reference as attached in Appendix I of this report;
- 3) Invite members of the public to participate in this Property Tax Review Task Force, and
- 4) Report back to Council on the proposed membership.

BACKGROUND

At the November 25th Finance Committee meeting, during the 2014 – 2018 Five-Year Financial Plan presentation, Council directed staff to prepare a report, complete with recommendations that would establish a Property Tax Review Task Force and its associated membership. This report will address that need.

DISCUSSION

While Surrey property owners benefit from the lowest property taxes in the Lower Mainland, the scope of services delivered by the City has become much broader. A review of the current property tax structure would be considered to be timely, allowing the City to determine if it is making the best use of the revenue tools available and ensuring they are aligned with the City's objective of ensuring that those that benefit from a service, pay for it. Such a review would include an assessment of the merits of the following, among other things:

- Alternate property tax structures that are less linked to property assessments;
- Fair distribution of property tax revenues between Business and Residential Property Classes;
- Development of a set of principles related to the City's capacity to address:
 - economic downturns;
 - long term borrowing;
 - funding of future City facilities (capital and operating); and
 - the speed at which the City moves to meet its capital plans;

- Enhanced communication about the collection and use of property tax revenues by the City;
- Potential revisions to the Provincial Homeowners Grant Program, particularly with respect to the eligibility thresholds; and
- Lobbying the Province to make legislative changes that would allow the City to carry out the recommendations of the Task Force.

Staff recommend that a Property Tax Review Task Force be established based on the terms of reference attached in Appendix I and that the membership includes the following:

1. The Chair of the Finance Committee;
2. At least one other member of Council;
3. A representative from BC Assessment;
4. A representative from a large Audit firm;
5. Up to two members from the Surrey Board of Trade;
6. Up to two community members who can demonstrate a broad understanding of the tax system; and
7. Up to three staff representatives, such as Finance, Engineering and Legislative Services.

SUSTAINABILITY CONSIDERATIONS

A Property Tax Review Task Force would help to achieve the objectives of the City's Sustainability Charter, more particularly, the following action items:

EC13: Municipal Finance Reform

EC14: Taxation Policy and Financial Incentives

CONCLUSION

At the November 25th Finance Committee meeting, Council requested that staff bring a report back to address the need for a Property Tax Review Task Force. Staff recommend that the Finance Committee recommend that Council:

1. Establish a Property Tax Review Task Force as generally described within this report; and
2. Approve the terms of reference as attached in Appendix I of this report.

Vivienne Wilke
General Manager,
Finance & Technology

City of Surrey Property Tax Review Task Force

Terms of Reference

Purpose:

Surrey property owners benefit from some of the lowest property taxes in the Lower Mainland. Authority to impose property taxes and user fees stem from an era where local governments delivered a narrow range of services, such as water, sewer and the local road network. With a significant broadening of the types of services that local governments deliver there is a need to consider whether these traditional revenue sources align well with the broader suite of services, or whether there are better ways to finance some or all of these services.

The task force will explore the fit between this broader range of services and existing revenue tools available to the City of Surrey in the context of whether the revenue tools are sufficient and whether they support tax policy objectives such as ensuring that those that benefit from a service pay for it.

Work may include, but is not limited to, the following subject areas:

- Alternate property tax structures that are less linked to property assessments;
- Fair distribution of property tax revenues between Business and Residential Property Classes;
- Development of a set of principles related to the City's capacity to address:
 - economic downturns;
 - long term borrowing;
 - funding of future City facilities (capital and operating); and
 - the speed at which the City moves to meet its capital plans;
- Enhanced communication about the collection and use of property tax revenues by the City;
- Potential revisions to the Provincial Homeowners Grant Program, particularly with respect to the eligibility thresholds; and
- Request that Council lobby the Province to make legislative changes that would allow the City to carry out the recommendations of the Task Force.

Members and Support:

Council will appoint task force members composed of:

- Chair of the Finance Committee;
- One other member from Council;
- One representative from BC Assessment;
- One representative from a large Audit firm;
- Up to 2 members from the Surrey Board of Trade;
- At least 2 other community members who can demonstrate a broad understanding of the property tax system;
- Up to 3 other members, who are City of Surrey staff that possess specific relevant expertise;
- The task force may contract with any person, to facilitate the process so long as that contract is approved by Council.

Products/Deliverables:

The task force will prepare a report of its findings, including recommendations, for Council, and may prepare interim reports as it considers appropriate. The final report will be provided by February 28, 2015, unless the term of the task force is extended.

If the term of the task force is extended, it shall provide an interim (update) report to Council by January 31 in each year of its mandate.

Term:

The task force will meet from September 15, 2014 through to January 31, 2015, at the call of the Chair.