



**BC ASSESSMENT**

# Fair Taxation & Fundamentals of Property Assessment

## AVICC 2019 Convention

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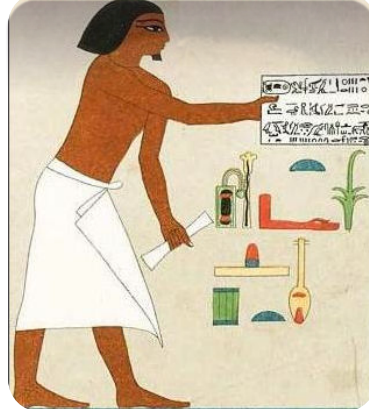
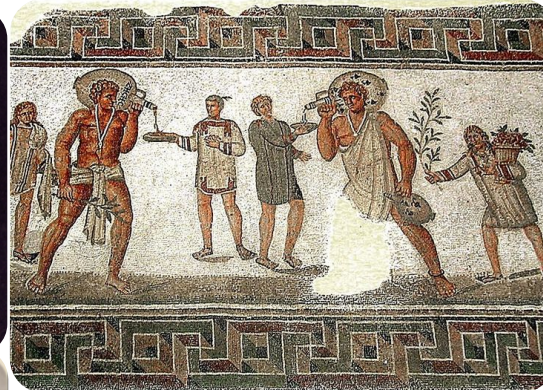
# Topics

1. History of taxation
2. Maxims of fair taxation
3. About BC Assessment
4. Valuation
5. Highest & best use
6. Classification & exemptions
7. Assessment appeals
8. Assessment cycle & key dates
9. Relationship between assessment & taxation
10. 2019 assessment roll statistics



# History of taxation

# History of property taxation



# Maxims of fair taxation

# Maxims of just taxation

- *Inquiry into the Nature & Causes of the Wealth of Nations* (Smith, 1776) Four Maxims of Just Taxation:
  1. Equity & ability to pay
  2. Certainty of payment
  3. Convenience of payment
  4. Proportionate to revenue requirement

# Maxims of just taxation

- How does BC's market value-based property taxation system measure up to Smith's four maxims?
  1. Equity & ability to pay:
    - Ability to pay related to level of taxation when property values accepted as proxy for wealth
  2. Certainty of payment:





# Maxims of just taxation

## 3. Convenience of payment:

- Assessment & tax notices sent at consistent time each year
- Can receive assessment notice via mail or e-post & tax notice via mail or electronic transmission

## 4. Proportionate to revenue requirement:

- Property tax revenue requirement determined after all other sources of revenue considered
- Supplementary assessments can be issued if BCA deliberately mislead
- Interest charged for taxes in arrears & delinquent

# What are other authorities saying?

- International Association of Assessing Officers (IAAO) states:  
Market value-based taxation results in values, & thus taxes, that are:
  - Uniform - like properties treated similarly
  - Fair - amount of taxes levied is related to ability to pay
  - Transparent - consistency in approach
  - Understandable
- “To maximize fairness & understandability in a property tax system, assessments should be based on current market value of a property...”

# About BC Assessment

# History of BC Assessment

- 1974 non-partisan commission tasked with examining property assessment & taxation
- Recommended creation of a province-wide assessment authority
- Operates independent of property taxing function & politics
- Since enactment of *Assessment Authority Act* & *Assessment Act* in 1974, BC Assessment has provided uniform, fair, & independent property assessments to the people of BC



**British Columbia  
Assessment Authority**

# Our product – assessment roll



- Annual list of property values providing stable, predictable base for real property taxation in B.C.
- Identifies ownership, value, classification & exemptions for property
- Represents over 2 million properties with total value of \$1.99 trillion
- Provides base for taxing authorities to raise  $\pm$  \$8 billion annually in property taxes for schools & important local services

# Valuation

# How we value different properties



Residential



Commercial

- Market value as of July 1<sup>st</sup>
  - Residential
  - Commercial

## Market value:

Most probable price property should bring in competitive market under all conditions requisite to fair sale, the buyer & seller, each acting prudently, knowledgeably & assuming price not affected by undue stimulus.

- Legislated (regulated values)

# Approaches to value

- Cost Approach

Informed purchaser would pay no more for a property than cost of producing substitute with same utility

- Direct Comparison Approach

Informed purchaser would pay no more for a property than cost to acquire an existing property with same utility

- Income Approach

Converts anticipated benefits (i.e. rental income) derived from ownership of property into value estimate

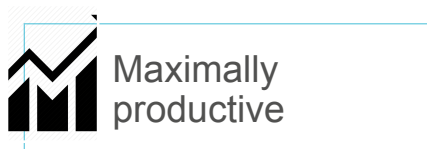
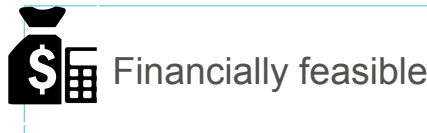
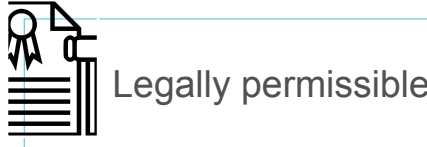
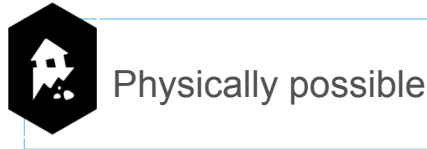




# Highest & Best Use

# Highest & best use (H&BU)

- Foundation of market value is H&BU, which is the reasonable probable use of a property that is:



# How land use affects market value

Our communities are changing.



## Local Government

When a local government introduces a new community or development plan, it provides a long-term vision for land use.



## Rezoning

The plan may permit rezoning to encourage redevelopment of under used property.



## Redevelopment

For example, new plans may support redevelopment of two-storey commercial buildings downtown into 20 storey mixed residential and commercial towers.



## Market Demand

If market demand for new towers is high, smaller buildings often sell quickly and for high prices based on their redevelopment potential, not their current use.



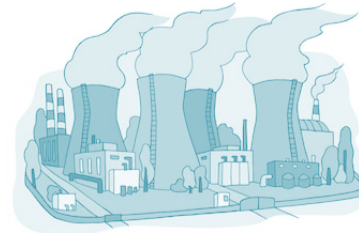
## Assessment

BC Assessment assesses properties at market value as of July 1 each year.

# Classification

# How we classify properties

Class	Title
1	Residential
2	Utilities
3	Supportive housing
4	Major industry
5	Light industry
6	Business other
7	Managed forest land
8	Recreational/non profit
9	Farm land



# Exemptions

# Exemptions

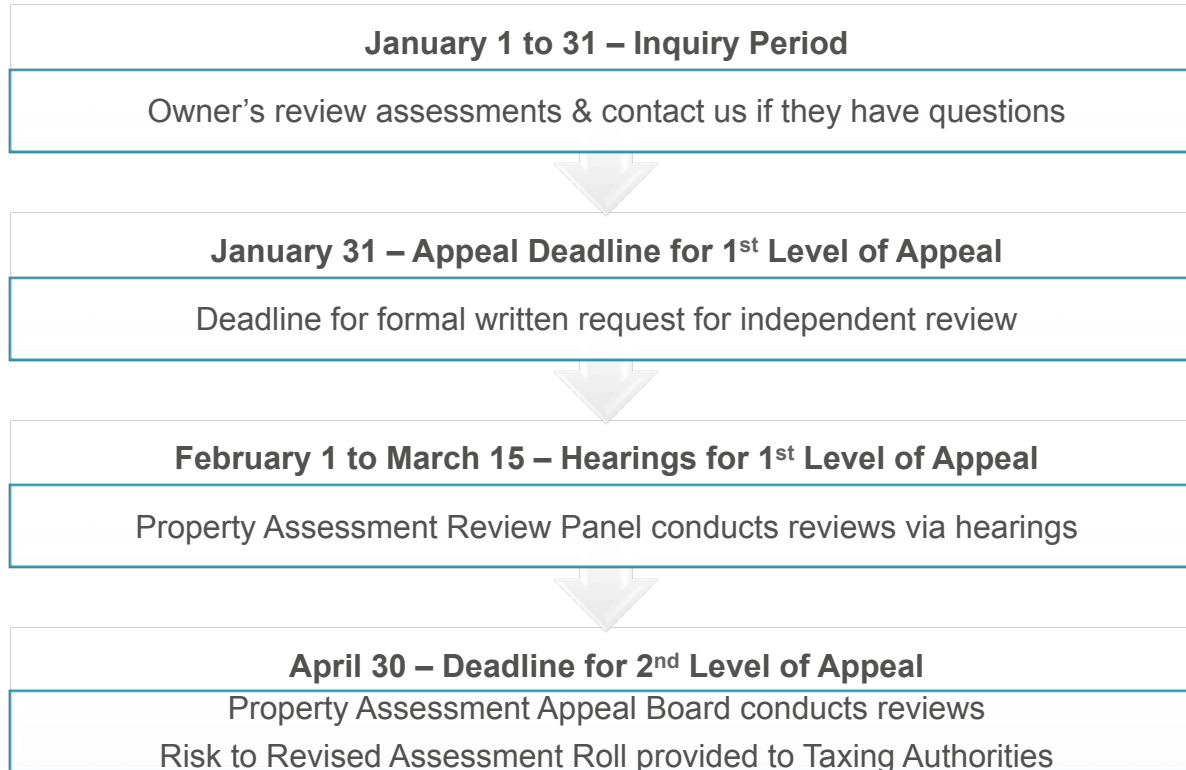
- An exemption applied by BC Assessment is a release from paying all or a portion of a tax levied by a local taxing authority
- Common exemptions are:
  - Statutory – granted by legislation
  - Permissive – granted by taxing authorities



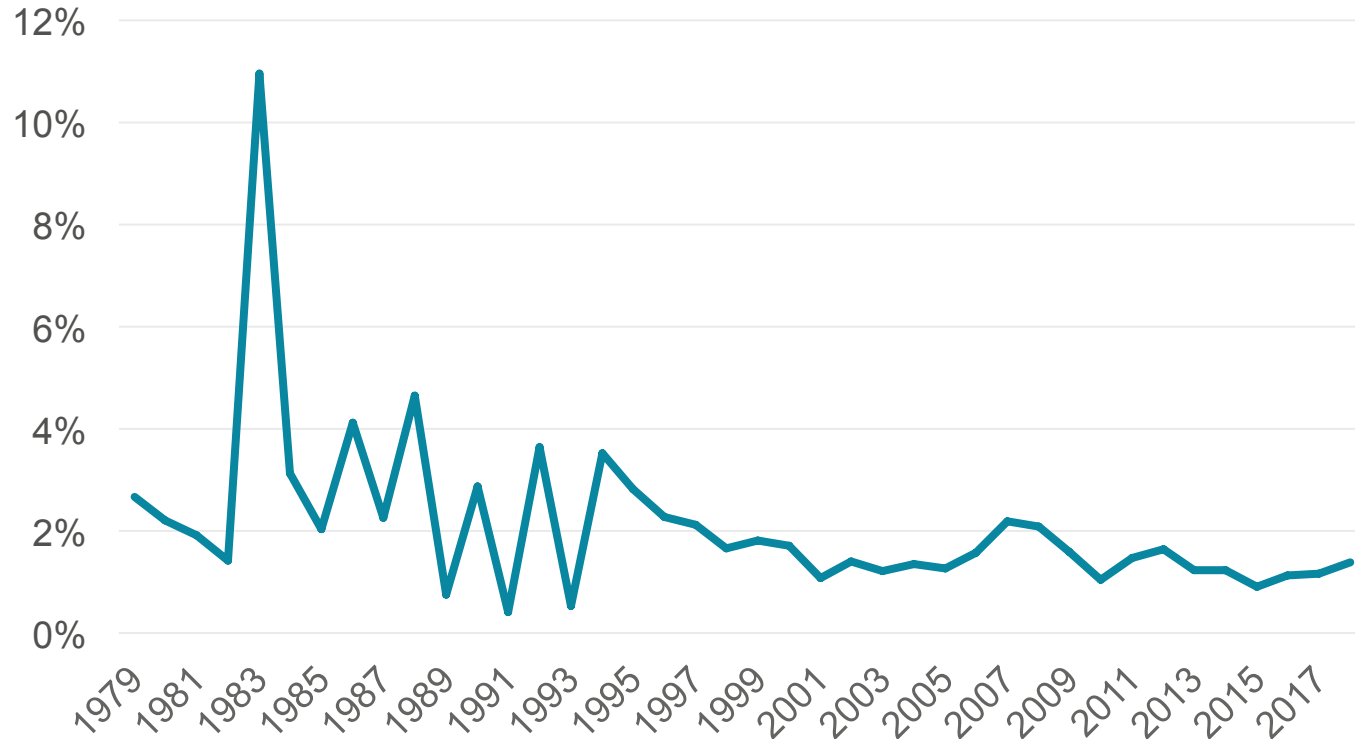
# Assessment appeals



# Appeal process

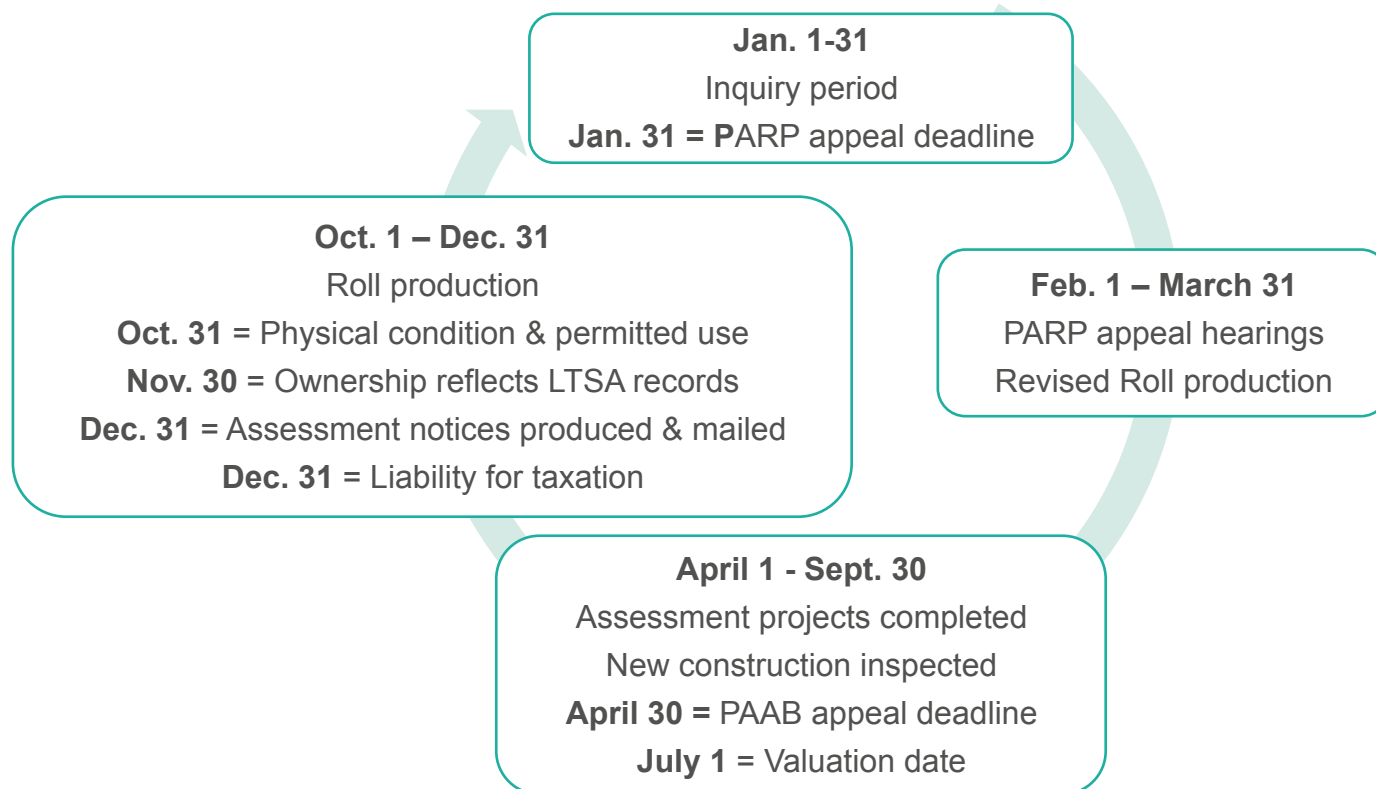


# Percentage of folios appealed: 1974 to 2019



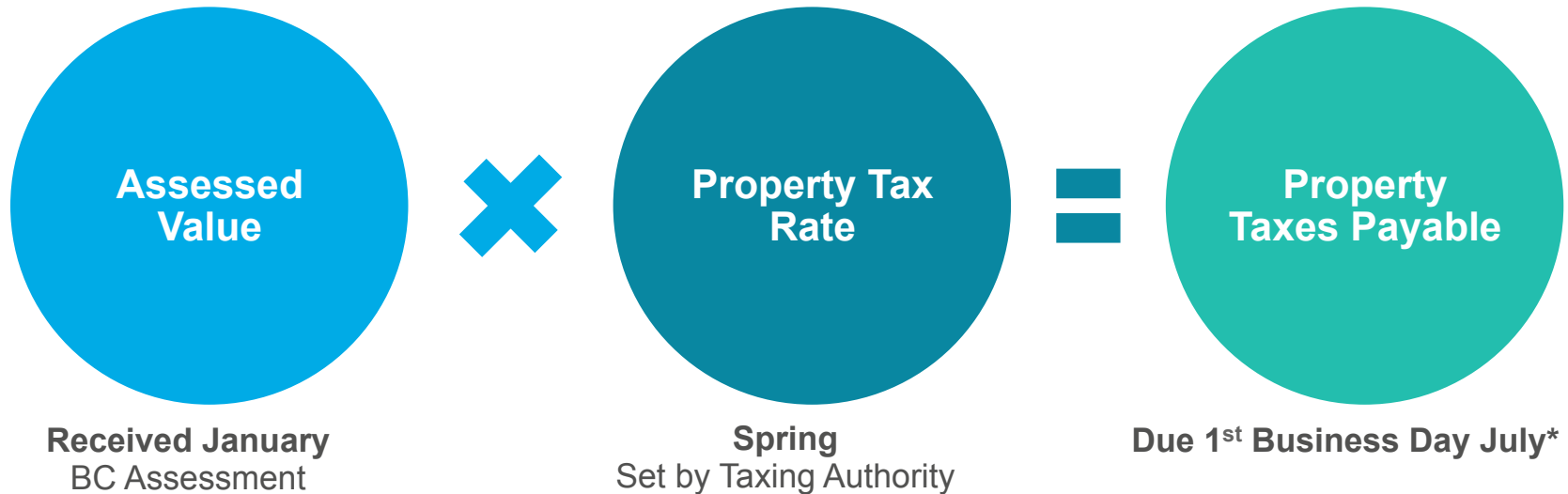
# Assessment cycle & key dates

# Assessment cycle & key dates



# Relationship between assessment & taxation




# Relationship between assessment & taxation



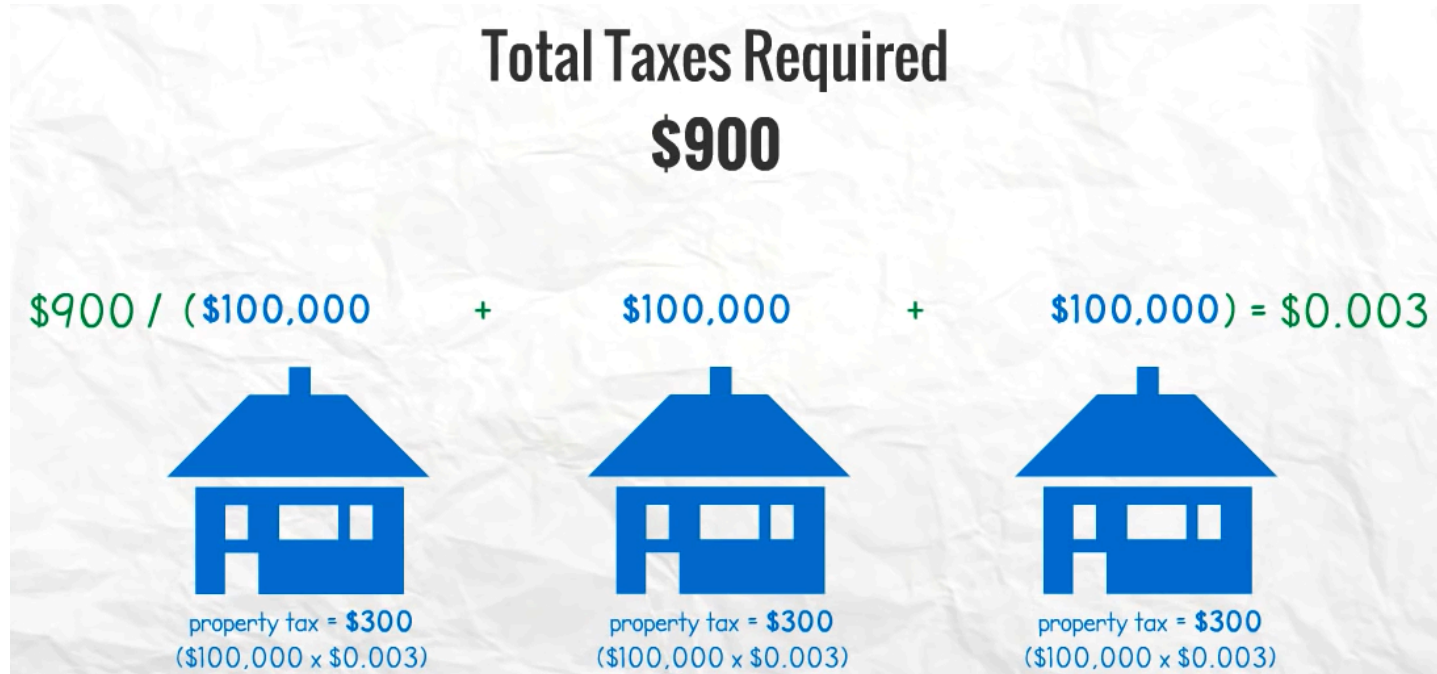
*\*Unless your taxing authority has enacted an alternative municipal tax collection structure under Section 235 of the Community Charter.*

# Impact of changes in assessed value on taxes

- “My assessment has gone up 40%, I can't afford for my taxes to go up 40%!”

	Your Property's Value Change	Property Tax Impact
1. 	<b>LOWER</b> than <b>Average</b> Change for Property Class	Taxes Likely <b>DECREASE</b>
2. 	<b>SIMILAR</b> to the <b>Average</b> Change for Property Class	Taxes Likely <b>DO NOT CHANGE</b>
3. 	<b>HIGHER</b> than <b>Average</b> Change for Property Class	Taxes Likely <b>INCREASE</b>

# Understanding Property Assessments & Taxes



<https://youtu.be/GJ1mzeCm5jw>



# 2019 assessment roll statistics

# 2019 assessment roll

2,067,479

+1.07% from 2018

- Number of properties

\$1.99 trillion

+7.45% from 2018

- Total value

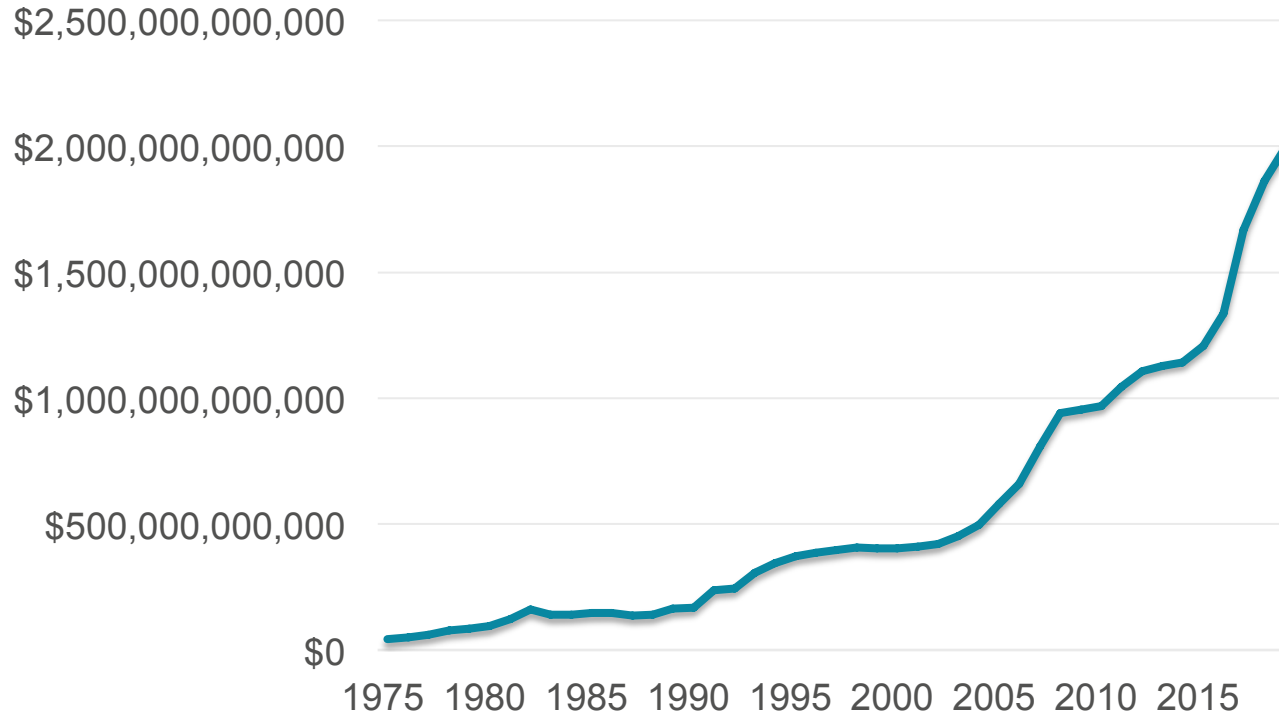
\$31.68 billion

- Value of new construction, subdivision, & rezoning

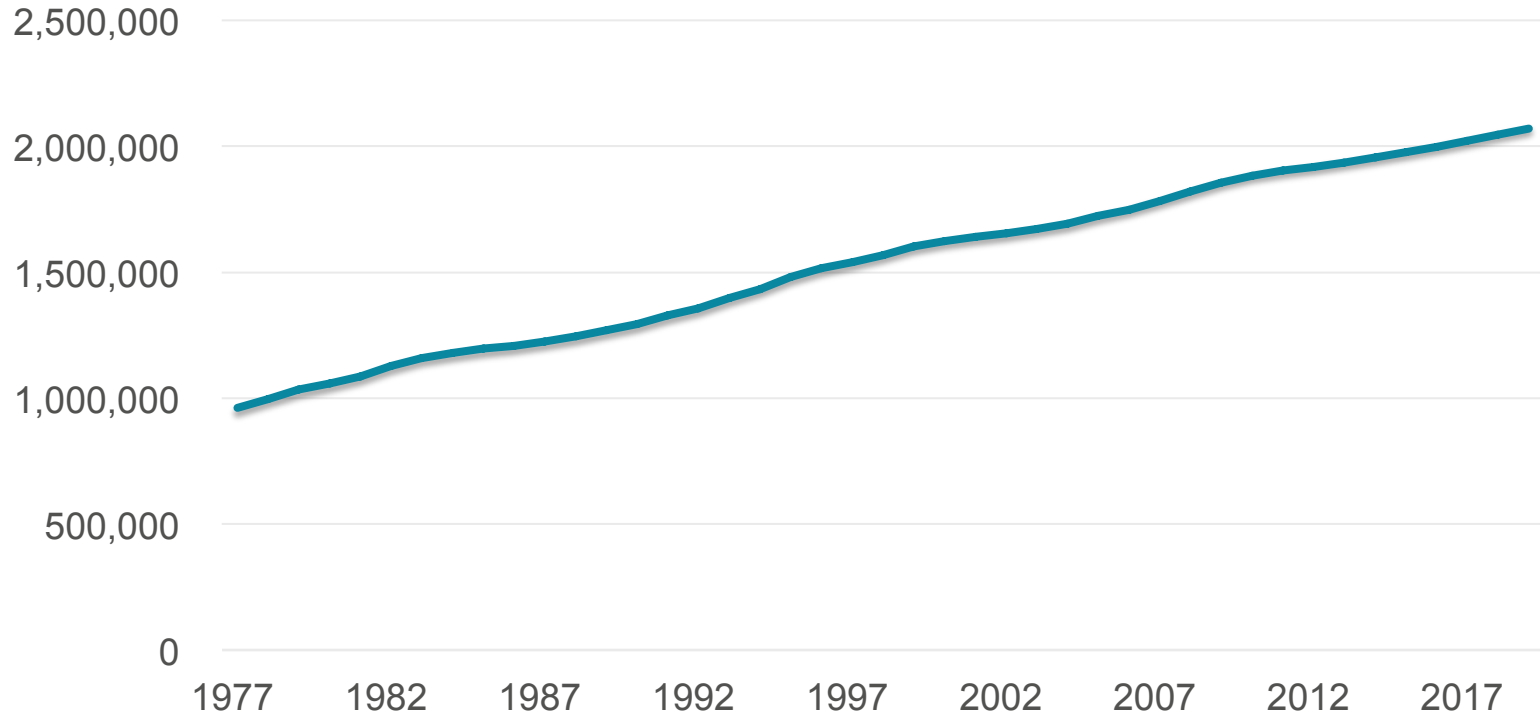
98.4%

- Assessments accepted without appeal

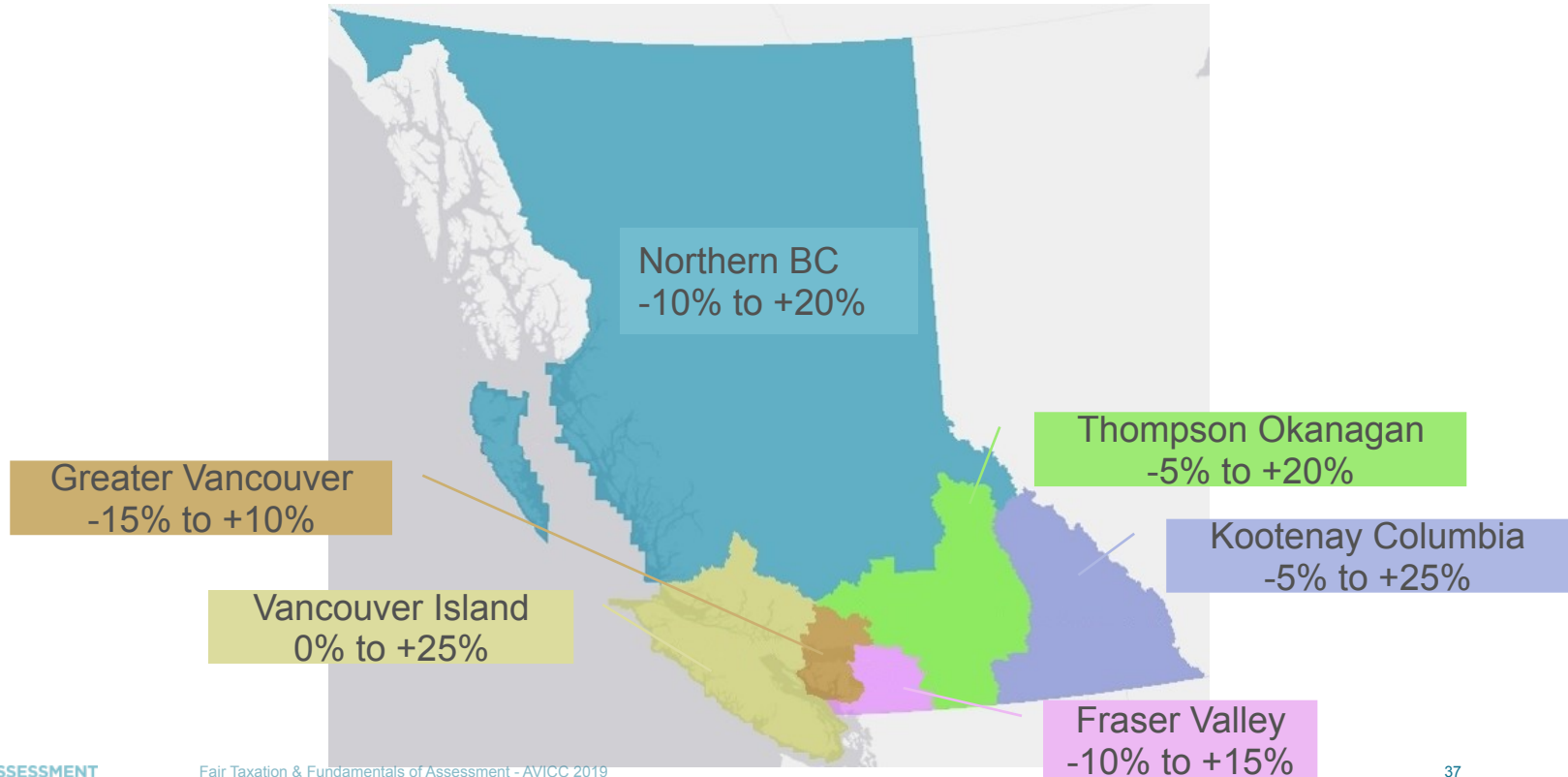
# Total actual value: 1974 to 2019



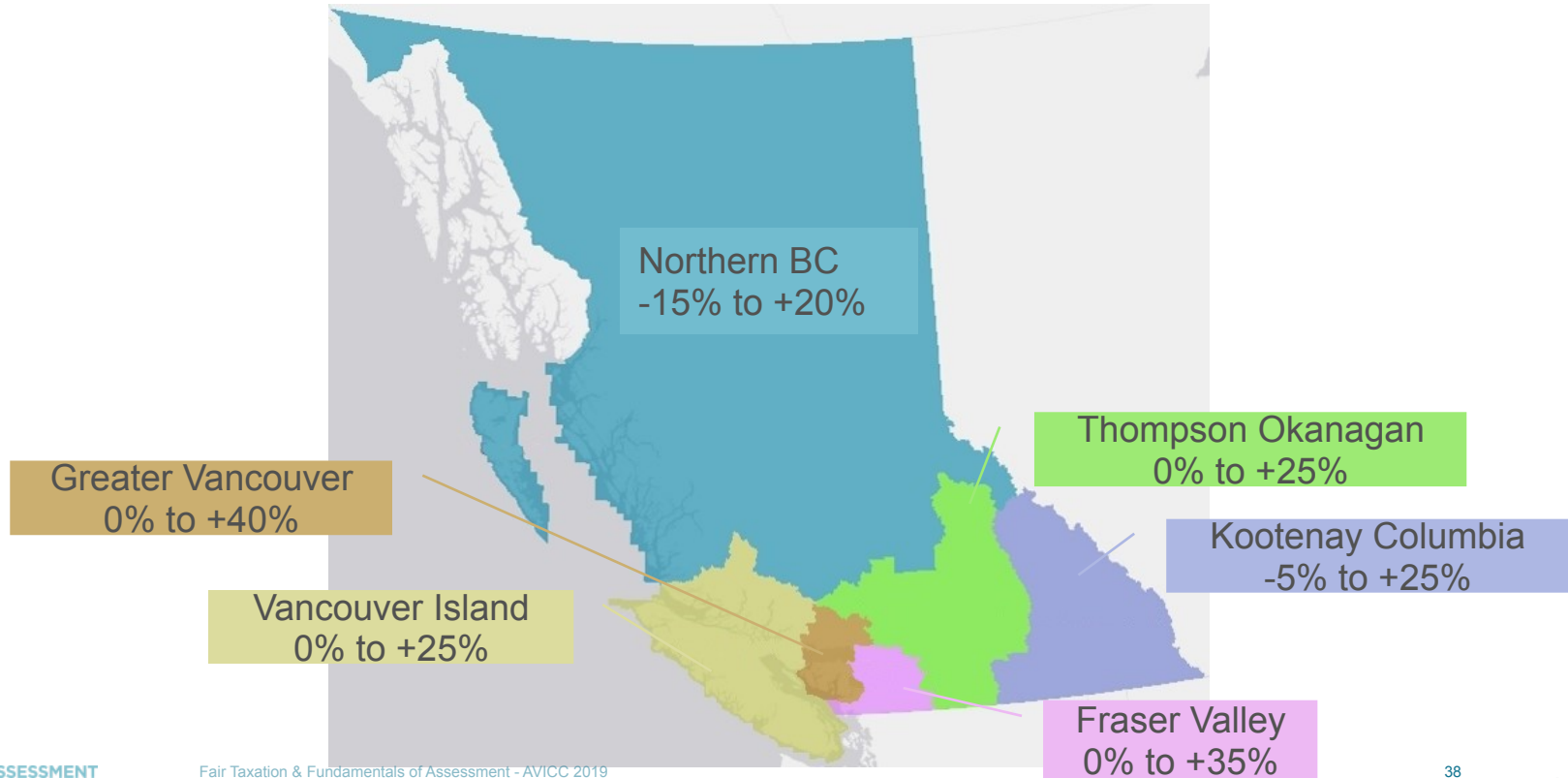
# Folio count: 1974 to 2019



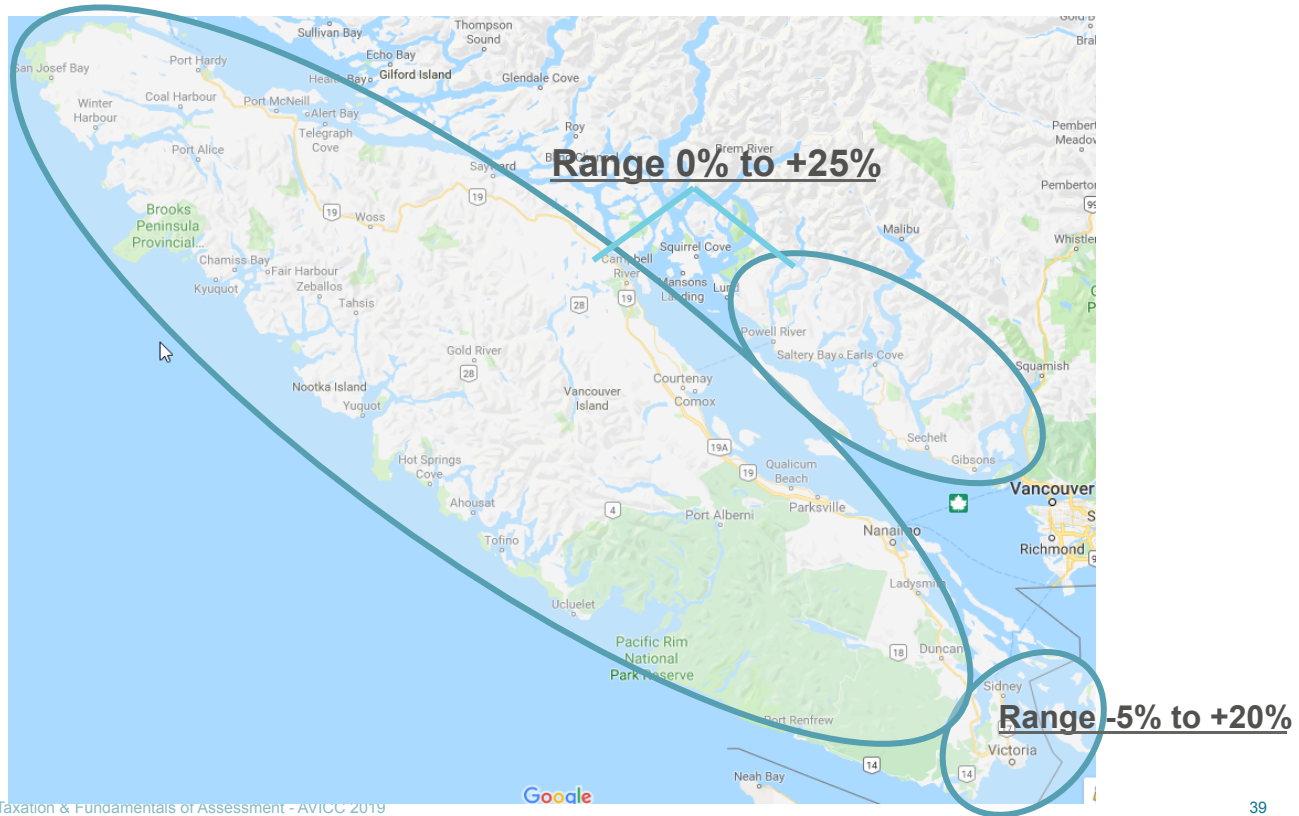
# Province - single family residential



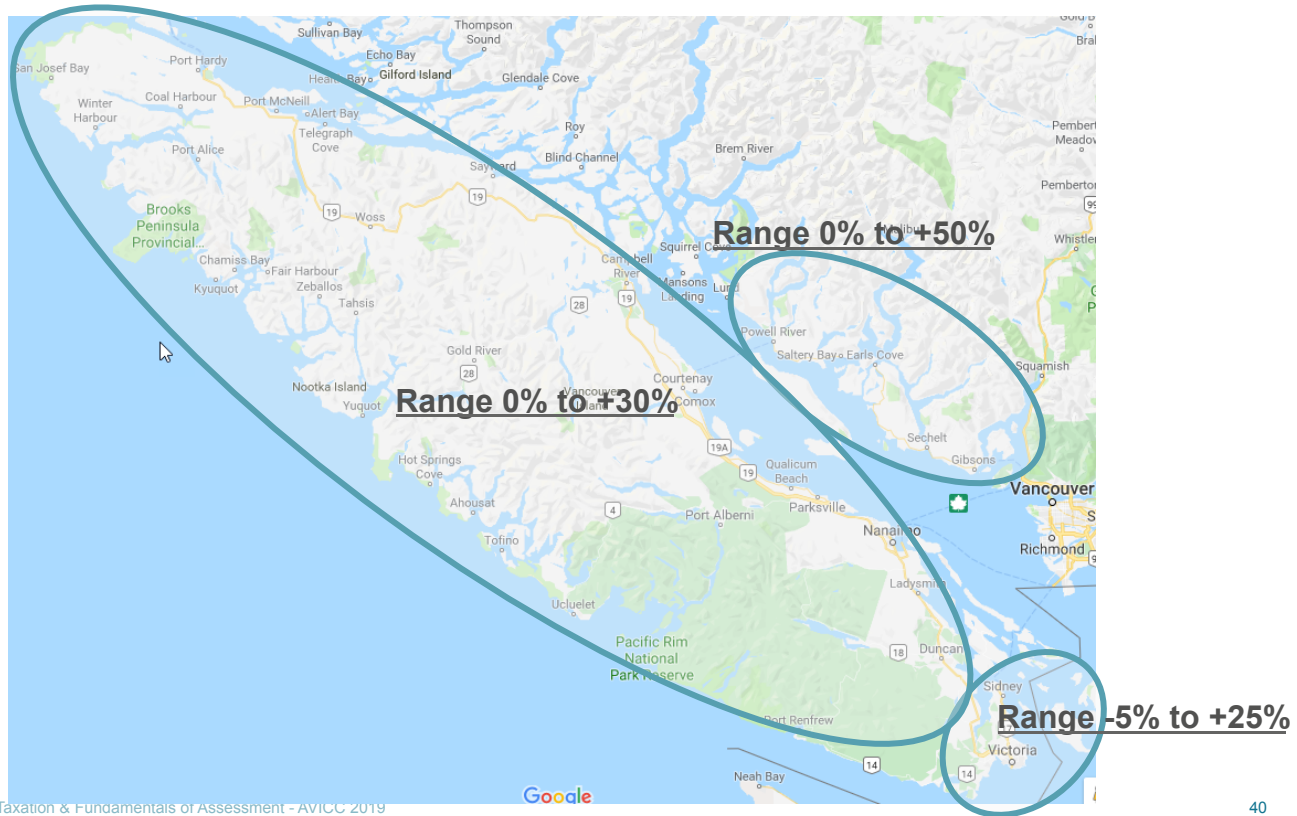
# Province - commercial



# AVICC Region – single family residential

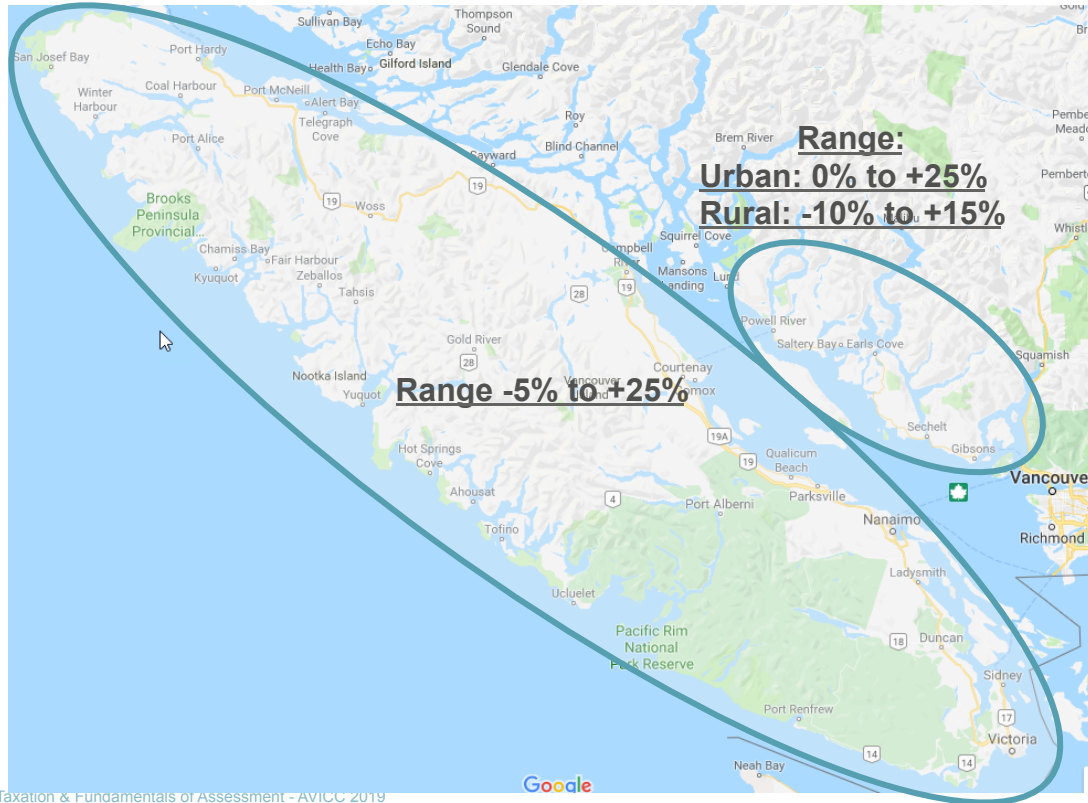


# AVICC Region – strata residential





# AVICC Region – commercial



# Benefits of collaborating with BC Assessment

# Collaborating to achieve our mandates

- By sharing information & working together, BCA & Taxing Authorities can:
  - ✓ Ensure fair & equitable property assessment & taxation
  - ✓ Maintain a stable & predictable assessment & tax rolls
  - ✓ Optimize property tax revenue levied & collected by Taxing Authorities
  - ✓ Increase citizen awareness of property assessment & taxation



# Information impacting property assessments

## Taxing Authority Information Impacting Property Assessments

Building permits	Permissive tax exemptions
Building plans	Revitalization exemptions
Land use control amendments	Mailing address changes
Development applications & approvals	Occupiers/lessees of your properties
Preliminary & final subdivision approvals	Situs (civic address) assignments
Extensions of service infrastructure	

- Any other information suggestive of a change in use of a property, or an error in a property assessment

# How to get involved

- Standard building permit report program
- Submit electronic building plans
- Submit address changes via BC Assessment's [Change of Address Notification e-Form](#)
- Participate actively on *Community Corner* web forum
- Add BC Assessment to consultation notifications
- Notify your local BC Assessment office of changes in occupied properties



Get involved!

# Resources

# Resources

- Data Advice
- Assessment LinkBC
- Standard Building Permit Report
- Service Boundary Web Map
- Assessment Search
- Property Information & Trends
- Community Corner Web Forum
- BCA YouTube Channel
- Tax Levy Bylaw Information

BC ASSESSMENT

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Last year we assessed over  
**2 million properties**  
across British Columbia

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Civic address  Start typing in address (unit#-house# street name street type direction city/town)

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