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Subject: small bueinsss answers

Greetings Mayor and Council,

Below are some answers to today's questions on business taxation and the discussion regarding a 2% tax shift, as well as some information on initiatives that are underway already.

- 1) The City recognizes the challenges of independent retail. The planning dept is undertaking a Retail Business Study to better understand the areas of risk for independent small business. Initial data should be available for review with Council in March or early April.
- 2) The City and Metro Vancouver are working with the province to address the significant impact on small independent businesses of rising assessments based on speculative or planned additional density. The province has committed to working with stakeholders on proposals such as split class, split bill and tax deferral taxes for business property owners similar to the residential tax deferral program.
- 3) The 2 items above are part of a small business review which includes the above as well as Development, Building and Licensing initiatives such as Commercial Renovation Center and other permitting improvements.
- 4) Regarding creating a separate property class for small business, this has been reviewed. Most businesses in Vancouver are small and include independent small business as well as global chains with a small retail footprint. As such the impact to small independent retail would be minimized while adding to residential tax burden.
- 5) Regarding the tax shift discussion, that decision can be made in April as part of the final tax distribution report. At that time the 2019 assessment information will be available and Council can review the impacts of 2019 assessment changes. As well, B.C. Assessment will be presenting information to Council in the new year. Council can determine the total budget and tax increase as part of the December 18 budget approval. The distribution decision can be made in April, which would also provide time for staff to report back to council on the current small business initiatives as well as the opportunity to engage the Property Tax Policy Review Commission.
- 6) As requested, below is an updated table "Indicative City Property Tax" on page 3 which shows the potential impact of a 2% tax shift from commercial to residential properties:

| | | | |
|---------------------------|-------------|---------------|-------------|
| Residential impact | 4.9% | 3.7% | 8.6% |
| Media strata | 41 | 31 | 72 |
| Median residential | 76 | 56 | 132 |
| Median single-family | 108 | 81 | 189 |
| Business impact | 4.9% | (4.4%) | 0.5% |
| Median commercial | 193 | (175) | 19 |

- 7) Note that the chart on page 61 outlines how the tax share has changed over the past 10 years. Business tax share has decreased from 48.4% to 42.3% from 2008 to 2018 (residential has increased from 51.6% to 57.7%).

Should you have any questions, please feel free to contact me or Patrice Impey.

Sadhu

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