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City shifts \$5.6 million in taxes from business to homeowners

Jeff Lee, Vancouver Sun

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Vancouver businesses, which the city acknowledges have long laboured under higher tax burdens than their counterparts in other Metro communities, won a small victory Thursday when city council agreed to continue shifting a portion of the tax levy to residential taxpayers.

The shift, in this case, is minute.

Business, which now pays 50 per cent of property taxes, will have that load trimmed by one per cent this year.

City staff estimate that the resulting increase on the average Vancouver residential property, valued at \$781,000, will be \$33. The decrease on the average non-residential property will be \$156.

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In real dollars, it's just over \$5.6 million this year moving from the commercial, industrial and utility sectors to homeowners on the city's \$567.25-million property tax base. This year's

municipal tax increase is 2.08 per cent.

But business leaders said afterwards that the amount, part of a five-year program to try to move nearly \$24 million in taxes to the much larger residential base, is a welcome sign that the city and council understand they need to correct two decades of inequitable tax policies.

"It is not sustainable for eight per cent of the property owners in this city to be paying 50 per cent of the taxes," said Paul Sullivan, a member of the Vancouver Fair Tax Coalition, which has waged a long war to make business property taxes more affordable.

Most of the council agreed with him, although in supporting a staff recommendation to shift the ratio, they recognized the political risk of angering homeowners.

But not all liked the idea. Councillors David Cadman and Ellen Woodsworth of the Coalition of Progressive Electors were not happy.

Woodsworth said she sympathizes with small business owners.

But she also didn't want to give a break to large businesses and multinationals which she believes can better afford taxes than homeowners who, despite being asset-rich from an assessment point of view, still struggle with significant tax bills.

Despite the shift, businesses said the relief program, which will eventually see non-residential taxpayers carry 48 per cent of the burden and homeowners the

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rest, is still not enough.

"In my area property taxes represent \$5 per square foot. I have one business that pays \$55 a day in taxes," said Sharon Townsend, the executive director of the South Granville Business Improvement Area.

"That's the equivalent of paying someone \$10 an hour for five hours to stand in the corner and do nothing."

Sullivan and others in the 45,000-member coalition say the city needs to continue aggressively readjusting the tax levy rates so that residences eventually pay for all the services they use.

For that to happen, non-residential properties would shoulder only 30 per cent of the load. In a city where everyone's taxes are high and still going up, that's something "I won't see in my lifetime," he said.

For half of the last 16 years, the city has been slowly moving more of the tax burden from businesses to residences. But those shifts are so tiny that they don't overcome annual tax increases the city levies to balance its budget.

City staff say the commercial business class now pays 47 per cent of the city's property taxes while residences pay 50 per cent.

The tiny heavy and light industry and utility zones each pay one per cent.

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