

tax levy in the 2019/20 year was less than 1%. If incorporated, the effect of this credit from fees would further support the conclusion of this report.

HISTORY

Islands Trust budget history is posted to the Islands Trust [website](#). This history document highlights increases for the general property tax levy and for the BIM tax levy from 1994 to date.

It is important to note that the Islands Trust general tax increase quoted in this document does not include any increases related to Non-Market Change (NMC) in taxable property values. This factor must be taken into account before an appropriate analysis can be conducted. The amounts reflected in the table below have been adjusted so that the impact of NMC is appropriately reflected, creating a more equitable comparison framework:

Table 1: Five-Year Property Tax Levy Changes, General Tax Levy (LTAs) and BIM Tax Levy

YEAR	LTAs			BIM	Difference
	% increase excluding NMC	NMC % increase	TOTAL % increase	BIM % increase (includes NMC)	
2019/20	2.0%	1.0%	3.0%	12.1%	9.1%
2018/19	2.0%	1.0%	3.0%	21.0%	18.1%
2017/18	0.0%	1.0%	1.0%	8.6%	7.6%
2016/17	0.0%	1.0%	1.0%	4.5%	3.5%
2015/16	0.0%	1.0%	1.0%	-0.4%	-1.4%

As clearly indicated, the increases that BIM is experiencing are showing as significantly higher than the increases seen for the remainder of the Trust. It is important to understand however, that the quoted increases for the LTAs is the average increase for all the LTAs combined. Individual increases for each LTA may be more or less than the quoted average that is being compared to the BIM levy. Consequently, the need to break down the levy changes by LTA is also required before an appropriate analysis can be undertaken.

A review of individual LTA changes across the same 5 years shows the following:

Table 2: Five-Year Property Tax Levy Changes, Individual LTAs and BIM

YEAR	DEN	GAB	GAL	GAMB	HORN	LASQ	MAY	N.PEN	SSI	SAT	S.PEN	TH	BIM
2019/20	3%	4%	3%	-1%	-2%	3%	6%	9%	3%	-2%	0%	3%	12%
2018/19	-1%	5%	3%	-2%	7%	-3%	5%	1%	5%	-2%	-2%	-5%	21%
2017/18	1%	1%	2%	0%	-3%	-1%	6%	-2%	2%	-3%	-3%	-4%	9%
2016/17	2%	1%	0%	4%	4%	2%	2%	0%	0%	-1%	-3%	4%	5%
2015/16	-1%	-1%	1%	2%	1%	9%	2%	-5%	4%	-7%	1%	6%	-0.4%

This breakdown of tax levy changes by individual LTA shows that not all LTAs are experiencing the 2% increase (or adjusted 3% increase in Table 1) that is quoted as the increase in the 2019/20 budget, or that is quoted in other years.

Levy information by LTA provides a more appropriate starting point for analysis of determining if the current municipal tax levy calculation is fair and equitable when compared to what other LTAs are paying for the same services.

METHODOLOGY

To determine if BIM is contributing an equitable amount for the portion of the Islands Trust budget they support, the levy received from each individual LTA must be broken into two parts: the portion of the levy related to Local Planning Services (LPS) which can be referred to as the 'planning levy', and the portion of the levy related to Council services and Islands Trust Conservancy (ITC) services which can be referred to as the 'federation-wide levy' - the latter being what BIM contributes to. A comparison of changes to the federation-wide levy year-over-year must be compared to the BIM levy changes year-over-year. This methodology allows for a true comparison of 'apples-to-apples' (or in this case 'levy-to-levy'), and removes the impact of factors such as: credits to the LPS portion of the levy related to LPS work funded from surplus; LPS levy offsets for changes in the composition of the budget (meaning LPS is shrinking as a portion of the Trust budget, while Council and ITC are increasing as a portion of the budget). It does not account for changes in property values across different LTAs, which must be looked at separately.

Below is a summary of the budget 2019/20 property tax levies by LTA, broken into their two sub-levies:

Table 3: 2019/20 Levy Components by LTA

LTA	Federation-wide Levy	Planning Levy	TOTAL LEVY 2020
Denman	53,233	194,668	247,900
Gabriola	196,776	719,594	916,370
Galiano	95,800	350,331	446,131
Gambier	90,691	331,649	422,340
Hornby	73,959	270,460	344,419
Lasqueti	21,795	79,703	101,498
Mayne	98,503	360,216	458,718
North Pender	150,362	549,862	700,224
Salt Spring	568,343	2,078,382	2,646,724
Saturna	34,259	125,282	159,541
South Pender	21,912	80,130	102,042
Thetis	31,260	114,315	145,575
Exec Islands	1,076	3,934	5,010
BIM	329,894	-	329,894
Total Islands Trust Area	1,767,860	5,258,526	7,026,386

FEDERATION-WIDE LEVIES

Analysis of the change in the federation-wide levy, by LTA, from fiscal 2018/19 to fiscal 2019/20 is summarized as follows:

Table 4: 2019/20 Federation-Wide Levy by LTA

LTA	Federation-Wide Levy		
	\$ Change from Prior Year	% Change from Prior Year	Average for LTAs, excluding BIM
Denman	5,172	11%	
Gabriola	21,117	12%	
Galiano	9,519	11%	
Gambier	5,589	7%	
Hornby	3,857	6%	
Lasqueti	2,234	11%	
Mayne	12,318	14%	
North Pender	21,776	17%	

Salt Spring	53,864	10%	
Saturna	1,760	5%	
South Pender	1,530	8%	
Thetis	3,020	11%	
Exec Islands	39	4%	10%
BIM	36,431	12%	
Total Islands Trust Area	178,226		

Based on this data, we can see that the federation-wide levy for all LTAs experienced increases in the 2019/20 budget. Increases range from 5% (Saturna) to 17% (North Pender). These increases correlate with the changes seen year-over-year in the portion of Net Converted Assessment Values (NCAV) that each LTA holds as part of the Trust whole. That is, North Pender experiences the highest federation-wide levy in the analysis above, and in this same year, they also had the highest increase in their share of NCAV. The same is true of Saturna, for example, who experienced the lowest federation-wide levy and also experienced the lowest change in their share of NCAV in this same year.

PLANNING LEVIES

Analysis of the change in the planning levy, by LTA, from fiscal 2018/19 to fiscal 2019/20 is summarized as follows:

Table 5: 2019/20 Planning Levy by LTA

LTA	Planning Levy		
	\$ CHANGE FROM PY	% CHANGE FROM PY	Average for LTAs, excluding BIM
Denman	1,614	1%	
Gabriola	13,994	2%	
Galiano	3,752	1%	
Gambier	(10,192)	-3%	
Hornby	(11,128)	-4%	
Lasqueti	1,128	1%	
Mayne	14,025	4%	
North Pender	33,351	6%	
Salt Spring	11,792	1%	
Saturna	(5,261)	-4%	
South Pender	(1,741)	-2%	
Thetis	879	1%	
Exec Islands	(230)	-6%	-0.11%
BIM	-	0%	
Total Islands Trust Area	51,982		

The above information shows that planning levies across the Trust area are experiencing much smaller changes than those seen for the federation wide levy. In some cases, the change is a decrease over the year before. As planning costs make up the largest portion of the Islands Trust budget (73% in 2019/20), the impact of the planning levy change has a much greater impact on the weighted average calculation of the overall levy increase/decrease experienced by any given LTA. For this reason, the increases experienced for LTAs, when expressed as a percentage, are much lower than the increase experienced by BIM, when experienced as a percentage.

METHODOLOGY CHECK

The average change in the federation wide levy is 10% in the above analysis. This change accounts for 27% of the general property tax levy (see A below).

The average change in the planning levy is -0.11 % in the above analysis. This change accounts for 73% of the general property tax levy (see B below).

The weighted average of the above two factors generates the following:

A: Impact of federation wide levy change = $27\% \times 10\% = 3\%$ (rounded)

B: Impact of planning levy change = $73\% \times -0.11\% = 0\%$ (rounded).

A + B = 3% (rounded). This 3% is the sum of the quoted 2% tax increase in the approved 2019/20 budget + the 1% NMC that is experienced in the general property tax levy, which agrees to what is seen in Table 1.

Based on this calculation, there is confidence that the rationale applied in this assessment is sound in determining the breakdown between the two components of the levy, and how the two components influence and interact with one another in terms of levy percentage changes year-over-year. We can thus feel assured in saying that Bowen Island does not experience the same benefits of the large impact of the change in the planning levy in the way that the other LTAs do, as the BIM-quoted increase remains as the stand alone federation wide change and is thus subject to greater swings.

CONCLUSION

Based on the above analysis, it does not appear that the municipal levy calculation is generating inequitable levies for municipalities in the Trust area when compared to the federation-wide levy for the other LTAs. This analysis makes the assumption that expenses are correctly allocated between the various areas of function/service within the Trust budget, and is being applied appropriately.

ATTACHMENT(S):

1. Net Converted Assessment Values Information

FOLLOW-UP:

Staff to complete the final step of analysis and contemplate options to amend the municipal tax calculation as appropriate to do so within the confines of the Islands Trust Act. Considerations will be given to allocations of expenses within the Islands Trust budget between areas of function/service, as well as to the impact of ESRI licensing costs on the BIM levy.

Prepared By: Julia Mobbs, Director, Administrative Services

Reviewed By/Date: Russ Hotsenpiller, Chief Administrative Officer/May 24, 2019