

Understanding Property Assessments & Property Taxes:

Meet the Johnsons.

They live in a typical BC municipality.

They are homeowners and each January, they receive a Property assessment notice from BC Assessment along with all other property owners in BC.

Later in the spring, they also receive a property tax notice from their local municipality.

Property taxes are determined by your local municipality and based on the assessment value provided by BC Assessment.

Let's assume an imaginary town has three properties and all three properties have the same assessment value of \$100,000.

Assuming the total taxes needed to balance this town's budget is \$900, then tax rate must be set at \$900 divided by $\$100,000 + \$100,000 + \$100,000$, which equals \$0.003.

In order to collect the \$900 needed for the town to operate for the year.

That means that each property would have to pay $\$100,000 \times \0.003 , or \$300.

Each property pays their share of taxes based on their assessment value.

This looks simple, but let's see what happens the following year when assessment values change.

House #1 is assessed at \$150,000

House #2 is assessed at \$100,000

House #3 is assessed at \$70,000

House #1's value increased by 50%.

House #2's stayed the same.

While House #3's decreased by 30%.

In this scenario, the town's average assessment value increased by \$106,667 or 6.67%.

If the total taxes need to balance the town's budget are the same in year 2 at \$900, then a new tax rate must be calculated in order to balance the budget.

\$900 divided by $\$150,000 + \$100,000 + \$70,000$, which equals \$0.0028125.

That means that the taxes that each house pays in Year 2 will change to:

\$421.88 for house #1

\$281.25 for house #2

And \$196.87 for house #3.

The town still collects the \$900 needed to operate for the year, but compared to Year 1, each house will pay a difference of plus \$121.88 for house #1, minus 18.75 for house #2 and minus \$103.13 for house #3.

As you can see, how your taxes change each year depends on how your assessment changes in comparison to the average assessment changes in your city.

In our example, the average assessment increased by 6.67% to \$106,667 in year 2.

Because house #2 and house #3's assessment change was less than the average, they had a tax decrease even though the city didn't collect more in total taxes.

Only house #1 with a 50% increase in assessment value had to pay a significant increase in taxes.

This is a simplified picture of how your taxes are calculated each year.

BC Assessment works hard to ensure your property assessment is fair, accurate and equitable.

You and your community benefit as a result.

We are BC Assessment.

And, we value BC.