

# Report

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Date April 15, 2026  
Subject 2026 Property Tax Rates Bylaw No. 4068, 2026

File:

## PURPOSE

To introduce 2026 Property Tax Rates Bylaw No. 4068, 2026, which establishes the tax rates per property class for 2026 for first three readings.

## BACKGROUND

Section 197 of the Community Charter requires municipalities to annually adopt a Property Tax Rate Bylaw after the Financial Plan Bylaw but before May 15. The 2026 – 2030 Financial Plan Bylaw No. 4062 was adopted on March 18 at the regular meeting of Council.

The Community Charter s. 165(3.1)(b) requires the Financial Plan Bylaw to set out the distribution of the property value taxes among the property classes. The Revenue Tax and Budget Policy sets out Council's objectives for property tax distribution, which is then included in the Financial Plan Bylaw. Specifically, it says:

### 2. PROPERTY TAXES

- 2.1 Objective: Council will strive to provide all taxpayers with stable and equitable taxation while providing high quality services.
- 2.2 Policy: Tax ratios and rates will be set to maintain tax stability between property classes while factoring in non-market growth.

## DISCUSSION

### Distribution of Property Taxes

Typically, the property tax distribution would be brought forward to a Committee of the Whole to provide Council with the opportunity to review and provide direction on the allocation among the various property classes. However, due to the compressed timeline for budget preparation and the outstanding requisition amounts from the Cowichan Valley Regional District, this process was not feasible this year.

Despite these timing challenges, Council has consistently met the objectives of the Revenue Tax and Budget Policy. The allocation of taxes among the property classes has remained very stable over the past five years, demonstrating a continued commitment to predictability and equity in taxation. This stability is illustrated in the table below.

Property tax rates are calculated based on two factors: the total amount of tax revenue required and the assessed value of properties. When overall assessments increase, tax rates decrease because the same amount of revenue can be collected from a larger assessment base. Conversely, when assessments decrease, tax rates must increase to generate the required revenue. However, assessment changes do

not occur evenly across all property classes. As a result, setting tax rates to maintain specific ratios between classes can lead to noticeable shifts in tax impacts from one year to the next.

	<b>Property Class</b>	<b>2025 % of taxes</b>	<b>2024 % of taxes</b>	<b>2023 % of taxes</b>	<b>2022 % of taxes</b>	<b>2021 % of taxes</b>
1	Residential	68.09%	68.06%	67.68%	67.30%	68.00%
2	Utility	0.95%	1.01%	1.00%	1.00%	0.60%
3	Social Housing	0.00%	0.00%	0.00%	0.00%	0.00%
4	Major Industry	14.31%	14.46%	14.65%	14.80%	14.40%
5	Light Industry	3.22%	3.26%	3.33%	3.30%	3.30%
6	Business / Other	13.03%	12.82%	12.97%	13.10%	13.20%
7	Managed Forests	0.18%	0.18%	0.17%	0.20%	0.20%
8	Rec / Non-Profit	0.16%	0.15%	0.14%	0.20%	0.20%
9	Farm	0.06%	0.06%	0.06%	0.10%	0.10%
		100.00%	100.00%	100.00%	100.00%	100.00%

It is also important to note that the stability in the overall tax class distribution reflects an underlying change in Major Industry (Class 4) assessment. North Cowichan has experienced a reduction of approximately \$15.8 million in Class 4 assessment associated with the closure allowance for the paper operations at the Crofton Mill. While this change has a limited impact on the 2026 tax year, the full effect is not yet reflected in the tax base. Staff identified the anticipated reduction in the industrial assessment base during budget deliberations and noted the associated risk of tax rate volatility as the municipality transitions away from the mill and the tax burden shifts increasingly to residential properties. To help mitigate potential future spikes in tax rates, staff brought forward a recommendation to consider a modest additional tax increase at that time; however, this recommendation was not supported by Council.

Comparisons with other local governments are equally complicated, as each has a different mix of assessments. Some may have a large portion of industry and little residential; some may have a large number of businesses but no industry; others may be primarily residential. Because of these factors, local governments can have very different tax ratios for their classes. In 2025, the provincial average residential tax rate was \$3.31295 per \$1,000 (\$3.3129 per \$1,000 in 2024). North Cowichan's rate was again lower than the Provincial average at \$2.78604 in 2025 (\$2.5646 in 2024).

### Tax Rate Direction

2026 assessments have increased 1.60% over 2025, as shown below:

	<b>Property Class</b>	<b>2025 Final</b>	<b>2026 Revised</b>	<b>% Change</b>
1	Residential	10,210,912,896	10,410,477,834	1.95%
2	Utility	10,230,400	10,622,200	3.83%
3	Social Housing	0	0	
4	Major Industry	200,027,100	184,260,600	-7.88%
5	Light Industry	150,763,100	148,758,000	-1.33%
6	Business / Other	688,590,252	688,122,002	-0.07%
7	Managed Forests	3,567,000	3,563,000	-0.11%
8	Rec / Non-Profit	23,333,100	21,564,600	-7.58%
9	Farm	8,740,118	8,456,398	-3.25%
		<b>\$ 11,296,163,966</b>	<b>\$ 11,475,824,634</b>	<b>1.60%</b>

Of the 1.60%, non-market change (new investment) accounts for 1.17%, with market change accounting for the remaining 0.43% of the change to assessment since 2025, as shown below:

	<b>Property Class</b>	<b>% chg Due to NMC</b>	<b>% chg Due to Market</b>	<b>% Change</b>
1	Residential	1.52%	0.43%	1.95%
2	Utility	0.00%	3.83%	3.83%
3	Social Housing			
4	Major Industry	-12.47%	4.59%	-7.88%
5	Light Industry	2.88%	-4.21%	-1.33%
6	Business / Other	-0.10%	0.03%	-0.07%
7	Managed Forests	0.92%	-1.03%	-0.11%
8	Rec / Non-Profit	-8.37%	0.79%	-7.58%
9	Farm	-3.26%	0.01%	-3.25%
		<b>1.17%</b>	<b>0.43%</b>	<b>1.60%</b>

Staff have presented Council with two options for the Property Tax rate distribution: Option 1 is equal distribution, and Option 2 is equal distribution without Class 4, Class 8, and Class 9.

### Special Council meeting required

Due to the compressed timelines for printing and mailing the 2026 property tax notices, staff are recommending that Council convene an electronic special meeting on April 21, 2026, at 4:00pm to consider the adoption of the Tax Rate Bylaw. Tax notices are scheduled to be mailed by May 22, 2026, and the printer requires the final proof of the tax insert, including the approved residential tax rate, by May 1, 2026, which occurs before the next regular Council meeting on May 6, 2026. In addition, all tax

notice data files must be delivered to the printer by May 12, 2026, leaving a very limited timeframe for finance staff to finalize, review, and adjust tax rates following Council's decision. Holding a special Council meeting on April 21, 2026, would ensure sufficient time to meet these external deadlines while reducing operational risk and potential delays in issuing tax notices.

### Option 1 – Equal Distribution

The residential tax rate for 2026 would be set at \$3.06588 per \$1,000 of assessed value (\$2.78604 in 2025) for this option. Applying the property tax increase evenly across all property classes, in accordance with Council's policy, while continuing to levy the maximum allowable rate on utility properties (\$40 per \$1,000 of assessment), and maintaining Recreation/Non-Profit (Class 8) and Farm (Class 9) tax rates at the same level as the residential rate, as has been the longstanding practice, results in the following tax rates:

	<b>Property Class</b>	<b>2026 Multiple</b>	<b>2026 Tax Rate</b>	<b>2026 % of Taxes</b>
1	Residential	1.00000	\$ 3.06588	69.60%
2	Utility	13.04708	\$ 40.00000	0.90%
3	Social Housing	1.00000	\$ 3.06588	
4	Major Industry	10.30434	\$ 31.59187	12.70%
5	Light Industry	3.35311	\$ 10.28023	3.30%
6	Business / Other	2.84799	\$ 8.73158	13.10%
7	Managed Forests	7.71678	\$ 23.65871	0.20%
8	Rec / Non-Profit	1.00000	\$ 3.06588	0.10%
9	Farm	1.00000	\$ 3.06588	0.10%

### Option 2 – Equal Distribution without Class 4, 8 and 9

The residential tax rate for 2026 would be set at \$2.95373 per \$1,000 of assessed value under this option. Applying the property tax increase evenly across all property classes aside from Class 4, 8 and 9 while continuing to levy the maximum allowable rate on utility properties (\$40 per \$1,000 of assessment) results in the following tax rates:

	<b>Property Class</b>	<b>2026 Multiple</b>	<b>2026 Tax Rate</b>	<b>2026 % of Taxes</b>
1	Residential	1.00000	\$ 2.95373	67.03%
2	Utility	13.54234	\$ 40.00000	0.93%
3	Social Housing	1.00000	\$ 2.95373	0.00%
4	Major Industry	13.35000	\$ 39.43231	15.84%
5	Light Industry	3.35311	\$ 9.90418	3.21%
6	Business / Other	2.84799	\$ 8.41218	12.62%
7	Managed Forests	7.71678	\$ 22.79328	0.18%
8	Rec / Non-Profit	1.05368	\$ 3.11228	0.15%
9	Farm	1.06389	\$ 3.14245	0.06%

Under Option 2, the tax rate would be set at \$7.84023 per \$1,000 of assessed value higher than Option 1, which increases financial risk given the uncertainty of the mill's ability to remit its 2026 property taxes; any delay or non-payment would materially affect cash flow and could necessitate the use of the Municipality's revenue anticipation borrowing bylaw, resulting in additional interest costs to 2026 operating expenditures. This risk is the primary reason staff are recommending Option 1, which provides a more equal distribution of the tax burden and helps mitigate significant volatility in tax rates. In addition, should Option 2 be implemented and the remaining portion of the mill receive a closure allowance in the 2027 tax year, the resulting loss of assessment would likely lead to an even larger residential tax rate increase, and limiting exposure to significant tax rate fluctuations remains an important consideration.

## OPTIONS

### 1. **(Recommended Option)** THAT Council

- a) gives first, second and third readings to Property Tax Rates Bylaw No. 4068, 2026 Option 1; and,
- b) Schedule an electronic Special Council meeting on April 21, 2026, at 4:00 pm to adopt Property Tax Rates Bylaw No. 4068, 2026.

- This option provides for an equal distribution in 2026, as it results in a more balanced allocation across the property classes. Option 1 offers a more cautious approach by reducing reliance on a single tax class and supporting more stable municipal cash flow. Should there be any delays or issues with payment in 2026, an equal distribution would lessen the potential impact on overall cash flow.

### 2. THAT Council

- a) gives first, second and third readings to Property Tax Rates Bylaw No. 4068, 2026 Option 2; and,
- b) Schedule an electronic Special Council meeting on April 21, 2026, at 4:00 pm to adopt Property Tax Rates Bylaw No. 4068, 2026.

- The Class 4 (Major Industry) tax levy under Option 2 accounts for a substantially larger share of the total distribution (\$7,265,670, compared to \$5,821,027 under Option 1). Given the current uncertainty regarding the Major Industry assessment and the timing of their tax obligations, Option 2 places greater reliance on this single property class.

## IMPLICATIONS

Option 1 has different impacts on different types of properties, as shown below:

	2026 Assessment	2026 Tax	2025 Assessment	2025 Tax	Tax Change
Average Single Family	766,779.00	2,350.85	761,839.00	2,122.51	\$228.34
Average Strata	455,420.43	1,396.26	441,663.00	1,230.49	\$165.77
Average Business	1,087,081.00	9,491.93	1,091,272.00	8,601.61	\$890.32

The average single-family dwelling in 2026 is \$766,779 (\$761,839 in 2025) which is a slight increase of 0.65% from 2025. The total General Municipal tax requisition is \$45,877,300 (\$41,810,894 in 2025). The tax increase to the average single-family dwelling with Option 1 is \$228.34.

Option 2 has different impacts on different types of properties as shown below:

	<b>2026 Assessment</b>	<b>2026 Tax</b>	<b>2025 Assessment</b>	<b>2025 Tax</b>	<b>Tax Change</b>
Average Single Family	766,779.00	2,264.86	761,839.00	2,122.51	\$142.34
Average Strata	455,420.43	1,345.19	441,663.00	1,230.49	\$114.70
Average Business	1,087,081.00	9,144.72	1,091,272.00	8,601.61	\$543.11

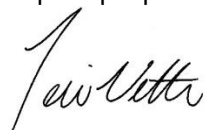
Under Option 2, the tax increase for the average single-family dwelling is \$142.34. While this option results in a comparatively lower increase for residential taxpayers, it also shifts approximately an additional 3% of the overall tax burden to Class 4 (Major Industry). This increased reliance on Major Industry places greater sensitivity on the municipal revenue stream and may introduce additional cash flow considerations should there be variability in tax remittance timing.

## RECOMMENDATION

THAT Council

- a) gives first, second and third readings to Property Tax Rates Bylaw No. 4068, 2026 Option 1; and,
- b) Schedule an electronic Special Council meeting on April 21, 2026, at 4:00 pm to adopt Property Tax Rates Bylaw No. 4068, 2026.

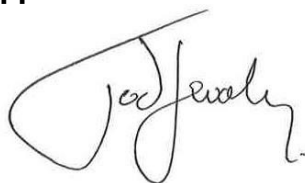
Report prepared by:




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**Approved to be forwarded to Council:**




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Ted Swabey  
 Chief Administrative Officer

Attachments:

- (1) Attachment 1 - 2026 Property Tax Rates Bylaw No. 4068 – Option 1
- (2) Attachment 2 - 2026 Property Tax Rates Bylaw No. 4068 – Option 2