



# Council Report

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**Date:** April 21, 2026  
**To:** Anthony Haddad, City Manager  
**From:** Katie Vinoly, Revenue Supervisor  
**Subject:** Tax Rates Bylaw No. 2026-20

File No:

## Staff Recommendation

THAT Council give first, second and third reading to "Tax Rates Bylaw No. 2026-20", a bylaw that establishes property taxation rates for the 2026 tax year.

## Strategic priority objective

**Mission:** Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

## Background

Pursuant to Section 197 of the *Community Charter*, annual property tax rates must be adopted by Bylaw prior to May 15. The property tax rates are prepared after the adoption of the City's Financial Plan. For the 2026 tax year, Council passed Bylaw 2025-38 approving a 5.93% General Municipal Levy increase net of non-market changes and proceeded to adopt the 2026-2030 Financial Plan on December 16, 2025.

BC Assessment is a provincial Crown Corporation that classifies and values all real estate in BC. Each year, they send Property Assessment Notices to property owners. These notices convey the fair market value of the property as of July 1 of the previous year. An assessment is an annual evaluation of a property's market value, classification, and any relevant exemptions. These initial assessments, known as the "Completed Roll", are mailed to property owners and municipalities in early January. Property owners have until January 31 to appeal their assessments. BC Assessment reviews all appeals and issues an updated "Revised Roll" at the end of March. The city calculates Municipal Tax Rates using the general purposes Revised Roll taxable values.

In 2018, Council passed Resolution 159/2018 approving the City of Penticton Property Taxation Distribution Policy (Attachment C). The policy adopts the revenue neutral approach for property tax rate setting for the General Municipal Levy (Attachment B). This approach means that the starting point for tax rate setting is to have each property class pay the same dollar amount in taxes as they did the previous year, plus the overall increase for the year (5.93% in 2026). The tax rates that result from this starting point are the revenue neutral rates.

Rates for the Regional District Okanagan-Similkameen (RDOS) and the Okanagan-Similkameen Regional Hospital District (OSRHD) are set in the City of Penticton Tax Rate Bylaw. RDOS and OSRHD remit an annual levy requisition to the City and rates are calculated using provincial ratios and the hospital purposes taxable assessment base from the Revised Roll (Attachment D). Programs funded through the RDOS levy include:

- General Government
- Invasive Species, Destruction of Pests, and Environmental Conservation
- Illegal Dumping and Solid Waste Management Plan
- Regional Trails, Regional Growth Strategy, and Heritage – Sub Regional
- Regional Transit and Economic Development
- Okanagan Basin Water Board
- Nuisance Control
- Emergency Planning
- Sterile Insect Release Program
- 911 Emergency Call System and Mosquito Control Program

Rates for the Downtown Penticton Business Improvement Association (DPBIA) are set with the City of Penticton Tax Rate Bylaw as well. The 2026 DPBIA requisition amount is outlined in the Downtown Business Improvement Area Bylaw No. 2022-09 (Attachment E) for the 2022-2026 taxation years and is applicable to Class 5 & 6 properties in the designated downtown area.

The City also collects funds on behalf of BC Assessment, the Municipal Finance Authority, and School District 67. These do not require rates set by City bylaw as these taxing authorities set their rates through their own Bylaws, Resolutions, and Orders in Council.

Monies collected on behalf of these agencies are in turn remitted back to the taxing authorities annually.

### **Financial implication**

The total in property taxes to be collected by the City is set annually in the Financial Plan. Revenue neutral rates are based on the previous year plus the budgeted increase thus, any differences between assumptions in the budget and actuals could result in differences from the total expected property taxes to be collected. In 2026, the actual Non-Market Change impact was \$39,940 more than the budgeted amount. Additionally, the Class 2 tax rate has been set at the maximum rate allowed per BC

Regulation 329/96. Due to this maximum, the current year calculated increase for that class was 1.06% rather than the 5.93% budgeted levy increase. As a result, at this time the total in expected property taxes to be collected is \$23,153 less than budgeted, however taxation revenue fluctuates throughout the year based on supplementary cycles.

**Analysis**

Non-Market Change:

The 2026 Revised Assessment Roll has been received from BC Assessment which contains decisions made by the Property Assessment Review Panel (PARP) as a result of assessment notice appeals, and any other corrections to the roll deemed necessary by BC Assessment. The Revised Roll captures both market and non-market changes. The Revised Roll indicates that the total increased by approximately \$76,862,463 compared to the prior year. This change includes an estimated increase of \$156,004,287 in non-market change which partially offsets the market decrease in assessment for 2026. This non-market change represents 1.28% of the total Revised Roll. Non-market change is generally defined as new construction or demolitions.

**2026 Summary of Non-Market Change**

<b>2026 NMC *Revised Roll</b>	<b>2026 NMC Assessment Distribution</b>	<b>Related Assessments</b>	<b>NMC New Revenue (Realized)</b>
01 – Residential	87.41%	\$136,362,749	\$516,620
02 – Utilities	0.00%	\$0	\$0
03 - Supportive Housing	0.00%	\$0	\$0
05 - Light Industry	4.45%	\$0	\$0
06 - Business & Other	8.13%	\$6,947,600	\$36,885
08 - Rec/Non Profit	0.00%	\$12,682,400	\$86,221
09 – Farm	0.01%	\$11,538	\$214
<b>Total</b>	<b>100.00%</b>	<b>\$156,004,287</b>	<b>\$639,940</b>

The Revenue Neutral Approach to Rate Setting & the Business Tax Multiplier (BTM):

The revenue neutral approach outlined in the City of Penticton Property Taxation Distribution Policy (Attachment C) is useful in maintaining fairness between property classes during market valuation volatility. The BTM is the ratio of the rate that businesses are charged in comparison to the residential rate. When setting a specific BTM, Council is able to shift the distribution of taxes between residential and commercial so that increases are not experienced equally, but instead in an intentional manner to achieve a purpose. When using the revenue neutral approach, the BTM is allowed to shift naturally with the changes in property class valuations in order to maintain the same general increase across classes.

The table below shows an illustration of how the multiplier shifts prior to any taxation increases when assessments shift from one year to the next:

**Table 1 – Example of Revenue Neutral Multiplier Shift**

Year 1	Assessment	Tax Rate (per \$1,000)	Taxes	Multiplier
Residential	\$600,000	5.00	\$3,000	1.00
Commercial	\$1,000,000	10.00	<u>\$10,000</u>	2.00
			<b>\$13,000</b>	
Year 2	Assessment	Tax Rate	Taxes	Multiplier
Residential	\$630,000	4.76	\$3,000	1.00
Commercial	\$1,200,000	8.33	<u>\$10,000</u>	1.75
			<b>\$13,000</b>	

As the residential assessment increased 5% and commercial increased 20%, the multiplier naturally shifted to 1.75 in order to maintain the rates and collect the same amount of revenues from each property class, the change is seen in the tax rate which adjusts to collect the correct revenue with the new assessed values.

Using that same example, if the multiplier was changed in the second year, additional burden would be shifted to commercial. Before applying any annual increase, applying a BTM of 2.00 would decrease taxes by 9.90% for the residential property and increase commercial by 2.97%.

**Table 2 – Example of Multiplier Shift to 2.00**

Year 2	Assessment	Tax Rate	Taxes	Tax Change	Multiplier
Residential	\$630,000	4.29	\$2,703	(9.90%)	1.00
Commercial	\$1,200,000	8.58	<u>\$10,297</u>	2.97%	2.00
			<b>\$13,000</b>		

Applying the revenue neutral approach in setting the 2026 rates results in a BTM of 1.79 (2025 BTM of 1.75) and an increase for the typical properties in each assessment class of the same 5.93%.

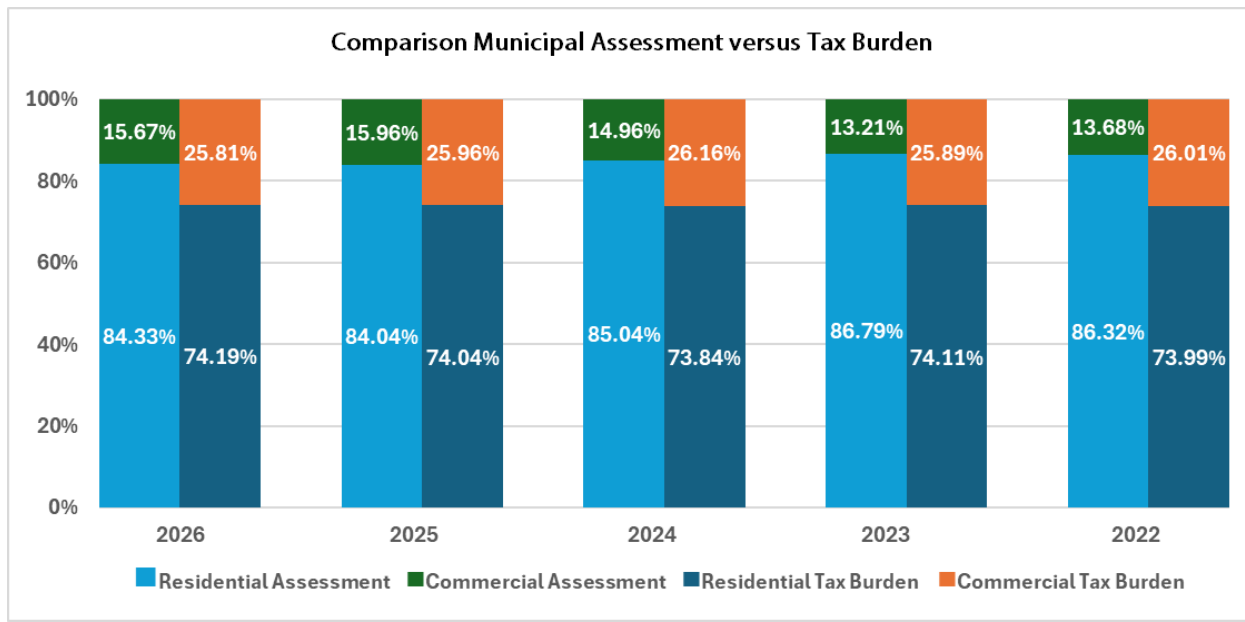
The increase in BTM for 2026 is not the result of market growth in business properties, but rather the relative change between property classes. Market assessments declined for both residential (-0.40%) and commercial (-2.48%) properties; however, the decrease was proportionally larger within the business class. As a result, this led to a higher distribution of the tax burden to the business class.

A summary of the overall impact of the revenue neutral tax rate development with the subsequent application of the maximum allowable rate for the Utilities property class is outlined in the table below.

**2026 Summary of Assessments, Tax Burdens, Multipliers & Increases**

Property Class	2026 General Municipal Revised Assessment Roll	2026 Taxable Assessment Distribution	2026 Property Tax Burden	2026 Multipliers	2026 % Increase
1 Residential	\$10,407,403,000	84.33%	74.19%	1.00	5.93%
2 Utilities	\$25,335,500	0.21%	1.91%	10.53	1.06%
3 Supportive Housing	\$8	0.00%	0.00%	1.00	0.00%
5 Light Industry	\$205,840,500	1.67%	2.06%	1.40	5.93%
6 Business & Other	\$1,691,182,194	13.70%	21.63%	1.79	5.93%
8 Recreation/Non Profit	\$7,066,000	0.06%	0.07%	1.30	5.93%
9 Farm	\$4,400,183	0.04%	0.15%	4.90	5.93%
<b>Total:</b>	<b>\$12,341,227,385</b>				

The residential assessment distribution has remained comparable to the previous year, but the relative portion of taxes that the residential taxpayers bear has increased due to the non-market change increase for residential properties being greater than the increase in commercial properties; this is displayed comparatively in the graph below.



Business Properties:

The typical Business property is summarized in the following table:

Typical Business Property	2025*	2026	% Change	\$ Change
<i>Taxable Assessment</i>	\$1,446,406	\$1,408,137	-2.65%	-\$38,269
General Municipal	\$9,037	\$9,573	5.93%	\$536
<i>Taxes for Other Governments</i>				
RDOS - General	\$536	\$566	5.64%	\$30
RDOS - SIR	\$118	\$127	7.06%	\$8
RDOS - 911 & Mosquito	\$244	\$259	6.16%	\$15
Regional Hospital	\$732	\$777	6.12%	\$45
BCA	\$146	\$159	9.03%	\$13
MFA	\$0.72	\$0.70	-2.65%	\$0
SD67 - School	\$5,149	\$5,689	10.48%	\$540
<b>Overall Change:</b>	<b>\$15,963</b>	<b>\$17,150</b>		<b>\$1,187</b>

\*2025 assessment values adjusted to include non-market changes

Residential Properties:

Data collected by the Province of BC allows us to compare Total Taxes and Charges for typical residential properties throughout the province. These numbers include charges for municipal taxes, taxes for other governments, parcel taxes, and charges for city services, etc., and therefore provide a reasonably holistic overview of the cost to residential properties. The below table shows how Penticton compares to neighboring communities in the valley.

Municipality	2025 Total Residential Taxes & Charges
West Kelowna	\$6,830
Kelowna	\$5,885
Summerland	\$5,857
<b>Penticton</b>	<b>\$5,740</b>
Vernon	\$5,178

The typical Residential property is summarized in the following table:

Typical Residential Property	2025*	2026	% Change	\$ Change
<i>Taxable Assessment</i>	\$647,407	\$645,044	-0.37%	-\$2,363
General Municipal	\$2,307	\$2,444	5.93%	\$137
<i>Taxes for Other Governments</i>				
RDOS - General	\$98	\$106	8.12%	\$8
RDOS - SIR	\$22	\$24	9.57%	\$2
RDOS - 911 & Mosquito	\$45	\$48	8.65%	\$4
Regional Hospital	\$134	\$145	8.61%	\$12
BCA	\$23	\$25	6.33%	\$1
MFA	\$0.13	\$0.13	-0.37%	\$0
SD67 - School	\$894	\$948	6.05%	\$54
<b>Overall Change:</b>	<b>\$3,522</b>	<b>\$3,740</b>		<b>\$218</b>

\*2025 assessment values adjusted to include non-market changes

The taxable assessed value for 2026 typical properties is calculated by removing the 2026 non-market change for new properties and comparing only the value of properties that existed both in 2024 and 2025 with no significant changes (for example, building a new garage). This approach provides the closest true comparison available for a property owner year over year. Detailed information regarding this calculation for all property classes under both options is available towards the end of Attachment B, General Municipal Levy Calculations for each iteration.

### Attachments

Attachment A – Tax Rates Bylaw No. 2026-20

Attachment B – General Municipal Levy Calculations

Attachment C - City of Penticton Property Taxation Distribution Policy

Attachment D - Regional District Okanagan-Similkameen (RDOS) and the Okanagan-Similkameen Regional Hospital District (OSRHD) 2026 Requisition

Attachment E - Downtown Business Improvement Area Bylaw No. 2022-09

Respectfully submitted,

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Revenue Supervisor

General Manager of Corporate Services  AMC	City Manager  AH
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