Commercial property tax rate in Vancouver three times higher than residential rate with little rationale

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VANCOUVER—Throughout the entire Lower Mainland, but particularly in the City of Vancouver, businesses pay much higher property tax rates than residents, which can lead to businesses leaving the area or simply closing, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“When punitive commercial property taxes force businesses to leave or close, the make-up of our communities and cities can change profoundly,” said Josef Filipowicz, a senior policy analyst with the Fraser Institute and co-author of the study “Who Bears the Burden of Property Taxes in Canada’s Largest Metropolitan Areas?”

The study analyzes the ratio of municipal and provincial property tax rates (including education) paid by residents, businesses and industries in Canada’s major urban areas.

This year, throughout the Lower Mainland, the average commercial property tax rate was three times higher than the average residential property tax rate. But in the cities of Vancouver, Burnaby, New Westminster, Coquitlam and Mission, commercial property tax rates were approximately 3.5 times that of residential properties.

By comparison, Port Moody had one of the lowest ratios of 2.7-to-1.

Crucially, higher tax rates on businesses can erode competitiveness, leading to migration of businesses, reduced hiring and investment, and business closures.

“Across the Lower Mainland, businesses face a higher property tax burden than residents, with little justification for the higher rates,” Filipowicz said.

"Property taxes should reflect the level of services used by ratepayers, so local and provincial governments need to demonstrate how businesses in Vancouver consume three times the local services that residents do."

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MEDIA CONTACT:
Josef Filipowicz, Senior Policy Analyst
Fraser Institute

To arrange media interviews or for more information, please contact:
Bryn Weese, Associate Director, Communications
Fraser Institute
Tel: (604) 688-0221 ext. 589
E-mail: bryn.weese@fraserinstitute.org

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