



SURREY PROPERTY TAX

SURVEY RESULTS

THE INCREASING COST OF DOING BUSINESS IN SURREY

July 11, 2022



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1. INTRODUCTION

The Surrey Board of Trade (SBOT), a not-for-profit, independent business organization with a membership of over 6,000 business contacts, supports business and attracts business to Surrey. The organization is one of the top 10 largest boards of trades/chambers of commerce in Canada, out of 430. The Surrey Board of Trade's purpose is to enhance economic opportunities through a diversified service portfolio of government advocacy, workforce development, international trade, start-up/scale-up business services and being Surrey's concierge of business connections. The Surrey Board of Trade also contributes to city-building initiatives that enhance Surrey's livability.

The Surrey Board of Trade continues to assess the bottom-line impacts of tax increases and fees from all levels of government as part of its government advocacy portfolio. The Surrey Board of Trade surveyed its membership to ascertain the impact of 2022 City of Surrey property tax increases to business.

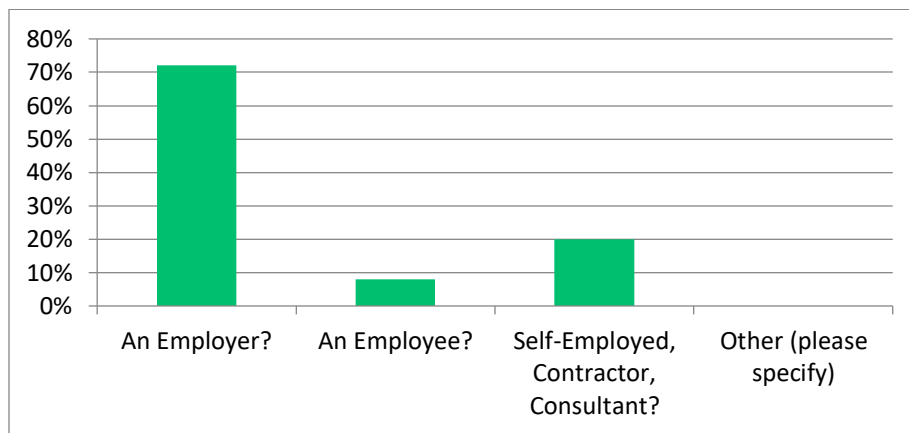
In summary, the pulse survey results signalled that the majority of respondents (just over 400) indicated a significant increase to their property tax rates, not only in 2022, but escalating unsustainably over previous years. The difference was noticeably large between 2020 and 2021 due to the temporary pandemic relief measure that reduced the provincial school tax in 2020. There was a large tax increase experienced by all business classes between 2021 and 2022.

2. RESULTS SUMMARY

A pulse survey was distributed to the Surrey Board of Trade membership by email and the greater community by social media. The survey contained six questions:

1. Describe yourself as a respondent (employer, employee, self-employed (contractor or consultant), or other.
2. How many employees are at your company?
3. What is your NAICS category?
4. What is your property tax rate class?
5. List your total property tax in 2020, 2021, and 2022.
6. What information would you like to see on your property tax bill in 2023?

Of the respondents, 72% were employers, 20% were self-employed, contractors or consultants, and 8% were employees.





We asked respondents to categorize their business or company based on North American Industry Classification System (NAICS).

WHICH CATEGORY WOULD BEST DESCRIBE YOUR COMPANY? (NAICS BASED CHOICES)

Construction	12%
Manufacturing	16%
Wholesale Trade	12%
Retail Trade	4%
Finance and Insurance	4%
Real Estate and Rental and Leasing	8%
Professional, Scientific and Technical Services	12%
Arts, Entertainment and Recreation	8%
Accommodation and Food Services	8%
Other (please specify)	16%

The tables below illustrate the percentage change in their property tax bills between 2020 and 2022.

CHANGES BASED ON SECTOR¹

MANUFACTURERS

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
6 to 10 employees	55.1	66.0	7.0
11 to 50 employees	20.0	33.3	11.1
11 to 50 employees	43.9	55.1	7.8

CONSTRUCTION

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
Over 100 employees	52.8	70.1	11.4
Over 100 employees	91.3	74.6	-8.8
Over 100 employees	55.6	N/A	N/A

¹ All of these responses are employers or self-employed. Those respondents that indicated they were employees have been excluded.

REAL ESTATE AND RENTAL AND LEASING

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
6 to 10 employees	19.4	30.8	9.6

WHOLESALE

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
6 to 10 employees	77.1	76.4	-0.4
11 to 50 employees	49.0	61.8	8.6
11 to 50 employees	43.3	64.6	14.9

PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
1 to 5 employees	68.9	166.7	57.9

ARTS, ENTERTAINMENT AND RECREATION

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
Sole contractor or consultant	No change	No change	No change

LEGAL

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
11 to 50 employees	45.6	64.3	12.9

ACCOMMODATION AND FOOD SERVICES

Number of Employees	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
Over 100 employees	8.4	10.7	2.2

CHANGES BASED ON PROPERTY TAX CLASS

LIGHT INDUSTRY (CLASS 5)

	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
	20.0	33.3	11.1
	43.9	55.1	7.8
	55.1	66.0	7.0
	52.8	70.1	11.4
	91.3	74.6	-8.8
	55.6	N/A	N/A
	43.3	64.6	14.9
	68.9	166.7	57.9
AVERAGE CHANGE	53.9	75.8	14.5

BUSINESS (CLASS 6)

	% change between 2020 and 2021	% change between 2020 and 2022	% change between 2021 and 2022
	49.0	61.8	8.6
	77.1	76.4	-0.4
	19.4	30.8	9.6
	36.3	50.5	10.4
	45.6	64.3	12.9
	8.4	10.7	2.2
AVERAGE CHANGE	39.3	49.1	7.2



3. CONCLUSION

The Surrey Board of Trade concludes that a pulse of Surrey's business community has indicated a significant increase in business property taxes in 2022. The burden of taxation by local government falls on businesses. This increase is not sustainable or feasible and must be addressed. There are many reasons why property taxes have increased and it requires all levels of government to work in coordination with each other to address this issue facing our city and region.

While this survey presents a snapshot of businesses and industries, and the number of respondents is not a significant figure, it should be considered that these are real businesses that have faced these increases. The snapshot provided by this survey shows that increases are jeopardizing the bottom line of some of these respondents. Increased expenses are being passed on to tenants and consumers and solutions are needed.

Businesses are being hit by the perfect storm, including a continued pandemic scenario, supply chain issues, interest rate increases, inflationary pressures, workforce challenges, and increasing property tax rates and land values.

Surrey needs a tax climate where businesses can not only survive, but thrive. Businesses are now facing the difficult decision to delay hiring, to delay business maintenance, and to delay capital investments. The distribution of taxes between commercial and residential needs to be more aligned with the consumption of services. Some respondents indicated the desire for the return of a business vote in all elections. If businesses are unable to sustain these continued tax increases, they will move or close altogether – impacting the livability and access to jobs for Surrey residents.