



2023

SURREY PROPERTY TAX

SURVEY RESULTS

THE INCREASING COST OF DOING BUSINESS IN SURREY

June 22, 2023



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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 2023 City of Surrey property tax increases to business.

The City of Surrey indicated there would be a 12.5% tax increase for 2023 property taxes. We wanted to take a pulse to see whether the average business would experience such an increase.

In summary, the pulse survey results signalled that the majority of respondents indicated a significant increase to their property tax rates. There was a significant tax increase experienced by all business classes between 2022 and 2023.

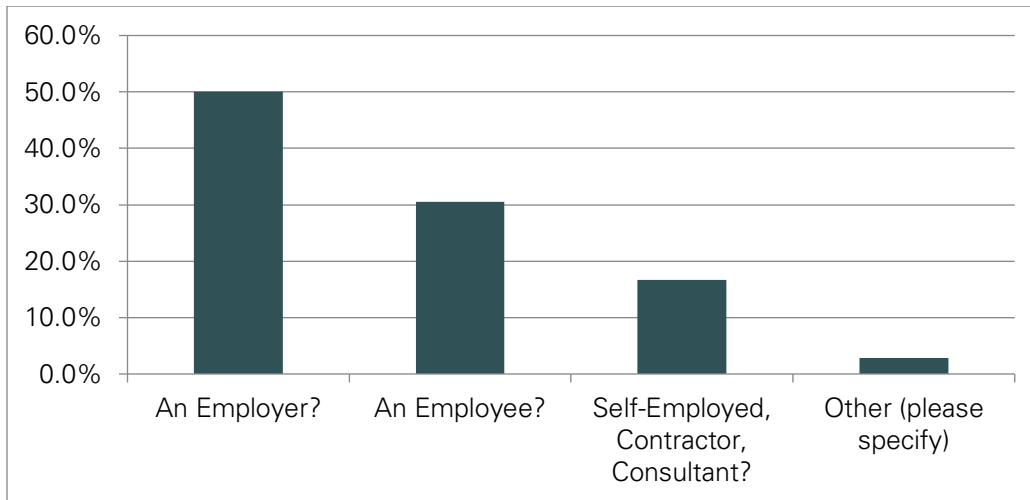
This year, we also chose to include those respondents that provided their residential property tax figures. Many business owners and employees work from home. These respondents also reported a property tax increase above the noted 12.5% indicated by the City of Surrey.

RESULTS SUMMARY

A pulse survey was distributed to the Surrey Board of Trade membership by email and to 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 2022 and 2023.
6. What information would you like to see on your property tax bill in 2023?

Of the respondents, 50% were employers, 16.7% were self-employed, contractors or consultants, and 30.6% were employees. The other indicator was retired.





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

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

Construction	8.3%
Manufacturing	16.7%
Wholesale Trade	5.6%
Retail Trade	11.1%
Transportation and Warehousing	5.6%
Finance and Insurance	8.3%
Real Estate and Rental and Leasing	5.6%
Professional, Scientific and Technical Services	8.3%
Management of Companies and Enterprises	2.8%
Health Care and Social Assistance	2.8%
Arts, Entertainment and Recreation	2.8%
Accommodation and Food Services	5.6%
Other Services (except Public Administration)	13.9%
Other (please specify)	2.8%

The tables below provide the percentage change in respondents' property tax bills between 2022 and 2023.

CHANGES BASED ON SECTOR¹

MANUFACTURERS

Number of Employees	% change between 2022 and 2023
1 to 5 employees	18.2%
6 to 10 employees	17.8%
11 to 50 employees	12.8%
11 to 50 employees	16.9%
11 to 50 employees	15.3%
Over 100 employees	19.0%
Average % Change	16.7%

CONSTRUCTION

Number of Employees	% change between 2022 and 2023
Over 100 employees	21.1%
Over 100 employees	33.5%
Average % Change	27.3%

REAL ESTATE AND RENTAL AND LEASING

Number of Employees	% change between 2022 and 2023
11 to 50 employees	1.2%
Over 100 employees	-0.9%
Average % Change	0.2%

RETAIL TRADE

Number of Employees	% change between 2022 and 2023
Sole contractor or consultant	7.2%
1 to 5 employees	31.1%
6 to 10 employees	18.2%
Average % Change	18.8%

WHOLESALE

Number of Employees	% change between 2022 and 2023
6 to 10 employees	41.7%
6 to 10 employees	27.2%
Average % Change	34.5%

PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES

Number of Employees	% change between 2022 and 2023
Sole contractor or consultant	83.3%
1 to 5 employees	30.1%
Average % Change	56.7%

TRANSPORTATION AND WAREHOUSING

Number of Employees	% change between 2022 and 2023
11 to 50 employees	13.9%
Over 100 employees	37.7%
Average % Change	25.8%

ACCOMMODATION AND FOOD SERVICES

Number of Employees	% change between 2022 and 2023
1 to 5 employees	25.7%
51 to 100 employees	24.3%
Average % Change	25.0%

FINANCE AND INSURANCE

Number of Employees	% change between 2022 and 2023
1 to 5 employees	14.8%
Average % Change	14.8%

MANAGEMENT OF COMPANIES AND ENTERPRISES

Number of Employees	% change between 2022 and 2023
Sole contractor or consultant	8.7%
Average % Change	8.7%

OTHER

Number of Employees	% change between 2022 and 2023
Sole contractor or consultant	20.0%
1 to 5 employees	34.2%
Over 100 employees	10.5%
Average % Change	21.6%

CHANGES BASED ON PROPERTY TAX CLASS

LIGHT INDUSTRY (CLASS 5)

	% change between 2022 and 2023
	19.0%
	12.8%
	16.9%
	15.3%
	18.2%
	17.8%
	21.1%
	13.9%
AVERAGE CHANGE	16.9%

BUSINESS (CLASS 6)

	% change between 2022 and 2023
	33.5%
	27.2%
	31.1%
	18.2%
	30.1%
	1.2%
	37.7%
	25.7%
	34.2%
	34.2%
AVERAGE CHANGE	27.3%

RESIDENTIAL (CLASS 6)

	% change between 2022 and 2023
	7.2%
	83.3%
	-0.9%
	24.3%
	14.8%
	8.7%
	10.5%
AVERAGE CHANGE	21.1%



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 2023. 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. This snapshot 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 lasting pandemic challenges, 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 facing the difficult decision to delay hiring, to delay business maintenance, and to delay capital investments. It is impeding their ability to grow and innovate. 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.