

2020 Tax Rate Bylaw

Meeting Date: May 12, 2020

Presented by: Linda Ollivier, Director

Department: Financial Services

Fiscal Update

Proposed amendment to 2020 Operating budget due to economic hardships experienced by all sectors in Fort McMurray

- result of lower oil prices
- high oil inventory levels
- impact due to COVID-19 pandemic

Due to these factors it is recommended that the budget be adjusted to show an overall reduction in property tax revenue and transfers to reserve and committed undrawn debt.

Proposed - Amended 2020 Budget

	2020 Budget	Revised budget
Revenues		
Anticipated Property taxes	604,844,200	492,373,825
Non-Property Tax	113,527,228	88,846,519
	\$ 718,371,428	\$ 581,220,344
Expenses		
Salaries, Wages & Benefits	\$ 222,195,411	222,195,411
Contracted & General Services	69,746,860	69,746,860
Purchases from Other Governments	24,587,720	24,587,720
Materials, Goods, Supplies & Utilities	35,621,254	35,621,254
Transfers to Individuals & Organizations	77,097,599	77,097,599
Other Expenses	1,971,500	1,971,500
	\$ 431,220,344	\$ 431,220,344
Transfer to Reserves		
Transfer for Capital Purposes	\$ 191,151,084	\$ 150,000,000
Undrawn Debt Reduction	96,000,000	-
	\$ 287,151,084	\$ 150,000,000
Surplus / (Deficit)	\$ -	\$ -

Proposed Amendment to Budget

- Reduction of property tax revenues from \$604M to \$492M
- Repayment of \$96M committed undrawn debt with uncommitted capital reserve funds.
- Reduce amount to be transferred to reserve by \$41M.

These amendments will not impact current operating and capital budgets.

ASSESSMENT UPDATE

2019 Assessment for 2020 Tax Year

- Market value as of July 1, 2019 (legislated date)
- Physical condition date of December 31, 2019 (legislated date)
- Assessment notices mailed January 20, 2020
- Customer review period is extended from March 30 to June 1st, 2020 due to Ministerial Order 014/20
- Designated Industrial Properties assessed by the provincial assessor

Assessment Changes by Tax Class

Tax Class	Assessment Change from 2019 to 2020
Urban Residential	-4% decrease
Other Residential (multi-family)	-20% decrease
Urban Non-Residential	-9% decrease
Rural Residential	-19% decrease
Rural Non-Residential	-0.70% decrease

Assessment Changes by Residential Sectors

Sector	Change in Assessment 2019 - 2020
Urban single family	-4% decrease
Urban vacant residential lots	-10% decrease
Condo	-8% decrease
Rural single-family residence	-19% decrease

Assessment Changes in Non-Residential / Other Residential Sector

Sector	Change in Assessment 2019 - 2020
Large single tenant retail	-15% decrease
Retail strip mall	-19% decrease
Hotel/Motel	-9% decrease
Warehouse	-9% decrease
Retail	-17% decrease
Apartment	-20% decrease

PROPERTY TAX RECOMMENDATION

Municipal Tax Calculation

Assessment x Municipal Tax Rate = Municipal Tax Levy

Proposed Tax Rates

Tax Class	2019	2020
Urban Residential	0.0019926	0.0020599
Other Residential	0.0056292	0.0058792
Urban Non-Residential	0.0039533	0.0041169
Rural Residential	0.0010476	0.0012415
Rural Non-Residential	0.0130453	0.0096543

2020 Municipal Property Tax Revenue

Tax Class	2019 Taxes	2020 Expected Taxes	% Change
Urban Residential	\$19,297,645	\$19,297,645	0%
Urban Other Residential (Apartments)	4,133,785	3,092,370	-25.19%
Urban Non-Residential	13,233,516	12,016,822	-9.19%
Rural Residential	\$561,262	\$561,262	0%
Rural Non-Residential	623,087,030	457,405,727	-26.59%
Total	\$660,313,239	\$492,373,825	-25%

Note – These figures do not include the education requisition amounts.

Property Tax Payment Comparison

Property Class	2019	2020	Change
Urban Residential	\$1,046	\$1,036	-\$10
Urban Other Residential	\$37,969	\$31,724	-\$6,245
Urban Non-Residential	\$4,744	\$4,496	-\$248
Rural Residential	\$414	\$411	-\$3
Rural Non-Residential	\$3,914	\$2,694	-\$1,220
Rural Non-Residential Machinery and Equipment	\$6,522,664	\$4,827,150	-\$1,695,514

Note – Tax payment examples are based on the median of total payments for that class and does not include other requisitions.

2020 Education Requisition

- Municipality acts as a “tax collector” for the provincial education property tax requisition
- The Province is holding the education requisition at last year’s amount.
- This requisition amount could possibly increase next year when a new Provincial budget is presented.
- Education requisition is not calculated on Machinery and Equipment.

Designated Industrial Property Requisition

- The cost of centralization of Designated Industrial Property assessments recovered through a requisition paid by the Designated Industrial Property assessed person
- Requisition applied only to industrial properties identified by the Provincial Assessor
- Municipality acts as a “tax collector” for the Designated Industrial Property requisition

Small Business Property

- *Matters Relating to Assessment Sub-Classes Regulation* allows municipalities to create a sub-class entitled “small business property” which is 25% lower than rural non-residential tax rate
- In 2018, Council approved the creation of a rural small business property sub-class
- The proposed 2020 tax rate Bylaw includes a tax rate for rural non-residential “Small Business Property”

Urban Residential



Urban Residential	2019	2020	Incr. (Decr.)
Assessed Value	\$525,000	\$502,800	(4%)
Municipal Tax Rate	x 0.0019926	x 0.0020599	
Municipal Tax	\$1,046	\$1,036	0%
Education Tax	\$1,561	\$1,230	(21%)
Total Taxes	\$2,607	\$2,266	(13%)

Urban Non-Residential



Urban Non-Residential	2019	2020	Incr. (Decr.)
Assessed Value	\$1,200,000	\$1,092,000	(9%)
Municipal Tax Rate	x 0.0039533	x 0.0041169	
Municipal Tax	\$4,744	\$4,496	(5%)
Education Tax	\$4,373	\$4,241	(3%)
Total Taxes	\$9,117	\$8,737	(4%)

Rural Residential



Rural Residential	2019	2020	Incr. (Decr.)
Assessed Value	\$395,000	\$331,200	(19%)
Municipal Tax Rate	x 0.0010476	x 0.0012415	
Municipal Tax	\$414	\$411	(1%)
Education Tax	\$1,175	\$810	(31%)
Total Taxes	\$1,588	\$1,223	(23%)

Rural Residential Tax Change

	2019	2020	% Change
Fort Chipewyan	\$314	\$303	-3% decrease in tax
Draper Area	\$3,016	\$2,434	-19% decrease in tax
Saprae Creek Estates	\$3,137	\$2,388	-24% decrease in tax
Anzac	\$1,930	\$1,239	-36% decrease in tax
Conklin	\$865	\$793	-8% decrease in tax
Gregoire Lake Estates	\$2,075	\$1,903	-8% decrease in tax

Note – These figures include the education requisition amounts.

Other Residential



Other Residential	2019	2020	Incr. (Decr.)
Assessed Value	\$6,745,000	\$5,396,000	(20%)
Municipal Tax Rate	x 0.0056292	x 0.0058792	
Municipal Tax	\$37,969	\$31,724	(16%)
Education Tax	\$20,058	\$13,198	(34%)
Total Taxes	\$58,027	\$44,922	(23%)

Rural Non-Residential



2019

2020

Incr.
(Decr.)

Rural Non-Residential (Commercial)

Assessed Value	\$300,000	\$279,000	(7%)
Municipal Tax Rate	x 0.0130453	x 0.0096543	
Municipal Tax	\$3,914	\$2,694	(31%)
Education Tax	\$1,093	\$1,084	(1%)
Total Taxes	\$5,007	\$3,778	(25%)

Rural Non-Residential Machinery & Equipment



2019



2020

Incr.
(Decr.)

Rural Non-Residential (M &E) Major Plant

Assessed Value	\$500,000,000	\$500,000,000	
Municipal Tax Rate	x 0.0130453	x 0.0096543	
Municipal Tax	\$6,522,664	\$4,827,150	(26%)
Education Tax	N/A	N/A	
Total Taxes	\$6,522,664	\$4,827,150	(26%)

Municipal Tax Rate Comparison 2016 – 2020

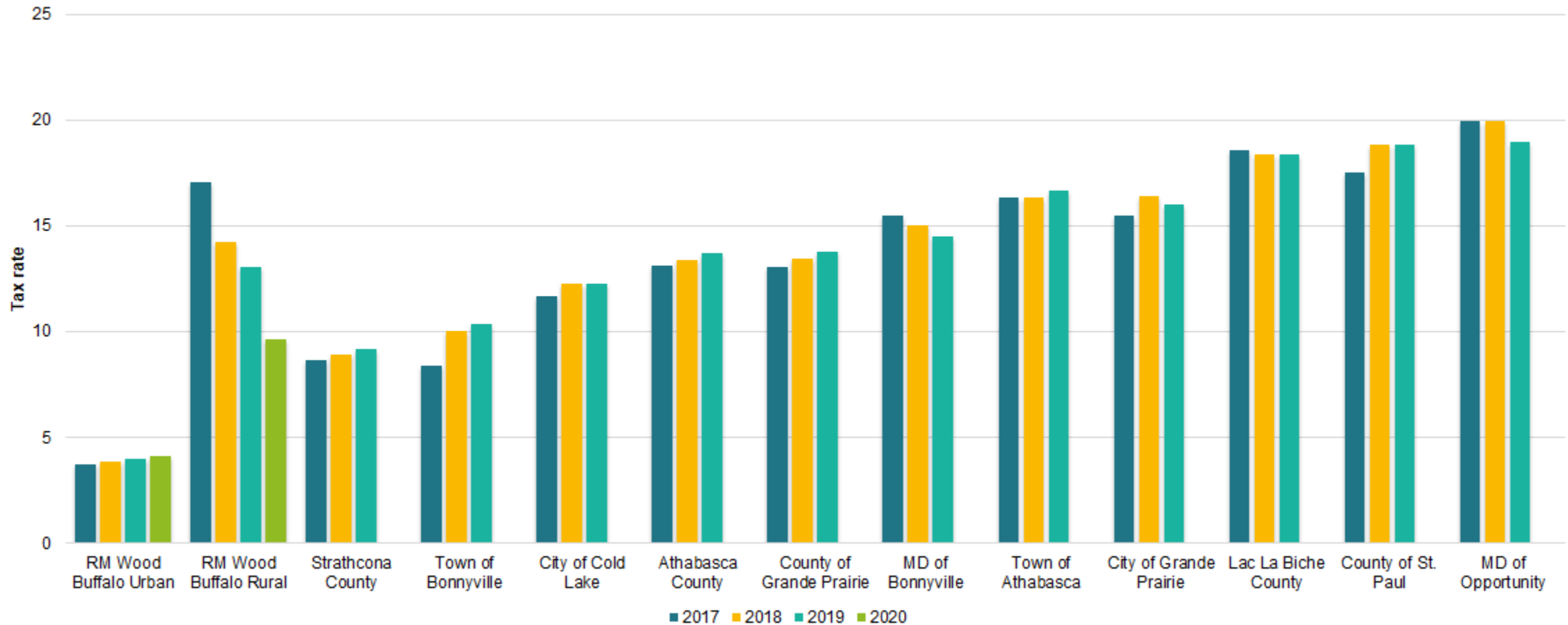
Residential



*Information gathered from the Alberta Municipal Affairs website.

Municipal Tax Rate Comparison 2016 – 2020

Non-Residential

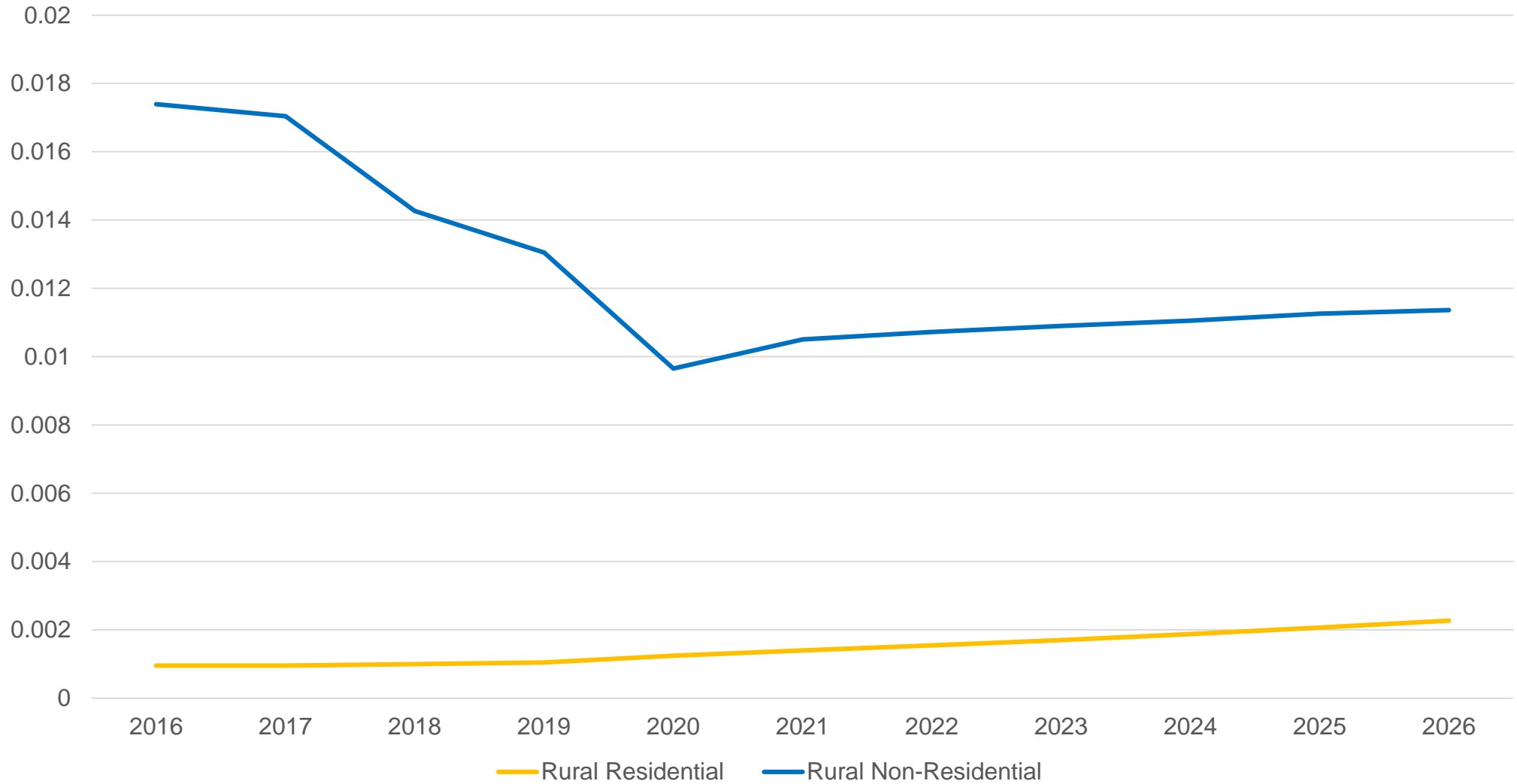


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Tax Ratio

- MGA Act s. 358(1)(c) defines “tax ratio”, as the ratio of the highest non-residential tax rate to the lowest residential tax rate. The RMWB presently is a nonconforming municipality meaning that the tax ratio is greater than 5:1
- In the RMWB the highest non-residential tax rate is the rural non-residential tax rate and the lowest residential tax rate is the rural residential tax rate
- Since the 2017 tax year the tax ratio has been decreasing from 18.1:1 to the present proposed ratio 7.78:1

5:1 Ratio



QUESTIONS?