

2019 Tax Rate Bylaw

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ASSESSMENT UPDATE

2018 Assessment Base

- Increase of taxable assessment base of \$1.7 B
- One industrial project was completed in 2018
- Market declines continue for many properties

2018 Assessment for 2019 Tax Year

- Market value as of July 1, 2018 (legislated date)
- Physical condition date of December 31, 2018 (legislated date)
- Assessment notices mailed February 20, 2019
- Customer review period is February 27 – April 29, 2019
- Designated Industrial Properties valued by the Provincial Assessor

Assessment Changes from 2018

Tax Class	Assessment Change from 2018 to 2019
Urban Residential	-9.66% decrease
Other Residential (multi-family)	-12.57% decrease
Urban Non-Residential	-4.22% decrease
Rural Residential	-0.58% decrease
Rural Non-Residential	+5.81% increase

Sector Market Changes Residential

Sector	Change in assessment 2018 -2019
Urban single family	-9% decrease
Urban vacant residential lots	-10% decrease
Condo	-18% decrease
Rural single family residence	-4% decrease
Rural vacant residential lots	0% no change

Sector Market Changes - Non Residential/Other

Sector	Change in assessment 2018 -2019
Large single tenant retail	-9% decrease
Retail strip mall	-10% decrease
Grocery store	-18% decrease
Hotel/Motel	-1% decrease
Warehouse	-8% decrease
Retail	-3% decrease
Apartment	-12% decrease

PROPERTY TAX STRATEGY

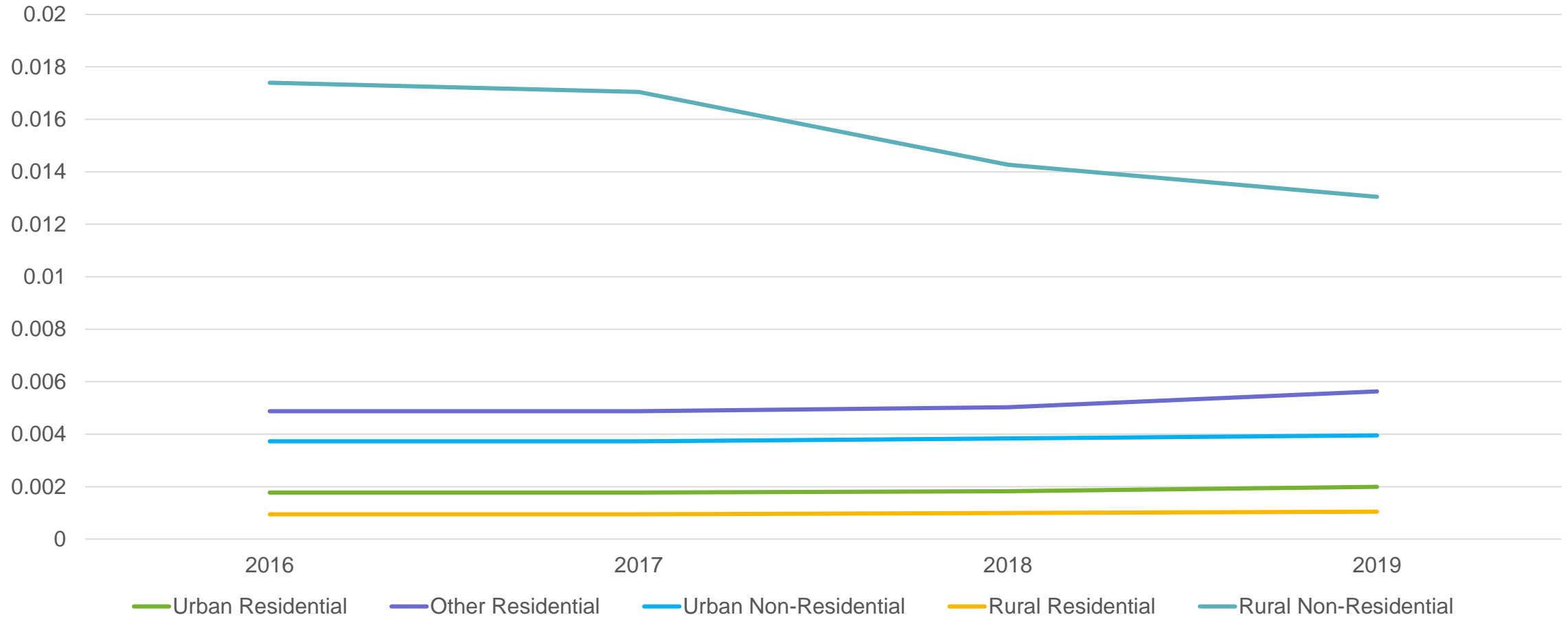
2019 Fiscal Highlights

- 2018 property taxes billed - \$679M (\$6.8M appeal allowance)
- 2019 property taxes to be billed - \$660M (\$16.6M appeal allowance)
- Reduction required property taxes is due to budget reductions, and growth in the rural non-residential tax class
- Tax ratio must not exceed last years tax rate ratio (Sec 358 MGA Act)

Municipal Tax Calculation

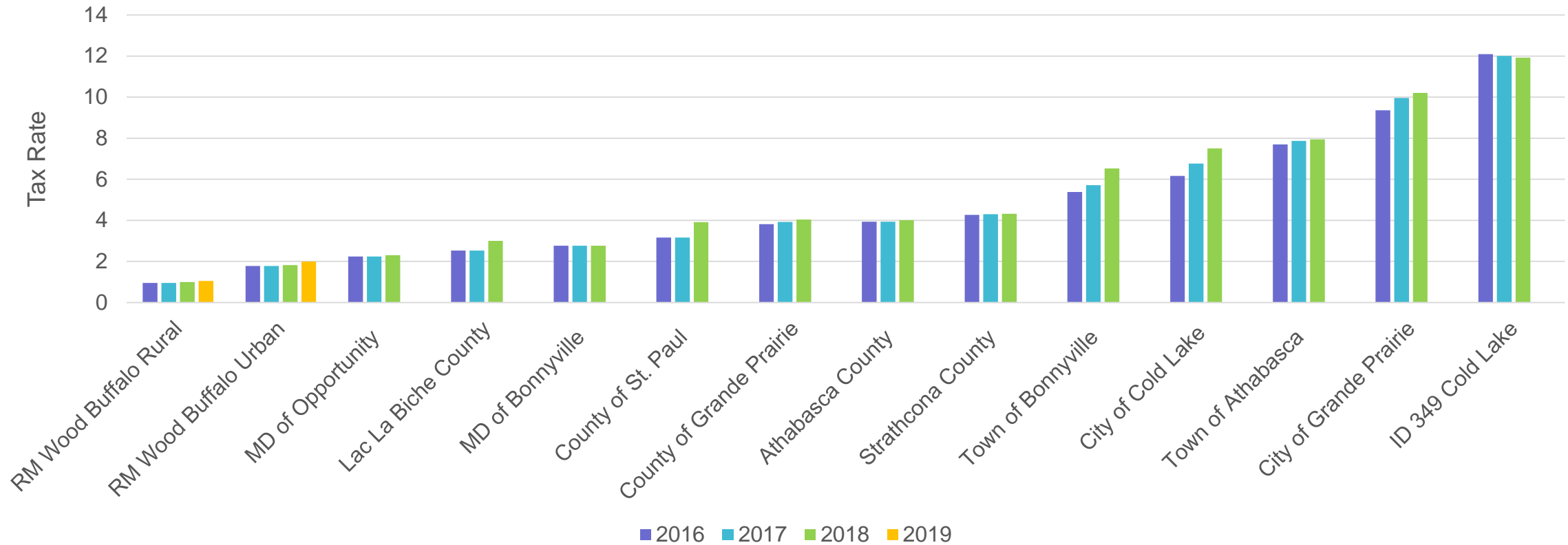
Assessment x Municipal Tax Rate = Municipal Tax Levy

Municipal Tax Rate Trends



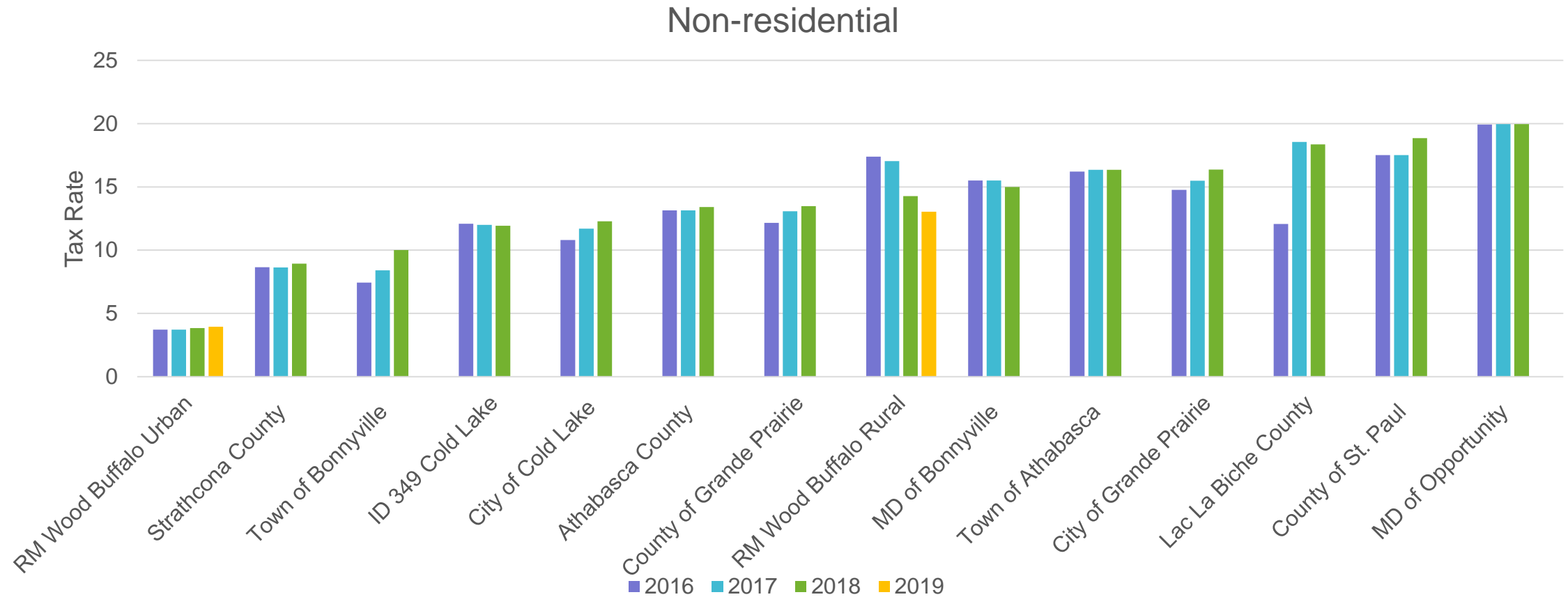
Municipal Tax Rate Comparison 2016 – 2019

Residential



**Information is gathered from the Alberta Municipal Affairs website.*

Municipal Tax Rate Comparison 2016 – 2019



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Tax Class Revenue

	2018 % of Total Property Tax Revenue	2019 % of Total Property tax Revenue
Rural Residential	0.08%	0.08%
Rural Non-Residential	94.49%	94.36%
Urban Residential	2.86%	2.93%
Urban Other	0.60%	0.63%
Urban Non-Residential	1.97%	2%
Total	100%	100%

2019 Education Requisition

- Municipality acts as a “tax collector” for the provincial education property tax requisition
- The Alberta School Foundation Fund has not released their 2019 provincial education property tax requisitions
- The 2018 education tax requisition was used
- Education requisition rates slightly increased due to overall reduction in 2019 assessments
- A subsequent increase/decrease to the actual 2019 education tax requisition will be adjusted as part of the 2020 taxation process

2019 Education Requisition

Tax rates for Separate & Public School	2018 - \$75.9 M	2019 - \$75.9 M	% Change
Residential	0.0028851	0.0029737	+3.07%
Non - Residential	0.0036404	0.0036438	+0.09%

Education Funding

Education funding comprises the largest part of a residential tax bill

- Urban: 60%
- Rural: 74%
- Municipality acts as “tax collector” for the Provincial Education Requisition
- Machinery and Equipment assessment is exempt from education tax

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 the rural non-residential tax rate
- In 2018, Council approved the creation of a rural small business property sub-class
- The proposed 2019 tax rate Bylaw includes a tax rate for rural non-residential “Small Business Property”

ADMINISTRATIVE RECOMMENDATIONS

Municipal Tax Calculation

Assessment x Municipal Tax Rate = Municipal Tax Levy

Administrative Recommendations

	2019 Assessment Change	2018	2019
Urban Residential	-9.66% decrease	0.0018280	0.0019926
Other Residential	-12.57% decrease	0.0050261	0.0056292
Urban Non-Residential	-4.22% decrease	0.0038382	0.0039533
Rural Residential	-0.58% decrease	0.0009977	0.0010476
Rural Non-Residential	+5.81% increase	0.0142677	0.0130453

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
- In the RMWB the highest non-residential tax rate is the rural non-residential tax rate
- In the RMWB the lowest residential tax rate is the rural residential tax rate

Tax Ratio Calculation 2019 (proposed)



2018 Tax Ratio : **14.30**

2019 Tax Ratio : $\frac{0.0130453 \text{ (Rural Non-residential)}}{0.0010476 \text{ (Rural Residential)}} = \mathbf{12.45}$



Urban Residential

Urban Residential	 2018	 2019	Incr. (Decr.)
Assessed Value	\$580,000	\$525,000	(9%)
Municipal Tax Rate	x 0.0018280	x 0.0019926	
Municipal Tax	\$1,060	\$1,046	(1%)
Education Tax	\$1,673	\$1,561	(7%)
Total Taxes	\$2,733	\$2,607	(5%)

Urban Non-Residential

Urban Non-Residential	 2018	 2019	Incr. (Decr.)
Assessed Value	\$1,000,000	\$960,000	(4%)
Municipal Tax Rate	x 0.0038381	x 0.0039533	
Municipal Tax	\$3,838	\$3,795	(1%)
Education Tax	\$3,640	\$3,498	(4%)
Total Taxes	\$7,478	\$7,293	(2%)



Rural Residential

Rural Residential	 2018	 2019	Incr. (Decr.)
Assessed Value	\$400,000	\$384,000	(4%)
Municipal Tax Rate	x 0.0009977	x 0.0010476	
Municipal Tax	\$399	\$402	0.80%
Education Tax	\$1,154	\$1,142	(1%)
Total Taxes	\$1,553	\$1,544	(.58%)



Rural Residential Tax Change

	2018	2019	% Change
Fort Chipewyan	\$330	\$328	-1.61% decrease in tax
Draper Area	\$3,203	\$3,218	0.46% increase in tax
Saprae Creek Estates	\$3,196	\$3,190	-0.16% decrease in tax
Anzac	\$2,000	\$1,994	-0.26% decrease in tax
Conklin	\$1,223	\$1,216	-0.58% decrease in tax
Gregoire Lake Estates	\$2,252	\$2,251	-0.06% decrease in tax



Other Residential

Other Residential	 2018	 2019	Incr. (Decr.)
Assessed Value	\$3,000,000	\$2,640,000	(12%)
Municipal Tax Rate	x 0.0050261	x 0.0056292	
Municipal Tax	\$15,078	\$14,861	(1.4%)
Education Tax	\$8,655	\$7,850	(9%)
Total Taxes	\$23,733	\$22,711	(4.3%)

Rural Non-Residential Machinery & Equipment

Rural Non Residential (M &E) Major Plant			Incr. (Decr.)
	2018	2019	
Assessed Value	\$500,000,000	\$500,000,000	
Municipal Tax Rate	x 0.0142677	x 0.0130453	
Municipal Tax	\$7,133,850	\$6,522,650	(8.6%)
Education Tax	N/A	N/A	
Total Taxes	\$7,133,850	\$6,522,650	(8.6%)

Rural Non-Residential

Rural Non-Residential (Commercial)			Incr. (Decr.)
	2018	2019	
Assessed Value	\$300,000	\$294,000	(2%)
Municipal Tax Rate	x 0.0142677	x 0.0130453	
Municipal Tax	\$4,280	\$3,835	(10.40%)
Education Tax	\$1,092	\$1,071	(1.91%)
Total Taxes	\$5,372	\$4,960	(8.67%)

Questions?