

BYLAW 05-20 - PROPERTY AND SUPPLEMENTAL TAX RATES

Purpose

The purpose of Bylaw 05-20 is to authorize the rates of taxation to be levied against assessable property, including properties with supplementary assessments, for the 2020 taxation year.

Readings

This Bylaw is ready for three readings.

Report, Analysis and Financial Implications

Council is required each year to levy on the assessed value of all property tax rates sufficient to raise revenue to be used towards the payment of:

- a) the expenditures and transfers set out in the budget of the municipality; and
- b) the requisitions of external organizations (these include amounts for seniors' housing, library, and education).

The following chart shows the trend in Okotoks' assessed values, along with the impact on the residential to non-residential assessment split. The assessment value, determined as of July 1, 2019, results in a \$26 Million decrease for residential offset by an increase of \$28 Million for non-residential.

| Municipal Tax Assessment Base – Residential / Non-Residential Split (Millions's) | | | | | | | | |
|--|----------------|---------|---------------|---------|---------------|---------|---------------|---------|
| (\$ Millions) | *2017 Declared | | 2018 Declared | | 2019 Declared | | 2020 Declared | |
| | \$ | % Split | \$ | % Split | \$ | % Split | \$ | % Split |
| Residential | \$4,301 | 86.3% | \$4,450 | 86.4% | \$4,521 | 86.1% | \$4,495 | 85.6% |
| Non-Residential | 685 | 13.7% | 703 | 13.6% | 728 | 13.9% | \$756 | 14.4% |
| Total Assessment | 4,986 | | 5,153 | | 5,249 | | 5,251 | |
| % Change | -1.7% | | 3.4% | | 1.9% | | 0% | |

*The 2017 Declared does not include annexed land assessment.

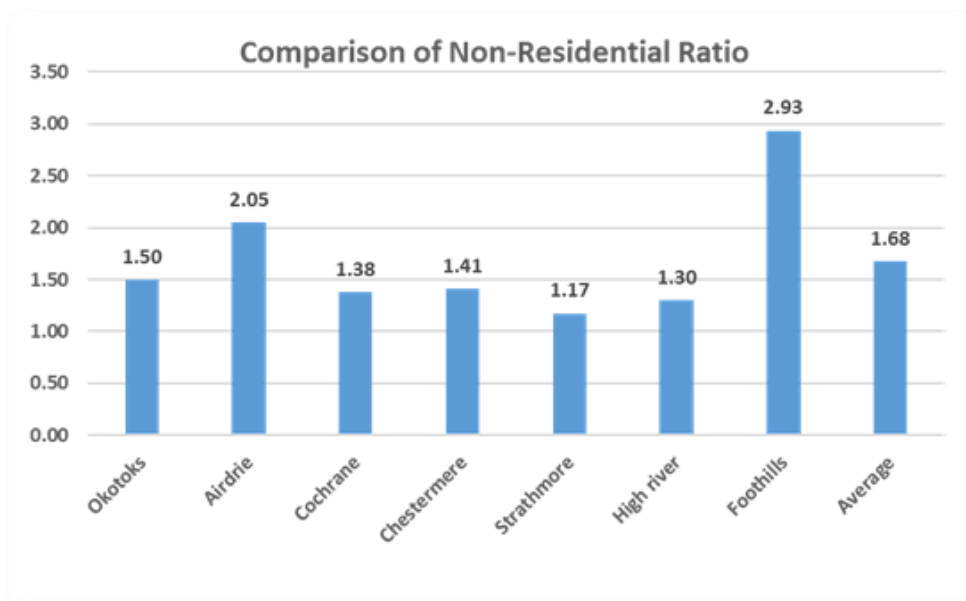
Determination of 2020 property tax rates for municipal purposes was based on Council's approval of the revised 2020 Budget guidelines requiring municipal tax revenues of \$29.408 Million. Okotoks has two classes of taxation (residential and non-residential) in which non-residential is calculated as a percentage of residential.

Total requisitions for 2020 are \$15.882 Million and the allocation is determined as follows:

- Recovery of requisitioned amounts is based on the total assessment base for the Okotoks Public Library and Westwinds Communities (flat rate applied to both tax classes);
- Recovery of provincial education requisition is based on prescribed dollar amounts by class (predefined non-residential ratio of 147%).

In 2018, the municipal non-residential to municipal residential tax ratio was changed from 142% to 150% and remains at 150% in 2020.

The following table represents ratios of residential / non-residential across the region and highlights those 2019 ratios:



This year, due to COVID-19, the Province of Alberta provided two options to municipalities concerning the collection of non-residential education tax.

The Town of Okotoks has chosen the option to extend the payment period from June 30, 2020 to August 31, 2020 for both residential and non-residential taxpayers. This way, the Town of Okotoks will meet the province's requirements as well as provide financial relief to both residential and non-residential taxpayers.

Draft Bylaw 05-10 Administration includes the tax rates associated with supplemental property assessment to streamline the tax rate bylaw process.

Section 369 of the *Municipal Government Act* requires that if in any year a Council passes a supplementary assessment bylaw it must, in the same year, pass a bylaw to impose a supplementary tax in respect of that property.

Bylaw 01-20, passed January 13, 2020, authorizes the preparation of supplementary assessments for improvements completed, occupied, or moved into the municipality during any part of 2020.

The Finance and Audit Committee reviewed this item at the May 11, 2020 Meeting and recommend adoption of draft Bylaw 05-20 by Council.

Strategic Plan Goals

| | | | |
|--------------------------|--|-------------------------------------|----------------------------------|
| <input type="checkbox"/> | Manage Community Growth | <input checked="" type="checkbox"/> | Provide Strong Governance |
| <input type="checkbox"/> | Provide Quality Community Infrastructure | <input type="checkbox"/> | Healthy and Safe Community |
| <input type="checkbox"/> | Enhance Organizational Excellence | <input type="checkbox"/> | Foster Economic Vitality |
| | | <input type="checkbox"/> | Promote Environmental Excellence |

Public Hearing / Participation Strategy

n/a

Alternatives for Consideration

n/a

CAO Comments

I support the recommendations of Administration. This tax rate bylaw reflects Councils direction for a 0% tax rate increase.

Attachment(s)

1. Draft Bylaw 05-20 – Property and Supplemental Tax Rates

Prepared by:
Ralph Ettenauer
Finance & Systems Director
May 07, 2020