



## REQUEST FOR DECISION

**MEETING DATE:** May 8, 2023

**TITLE:** C-1260-23 - 2023 Property Tax and Supplementary Property Tax Rate Bylaw - Third Reading

**DIVISION:** Corporate Services

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### SUMMARY:

Third reading of C-1260-23 - 2023 Property Tax and Supplementary Property Tax Rate Bylaw is presented for consideration by Council. This bylaw sets the 2023 property tax rates.

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### PROPOSED MOTION:

THAT third reading be given to C-1260-23 - 2023 Property Tax and Supplementary Property Tax Rate Bylaw, as amended.

### BACKGROUND / ANALYSIS:

First and second reading of C-1260-23 - 2023 Property Tax and Supplementary Property Tax Rate Bylaw was given on April 24, 2023.

#### Summary of Amendments

Amendments to C-1260-23 - 2023 Property Tax and Supplementary Property Tax Rate Bylaw since the second reading include:

- Updated Parkland County tax rates applicable to annexation area lands, to reflect their recently approved 2023 tax rates, from 4.2133 to 4.3093 for Residential/Farmland and from 8.4266 to 8.6184 for Non-Residential properties.
- Minor amendments to the taxable assessment and tax rates from the finalized assessment roll received from the assessor post first and second reading of the bylaw.

### Municipal Tax Rate

The *Municipal Government Act* authorizes a municipality to pass an annual property tax bylaw that imposes a property tax sufficient to raise the necessary revenue to pay requisitions, expenditures and transfers as set out in the approved budget.

The property tax bylaw sets out tax rates that must be imposed to raise the required property tax revenue.

The bylaw sets out the total of assessed property values by class and calculates the tax rates required to raise budgeted tax revenue in accordance with property tax policies. The amount of the tax revenue required is established in the 2023-2025 Corporate Plan (approved by Council on December 5, 2022) and adjusted by the \$241,000 of increased property tax revenue resulting from higher than budgeted assessment growth as noted in the 2023 Spring Budget Adjustment (approved by Council on April 11, 2023).

The municipal property tax revenue split between residential and non-residential was 77 per cent residential and 23 per cent non-residential in 2022 and is currently 76 per cent residential and 24 per cent non-residential for 2023.

The assessment complaint deadline was April 14, 2023.

### Education Requisition

The 2023 Education requisition on behalf of the Government of Alberta is \$17,456,376 - an increase of \$577,223 or 3.42 per cent over 2022.

### Meridian Housing Foundation Requisition

The 2023 tax levy for the Meridian Housing Foundation operating requisition is \$460,074 - approximately \$42,000 higher than the 2022 requisition - just under a 10 per cent increase. The increase was due to rising costs of inflation, increased consulting fees, building condition analysis reporting, and additional staff to meet the workload demands as the Meridian Housing Foundation continues to grow.

### Annexed Lands

Lands annexed in 2007 from Parkland County must be taxed at the lower of Parkland County's or the City of Spruce Grove's municipal tax rate until 2023 or until a portion becomes a new registered parcel of land as set out on the 2007 Lieutenant Governor in Council's Annexation Order. Lands annexed in 2021 from Parkland County must be taxed at the lower of Parkland County's or the City of Spruce Grove's municipal tax rate until 2051 or until a portion becomes a new registered parcel of land as set out in the 2020 Lieutenant Governor in Council's Annexation Order.

### Supplementary Tax

For properties partially complete or under construction on December 31, 2022, taxpayers will receive a supplementary tax assessment based on the difference between their annual assessment and the assessed value of the property at completion. Supplementary assessments are based on market value as of July 1, 2022 and are sent out in May for new construction completed by April 30, 2023, and October for new construction completed by September 30, 2023. The supplementary taxation estimated at \$133,800 will be levied at the rates that are listed in the bylaw.

### Property Tax Policy

The City does not tax overall market value appreciation or depreciation; however, individual market value changes relative to the overall average market value change will be different for each property with different impacts to their tax levies. On average, for the twelve months ending June 30, 2022, non-residential properties experienced an increase in market value of 7.48 per cent, multi-family increased 5.36 per cent, and residential increased 6.08 per cent.

The 2023 bylaw maintains a multi-family dwelling rate split of 1.4 and an updated non-residential rate split of 1.518 as per CP-1042-22 - Property Tax Distribution Policy. The split rates used in the 2022 property tax rate bylaw were 1.4 and 1.460, respectively.

### Taxable Assessment Growth

Taxable assessment on new development was \$213,361,200 comprised of \$193,584,400 in residential, (\$320,200) in multi-family, and \$20,097,000 in non-residential assessment.

## **OPTIONS / ALTERNATIVES:**

n/a

## **CONSULTATION / ENGAGEMENT:**

During second reading of the bylaw, Council inquired about Residential/Non-Residential Tax Revenue ratio. In 2022, this rate was 76 per cent / 24 per cent and remains at this rate for 2023.

Council also inquired about the multi-family rate that is 1.40 times the single-family residential tax rate. Prior to 2021, the multi-family rate was set at the non-residential tax rate. The Property Tax Distribution Policy that Council approved in February 2021 (amended slightly in November 2022) introduced the growth in the property tax rate split. With the rate split growth, the Property Tax Distribution Policy also established a multi-family rate at 1.40 times the single-family residential rate that reflects the residential nature of these business properties. This allows for these businesses to pay a proportionally higher rate of property tax reflective of the reality that property taxes can be claimed as a business expense for income tax purposes, thus having a lower after-tax impact for these properties, while not taxing these properties at the full non-residential rate for property tax purposes.

Assessment property notices were mailed on February 3, 2022. The Assessment Open House was held virtually over the assessment complaint period. Assessors and Finance staff were available by phone or by virtual meeting to discuss current assessments, comparable assessments, and related concerns.

**IMPLEMENTATION / COMMUNICATION:**

The City advertises the tax notice mailing through the Spruce Grove Examiner, City website, social media, and reader boards. Tax notices must be mailed no later than May 24, and payment is due on June 30 (excluding those on a pre-authorized payment plan).

**IMPACTS:**

n/a

**FINANCIAL IMPLICATIONS:**

The 2023 municipal tax requirement is \$49,229,682 comprised of annual tax revenue of \$48,989,910, estimated annexed lands revenue of \$105,972, and estimated supplementary tax revenue of \$133,800.