



REQUEST FOR DECISION

MEETING DATE: May 9, 2022

TITLE: C-1196-22 – 2022 Property Tax and Supplementary Property Tax Rate Bylaw – Third Reading

DIVISION: Corporate Services

SUMMARY:

Third reading of C-1196-22 - 2022 Property Tax and Supplementary Property Tax Rate Bylaw is presented for Council's consideration. This bylaw sets the 2022 property tax rates.

PROPOSED MOTION:

THAT third reading be given to Bylaw C-1196-22 – 2022 Property Tax and Supplementary Property Tax Rate Bylaw, as amended.

BACKGROUND / ANALYSIS:

First and second reading of Bylaw C-1196-22 was given by Council on April 25, 2022.

Summary of Amendments

Amendments to C-1196-22 – 2022 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 2022 tax rates, from 4.2229 to 4.2133 for Residential/Farmland and from 8.4455 to 8.4266 for Non-Residential properties.
- Minor amendments to the background reference to overall revenue requirement in the bylaw to mirror the final approved motion of Council November 2021 and updates to the taxable assessment and tax rates from the finalized assessment roll received from the assessor post first and second reading of the bylaw.

The overall total municipal revenue to be raised by annual taxation remains unchanged at \$45,003,602.

Municipal Tax Rate

The *Municipal Government Act* authorizes a municipality to pass an annual property tax rate bylaw imposing a property tax sufficient to raise the necessary revenue to pay requisitions, expenditures and transfers as set out in the approved budget. The 2022 rates include the second year for the 1% tax increase dedicated to building transfers to lifecycle reserves, a 2.9% general tax increase, and a non-residential rate split increase to 1.460. This rate split is aligned with the Property Tax Distribution Policy approved by Council in February 2021.

The annual property tax bylaw sets out the 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 2022-2024 Corporate Plan and subsequent spring budget adjustment.

Education Requisition

The 2022 Education requisition to be collected on behalf of the Government of Alberta has increased by \$176,312 (\$16,879,153 - \$16,702,841) over 2021, an increase of 1.06%; (2021 requisition had increased by 0.60%). The education property tax to be collected in 2022 is \$16,911,171 which includes \$32,373 under collected in 2021, and a small variance (\$355) due to rounding the tax rate.

Meridian Housing Foundation Requisition

The 2022 Housing Foundation operating requisition of \$420,463 is \$114,319 higher than the 2021 requisition; a 37.3% increase (2021 requisition had decreased 1.63% over 2020 level). The increase was due to increased utility and food costs, additional operating costs associated with a new office building, costs to retrofit office space into resident suites, increased wage and benefit expenses, and mortgage payments for the Spruce Grove lodge land. The meridian property tax to be collected in 2022 is \$419,665 which includes \$798 over-collected in 2021.

Annexed Lands

Lands annexed in 2007 from Parkland County must be taxed at the County's municipal tax rate until 2023 or until a portion becomes a newly registered parcel of land as set out on the 2008 Lieutenant Governor in Council's Annexation Order. Lands annexed in 2021 from Parkland County must be taxed at the County's municipal tax rate until 2051 or until a portion becomes a newly registered parcel of land as set out in the 2020 Lieutenant Governor in Council's Annexation Order.

Property Tax Policy

The City does not tax overall market value appreciation or depreciation; however individual market value changes will be different for each property with different impacts on their tax levies. On average, for the twelve months ending June 30, 2021 non-residential properties

experienced an increase in the market value of 3.08%, multi-family increased by 4.84%, and residential increased by 6.18%.

The 2022 bylaw maintains a multi-family dwelling rate split of 1.4 and a non-residential rate split of 1.460 per the Property Tax Distribution policy. The split rates used in the previous property tax rate bylaw were 1.4 and 1.405 respectively.

Taxable Assessment Growth

Taxable assessment on new development was \$156,229,400 comprised of \$137,850,900 in residential, \$4,732,900 in multi-family and \$13,645,600 in non-residential assessment.

OPTIONS / ALTERNATIVES:

n/a

CONSULTATION / ENGAGEMENT:

As established by provincial legislation, the annual property assessments have been prepared based on property sales between June 30, 2020 and July 1, 2021. Assessment notices were mailed on February 9. 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 advertised the tax notice mailing through the Spruce Grove Examiner, City website, social media and the reader boards. Tax notices must be mailed no later than May 24 and are due on June 30 (excluding those on a pre-authorized payment plan).

IMPACTS:

n/a

FINANCIAL IMPLICATIONS:

The 2022 municipal tax requirement is \$45,137,402 comprised of estimated tax revenue to be raised by supplementary taxation of \$133,800 and estimated revenue to be raised by annual taxation of \$45,003,602. Annual tax revenue can be further broken down into estimated municipal revenue of \$44,907,498 and estimated annexed lands revenue of \$96,104.

STRATEGIC VISION ELEMENT:

This topic relates to all three of the City's strategic vision elements contained in Council's Strategic Plan

RELATED GOAL:

Spruce Grove has a robust, growing economic base that generates increased revenues to support the City's high standards for service and programs.