



REQUEST FOR DECISION

MEETING DATE: May 12, 2025

TITLE: C-1402-25 - 2025 Property Tax and Supplementary Property Tax Rate Bylaw - Third Reading

DIVISION: Corporate Services

SUMMARY:

Third Reading of C-1402-25 - 2025 Property Tax and Supplementary Property Tax Rate Bylaw is presented for consideration by Council. This bylaw sets the 2025 property tax rates.

PROPOSED MOTION:

THAT third reading be given to C-1402-25 - 2025 Property Tax and Supplementary Property Tax Rate Bylaw, as amended.

BACKGROUND / ANALYSIS:

First and second reading of C-1402-25 - 2025 Property Tax and Supplementary Property Tax Rate Bylaw was given on April 28, 2025.

Summary of Amendments

Amendments to C-1402-25 - 2025 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 2025 tax rates, from 4.4002 to 4.4605 for Residential / Farmland and from 8.9763 to 9.2772 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 \$58,794,574 and is established in the 2025 - 2027 Corporate Plan (approved by Council on December 2, 2024) and adjusted by the \$350,664 of net increased property tax revenue resulting from higher than budgeted assessment growth as noted in the 2025 Spring Budget Adjustment (approved by Council on April 14, 2025).

The municipal property tax revenue split between residential and non-residential was 75 per cent residential and 25 per cent non-residential in 2024, and it remains the same for 2025.

The assessment complaint deadline was April 14, 2025.

Education Requisition

The 2025 Education requisition on behalf of the Government of Alberta is \$21,724,664 - an increase of \$2,657,664 or 13.94 per cent over 2024. This amount differs slightly from the bylaw due to an under levy from 2024.

This will result in an increase in the total property taxes payable by the tax payors in the City. Below is a breakdown of how residential and non-residential tax payors will be impacted by the change in the education requisition only.

Residential		
Avg. Assessed Value - \$408,824		
2025	2024	Annual Increase
\$1,030.44	\$987.92	\$42.52

Non-Residential		
Avg. Assessed Value - \$1,000,000		
2025	2024	Annual Increase
\$3,844.80	\$3,544.80	\$300.00

Administration will be including additional information for residents along with tax notices to inform them of the rate increases by the Government of Alberta.

Meridian Housing Foundation Requisition

The City of Spruce Grove, Town of Stony Plain, and Parkland County are required to collect taxes for seniors' lodges set by Meridian Housing Foundation. These funds are remitted to seniors' lodges. All taxpayers are required to pay these amounts whether or not they use the service.

The City of Spruce Grove 2025 tax levy for the Meridian Housing Foundation operating requisition is \$566,394 - an increase of \$23,781 or 4.38 per cent over 2024 requisition. This amount differs slightly from the operating requisition amount in the bylaw due to an over levy from 2024. The increase in the Meridian Housing Foundation operating requisition was approved by the Meridian Housing Foundation Board and is 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.

The City of Spruce Grove 2025 tax levy for the Meridian Housing Foundation capital requisition is \$207,163 - a decrease of \$22,837 or 9.93 per cent over 2024 requisition. This decrease is due to the difference between the estimated debt servicing cost used to determine the 2024 requisition versus the actual debt servicing cost provided once the actual debt was determined. The late draw of debt resulted in the 2024 requisition being over collected and is being trued up over the remaining period of debt.

Annexed Lands

Lands annexed in 2021 from Parkland County must be taxed at the lower of Parkland County's municipal tax rate 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, 2024, 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, 2024, and are sent out in May for new construction completed by April 30, 2025, and October for new construction completed by September 30, 2025. The supplementary taxation estimated at \$164,600 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, 2024, non-residential properties experienced an increase in market value of 3.89 per cent, multi-family increased by 11.50 per cent, and residential increased 4.75 per cent.

The 2025 bylaw maintains a multi-family dwelling rate split of 1.4 times the residential rate and an updated non-residential / residential rate split of 1.6340 as per CP-1042-22 - Property Tax Distribution Policy. The split rates used in the 2024 property tax rate bylaw were 1.4 and 1.5760, respectively.

Taxable Assessment Growth

Taxable assessment on new development was \$283,824,500 comprised of \$248,298,500 in residential, \$11,067,000 in multi-family, and \$24,459,000 in non-residential assessment.

Overall, the city's residential to non-residential assessment split is projected to be 82.9 per cent and 17.1 per cent respectively.

Prior Year Tax Rate Comparison

The chart below reflects the proposed 2025 tax rates in comparison to 2024 tax rates depicting the year over year change. Note that tax rates are impacted by changes in assessment values, market conditions and budgeted revenue requirements and therefore may go up or down year over year despite an increase in budgeted revenue requirement.

		2025	2024	YOY Change
<u>Municipal</u>				
	Residential	6.5781	6.6398	-0.93%
	Multi Family	9.2093	9.2957	-0.93%
	Non-Residential	10.7486	10.4643	2.72%
<u>Education</u>				
	Residential	2.5205	2.4165	4.30%
	Non-Residential	3.8448	3.5448	8.46%
<u>Meridian Housing</u>				
	Operating Requisition	0.0712	0.0742	-4.04%
	Capital Requisition	0.0262	0.0315	-16.83%

The city posts prior year tax rates online on the city's website at <https://www.sprucegrove.org/government/property-taxes/property-tax-rates/>

OPTIONS / ALTERNATIVES:

n/a

CONSULTATION / ENGAGEMENT:

Assessment property notices were mailed on February 3, 2025. 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 23, and payment is due on June 30 (excluding those on a pre-authorized payment plan).

All tax notices will be accompanied by a tax information sheet which outlines information on annual taxes, education and Meridian Housing Foundation requisitions, and how tax dollars are spent. This notice will include detailed information on the impact of the education tax increase imposed by Government of Alberta.

Below are the strategies and tactics that the City will use for advertisement purposes:

COMMUNICATIONS STRATEGIES

- Website tools
- Social media campaign
- Electronic communications
- Print materials
- Internal communications

COMMUNICATIONS TACTIC	TIMING
Website updates	May 13, once municipal property tax levy is approved by Council
Social media	May 13 - June 30
Property tax notice insert	May
Newspaper / CityPage	Throughout May and June
CityPulse e-newsletter	Throughout May and June
Digital billboards and reader boards	May 19 - June 30
Staff Intranet	May 13

IMPACTS:

C-1402-25 - 2025 Property Tax and Supplementary Property Tax Rate Bylaw will establish the property taxes for 2025.

FINANCIAL IMPLICATIONS:

The 2025 municipal tax requirement is \$58,794,574 comprised of annual tax revenue of \$58,579,531, estimated annexed lands revenue of \$50,443, and estimated supplementary tax revenue of \$164,600.