


Subject: **2024 Tax Rate Bylaw Updated Report**  
 Meeting Date: Tuesday, April 9, 2024  
 Prepared By: Rajeana Hamm-Nyman, Property Tax Officer  
 Presented By: Rajeana Hamm-Nyman, Property Tax Officer

**RECOMMENDED MOTION:**

1. That Council approve a draw from the Revenue Stabilization Reserve in the amount of \$220,024 to fund the increase in the Kneehill Housing requisition for 2024.
2. That Council approve a draw from the Revenue Stabilization Reserve in the amount of \$640,286 to fund the 2023 under-levy related to the Alberta School Fund.
3. That Council give first reading to Bylaw #1897 that being a bylaw for the 2024 Tax Rates.

**STRATEGIC PLAN ALIGNMENT: (Check all that apply)**

|   |   |   |   |   |
|---|---|---|---|---|
|  <input checked="" type="checkbox"/> |  <input checked="" type="checkbox"/> |  <input checked="" type="checkbox"/> |  <input checked="" type="checkbox"/> |  <input checked="" type="checkbox"/> |
| High Quality Infrastructure   | Economic Resilience   | Quality of Life   | Effective Leadership  | Level of Service  |

**RELEVANT LEGISLATION:**

**Provincial (cite)-**

The County is required under the *Municipal Government Act (MGA)* to approve a Tax Rate Bylaw which reflects the revenues as required by the County’s current year operating & capital budget.

Designated Industrial Property Lloydminster Charter *MGA* Section 359.3(2)

Alberta School Foundation Fund Regulation

Alberta Housing Act (Section 7)

**Council Bylaw/Policy (cite)- N/A**

**BACKGROUND/PROPOSAL:**

Throughout the past few months various reports have been presented to Council regarding the County’s budget, municipal taxation, requisitions, and assessment shifts. One outcome of those reports has been direction to Administration on how the rates within the annual Tax Rate Bylaw should be determined.

This report is intended to provide Council with a summary of previous recommendations relating to municipal taxes and requisitions, and then move forward with first reading of the 2024 Tax Rate Bylaw.

The Property Tax Bylaw authorizes Council to impose a tax in respect of property in the municipality to raise revenue to be used toward the payment of the expenditures as set out in the County’s Operating Budget. In addition to the monies required to support County operations, funds are required to be



collected and remitted for the Alberta School Fund, Designated Industrial Property, and to the Kneehill Housing Corporation.

Administration will mail out the combined assessment/taxation notices on or before June 15<sup>th</sup>. The Current Due Date & Penalty Bylaw #1890 states that taxes are due on or before October 31<sup>st</sup>.

## DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:

### Previous Recommendations

#### **2024 Requisition Impact Report on March 26, 2024**

Typically, requisitions are not taken into consideration within the annual budget process, as they are amounts which Council does not have direct control over, and which the County is required to levy from ratepayers based on the requisition authority's direction.

However, for 2024 the requisitions for both Kneehill Housing and the Alberta School Fund increased substantially, and so Administration brought forward to Council the impact of those increases, and Council recommended to Administration to include draws from reserves when drafting the Tax Rate Bylaw to mitigate the impact of those increases on ratepayers.

#### ***Kneehill Housing Direction***

The Kneehill Housing requisition increased by \$220,024 from 2023 to 2024. During the March 26<sup>th</sup> report Council recommended to Administration to draft the Tax Rate Bylaw in such a manner as to levy the same amount in 2024 as in 2023 and fund the difference of \$220,024 from reserves. This direction was intended to mitigate some of the increase for ratepayers on their annual tax bills. *Motion #1* seeks approval to draw \$220,024 from the Revenue Stabilization reserve in alignment with this recommendation.

#### ***Alberta School Fund Direction***

The Alberta School Fund requisition increased in 2024 by \$343,003, in addition, due to a provincial error, the County under-levied for the requisition in 2023 by \$640,286. This resulted in a significant impact to projected tax bills, and Council recommended to fund the 2023 under-levy of \$640,286 from reserves to mitigate some of the impact to ratepayers on their annual tax bills. *Motion #2* seeks approval to draw \$640,286 from the Revenue Stabilization reserve in alignment with this recommendation.

#### **2024 Assessment Report on April 9, 2024**

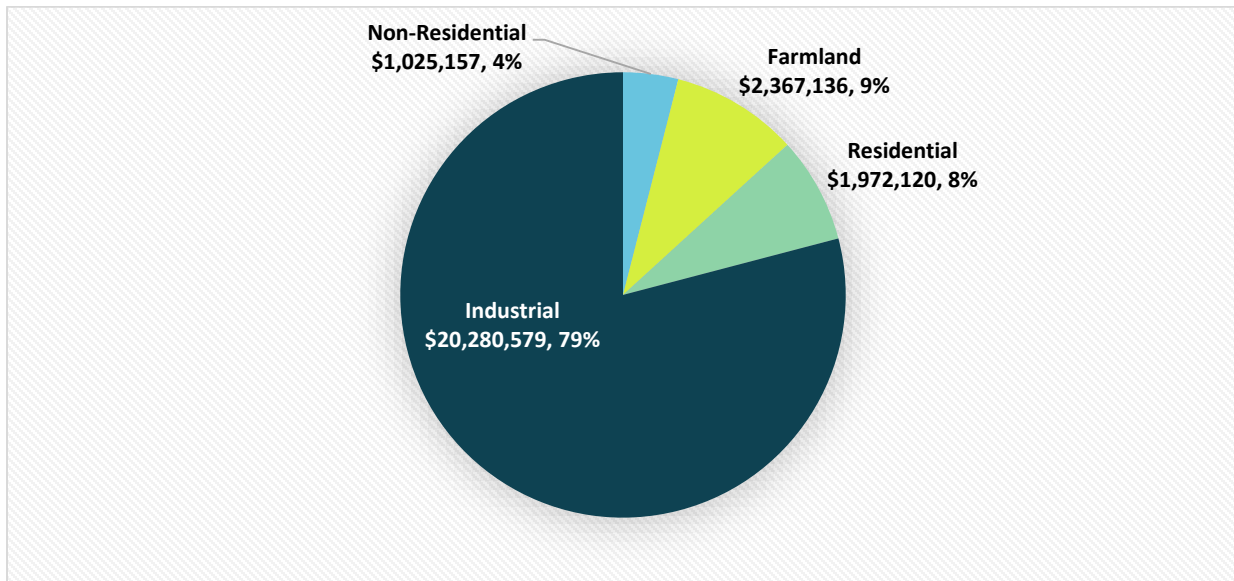
In a separate report in today's Council meeting Administration recommended to Council to amend the budgeted increase in non-residential tax rates to maintain the MGA legislated 5:1 non-residential to residential tax rate ratio. This recommendation has been accounted for within the attached Tax Rate Bylaw.

### Tax Rate Bylaw and Ratepayer Impacts

The annual budget determines the total amount of taxes to be levied on residents and businesses of the community for the budget year. The 2024 Operating and Capital budget was passed at the December 12, 2023, Council meeting and requires that \$25,644,991 be collected from ratepayers to maintain the municipality's operations.



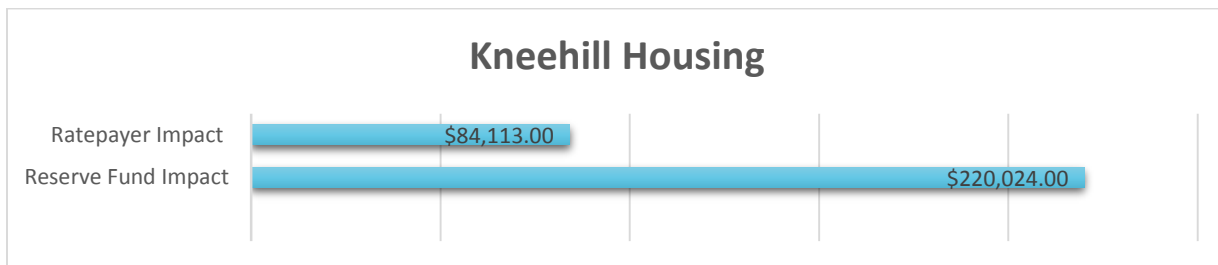
The dollars and percentages each class of ratepayer contributes related to \$25,644,991 of Property Tax revenue is represented in the chart below:



### Requisition Changes

In addition to the funds collected in relation to Kneehill County operations and services, municipalities are required by legislation to collect and remit funds for various requisitions.

The Kneehill Housing Corporation requisition to be billed to rate payers will be 28% of the total cost in the amount of \$84,113. Council accepted the 2024 Requisition and Ratepayer Impact report and directed Administration to draw a reserve funded portion of 72% in the amount of \$220,024, to be applied to the 2024 Kneehill Housing Corporations Requisition that was a total of \$304,870.



Designated Industrial Property (DIP) requisition is a fee charged by the province to assess linear properties within Kneehill County (wells, pipelines, telecommunications assets, etc.) The County's 2024 obligations are \$100,946 to be collected from Linear and Designated Industrial Owners, through a separate tax rate to pay the requisition.

Alberta School Foundation Fund collects a requisition through municipal taxes to provide Alberta's education system with a sustainable source of revenue to facilitate educational programs for schools across the province. The requisition is calculated based on a set mill rate and allocated based on equalized assessment. In 2023 a provincial error resulted in an under-levy of \$640,286. Council moved to alleviate the financial pressure on taxpayers so they would not bear the burden of the funding shortfall by funding the 2023 under-levy.



## **Impact of Previous Direction and Administration’s Recommendations**

Based on previous recommendations by Council, and Administration’s recommendation to ensure the 5:1 ratio is maintained, the following impacts are of note:

### ***Municipal Property Tax Mill Rate Adjustments***

The 2024 budget was developed based on adjustments to the total revenue received by tax class; this approach ensures that Council is planning on the total impact to ratepayers with consideration for assessment growth. Due to increased assessment, the mill rates will be adjusted as follows:

| <b>Tax Class</b> | <b>Revenue Change</b> | <b>Mill Rate Change</b> |
|------------------|-----------------------|-------------------------|
| Residential      | 4%                    | -5.98%                  |
| Farmland         | 17.5%                 | 17.54%                  |
| Non-Residential  | 3.5%                  | -1.24%                  |

### ***Revenue Stabilization Reserve Draws***

Based on previous Council direction, and Administration’s recommendation to maintain the 5:1 ratio, the total 2024 draws from the Revenue Stabilization reserve related to municipal taxes and requisitions includes:

| <b>Purpose</b>   | <b>Amount</b>      |
|--|--------------------|
| To balance the 2024 operating budget                           | \$516,804          |
| To fund the Kneehill Housing increase                          | \$220,024          |
| To fund the 2023 under-levy for the Alberta School Fund        | \$640,286          |
| To maintain 5:1 non-residential to residential mill rate ratio | \$51,356           |
| <b>Total</b>   | <b>\$1,428,470</b> |

### ***Ratepayer Impacts***

The impact to ratepayers with consideration for all tax rates included within the Tax Rate Bylaw are as follows:

|                 | <b>2023 Tax Year Assessment</b> | <b>2024 Tax Year Assessment</b> | <b>Municipal Levy</b> | <b>Alberta School Foundation Fund</b> | <b>Kneehill Housing Corporation</b> | <b>Total</b> |
|-----------------|---------------------------------|---------------------------------|-----------------------|---------------------------------------|-------------------------------------|--------------|
| Acreage         | 350,000                         | 387,013                         | 44.02                 | 101.93                                | 0.72                                | 146.67       |
| Hamlet          | 150,000                         | 165,863                         | 18.87                 | 43.68                                 | 0.31                                | 62.86        |
| Farm            | 30,000                          | 29,991                          | 69.72                 | 1.22                                  | (0.06)                              | 70.88        |
| Non-Residential | 100,000                         | 103,457                         | 31.23                 | 80.61                                 | (0.07)                              | 111.77       |

*Note: the figures above are lower than presented during the March 26<sup>th</sup> Requisition report. Subsequent to that report, additional information was received related to the Alberta School Fund requisition, and the impact on ratepayers, specifically within residential and farmland classes, decreased due to assessment growth and the way in which the requisition is allocated.*



## FINANCIAL & STAFFING IMPLICATIONS:

The approval of the Tax Rate Bylaw ensures that Administration can issue the tax notices which provide the total taxation revenues as shown in the operating budget for the County. Second and third reading for the Tax Rate Bylaw will be requested at the April 26, 2024 Council meeting.

## RECOMMENDED ENGAGEMENT:

Directive Decision (Information Sharing, One-Way Communication)

Tools:

Individual Notification

Other:

## ATTACHMENTS:

2024 Tax Rate Bylaw

## COUNCIL OPTIONS:

1. Give first reading of the 2024 Tax Rate Bylaw.
2. Amend the budget and resulting tax rate.
3. Accept for information.

## FOLLOW-UP ACTIONS:

Administration will mail out combined taxation/assessment notices as per approved Bylaw.

## APPROVAL(S):

Mike Haugen, Chief Administrative Officer

Approved-

