

Subject: **Assessment, Taxes, and Ratepayer Impacts**
 Meeting Date: Tuesday, April 8, 2025
 Prepared By: Marika von Mirbach, Manager of Financial Planning
 Presented By: Marika von Mirbach, Manager of Financial Planning

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 Governments Act (MGA)* to approve a Tax Rate Bylaw reflecting the revenues required by the County’s current year budget.

Council Bylaw/Policy (cite)- Annual Tax Rate Bylaw

BACKGROUND/PROPOSAL:

During the 2025 Budget process, Council directed Administration to budget for total Property Tax revenues of \$27,710,295. In addition, to limit the impact of taxation increases on ratepayers, Council also directed Administration to include a draw from the Revenue Stabilization reserve of \$277,650.

The budget is developed before final assessment numbers are distributed, and as such, the budgeted ratepayer impacts are estimated during budget deliberations. When assessment numbers are distributed, Administration analyzes them to develop the annual mill rates for the tax rate bylaw.

Upon review of the fluctuations in assessment, further discussion and direction by Council is required to maintain the MGA mandated 5:1 tax rate ratio (non-residential tax rates must not exceed five times that of residential rates).

This report outlines the current situation based on the numbers developed during the budget process. It then outlines two potential scenarios for Council consideration to ensure alignment with Council’s expectation of ratepayer impacts and to maintain the 5:1 ratio requirement.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:

Current Situation

Despite the ending of the oil and gas tax holiday, which affected non-residential assessment and taxation revenue in recent years, the percentage increase in residential assessment (14.0%) exceeded that of non-residential assessment (11.9%) for the 2025 taxation year. The resulting impact of the assessment trends means that if Council adopted the Tax Rate bylaw with taxation by class as approved during the 2025 Budget, the MGA mandated 5:1 ratio would be exceeded at 5.3:1.

Given the assessment trends, Administration has drafted two base scenarios for Council to consider in directing administration to present the 2025 Tax Rate bylaw.



Scenario 1

The first scenario maintains the total budgeted taxation revenue of \$27,710,295 and reallocates \$120,000 of revenue from non-residential taxation to residential taxation. This adjustment would result in a ratio of 4.98:1 and has the following impacts:

Total Revenues and Mill Rates

Tax Class	Assessment Change	Revenue Change from 2024 to 2025	Mill Rate Change from 2024 to 2025
Residential	+ 14.0%	+ 10.1%	- 3.4%
Farmland	0.0%	+ 5.0%	+ 5.0%
Non-Residential	+ 11.9%	+ 8.2%	- 3.5%

Ratepayer Impact

Ratepayer Type	2024 Assessment	2025 Assessment	Change in Municipal Tax
Acreage	\$380,000	\$428,000	+ \$99
Hamlet Home	\$160,000	\$178,000	+ \$36
Farm Quarter Section	\$30,000	\$30,000	+ \$23
Non-Residential	\$100,000	\$102,000	- \$24

Scenario 2

The second scenario also reallocates \$120,000 of revenue from non-residential taxation to residential taxation; in addition, it includes a \$300,000 draw from the Revenue Stabilization reserve to further decrease taxation from non-residential properties, reducing the ratio to 4.92:1. This scenario was developed to identify the reserve draw required to align with ratepayer impacts and the 5:1 ratio communicated at the time the budget was developed.

Total Revenues and Mill Rates

Tax Class	Assessment Change	Revenue Change from 2024 to 2025	Mill Rate Change from 2024 to 2025
Residential	+ 14.0%	+ 10.1%	- 3.4%
Farmland	0.0%	+ 5.0%	+ 5.0%
Non-Residential	+ 11.9%	+ 6.7%	- 4.8%

Ratepayer Impact

Ratepayer Type	2024 Assessment	2025 Assessment	Change in Municipal Tax
Acreage	\$380,000	\$428,000	+ \$99
Hamlet Home	\$160,000	\$178,000	+ \$36
Farm Quarter Section	\$30,000	\$30,000	+ \$23
Non-Residential	\$100,000	\$102,000	- \$43



Additional Context – Tax Notice Ratepayer Impacts

In addition to levying property taxes on the annual tax notice, the County must levy requisitions that are remitted to the appropriate entities. Two of those requisitions are significantly increasing for the 2025 taxation year and will have an additional impact on ratepayers.

During the 2024 taxation year, Council opted to absorb some of the impact of increased requisitions by funding those requisitions through reserves. Due to this decision, there was some pushback from the province; as such, Council cannot choose to absorb the costs of these requisitions through reserve draws and must levy them through taxation notices for the 2025 taxation year. The ratepayer impact of these requisitions is included in this report for Council information concerning decision-making on the municipal tax rates.

Ratepayer Impact

Ratepayer Type	Alberta School Fund Requisition	Kneehill Housing Requisition
Acreage	+ \$159	+ \$39
Hamlet Home	+ \$62	+ \$16
Farm Quarter Section	+ \$3	+ \$3
Non-Residential	- \$7	+ \$9

FINANCIAL & STAFFING IMPLICATIONS:

There are no staffing implications related to this report; the development of the annual tax rate bylaw in alignment with the budget is built into existing work plans.

If Council directs additional reserve draws in relation to this report, the budget will be adjusted accordingly, and the necessary entries will be recorded in the accounting software.

RECOMMENDED ENGAGEMENT:

Directive Decision (Information Sharing, One-Way Communication)

Tools:	Public Notification	Other:	
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ATTACHMENTS:

None.

COUNCIL OPTIONS:

1. Move the motion as presented.
2. Provide Administration with additional direction to amend the proposed Tax Rate Bylaw. If a reserve draw is directed (as outlined in Scenario 2), a second motion would be required:

That Council amend the 2025 Operating Budget by reducing Property Tax revenues by \$XXX,XXX and increasing Transfers from Reserves by the same amount through a draw from the Revenue Stabilization reserve.

3. Request additional information.



RECOMMENDED MOTION:

That Council recommend that the 2025 Tax Rate Bylaw be presented in alignment with Scenario 1.

FOLLOW-UP ACTIONS:

Administration acknowledges that regardless of the direction Council provides regarding the 2025 Tax Rate bylaw, ratepayers, specifically residential ratepayers, will see significant increases on their property tax notices in 2025. Administration also acknowledges that the increase is primarily related to requisitions that are not within the control of Council.

Administration will draft communication to ratepayers regarding increases in municipal taxes and requisitions in the form of the annual tax insert and social media communications.

APPROVAL(S):

Mike Haugen, Chief Administrative Officer

Approved-

