

Request for Decision

Title	Bylaw 1582/22 – 2022 Taxation Rates Bylaw – Third Reading
Proposed Motion	That Council give third reading of Bylaw 1582/22.
Administrative Recommendation	Administration recommends that Council give third reading of the 2022 Taxation Rates Bylaw, which reflects a 1.8% tax rate change.
Previous Council / Committee Direction	<p><u>April 12, 2022 Regular Council Meeting</u> Motion 136/22: That Council give second reading of Bylaw 1582/22.</p> <p>Motion 135/22: That Council give first reading of Bylaw 1582/22.</p> <p><u>December 14, 2021 Regular Council Meeting</u> Motion 549/21: That Council approve the proposed 2022 Operating and Capital Budget as amended by motions passed on November 30, 2021.</p> <p><u>November 30, 2021 Regular Council Meeting</u> Motion 532/21: That Council approve the 2022 Service Enhancements within the proposed Operating and Capital Budget as recommended, which reflects a 1.8% tax rate increase.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> The 2022 Taxation Rates Bylaw represents a 1.8% increase to municipal property taxes. This aligns with Council direction received through the approval of the 2022 Operating and Capital Budget. <p>Assessment Report</p> <ul style="list-style-type: none"> Assessments used for budget purposes are estimated approximately eight (8) months prior to the availability of final figures. The estimate is required to gain an understanding of the net impact the budget will have on property taxation in the County. Assessment growth is defined as the changes in assessment resulting from adding inventory, data corrections, or changes in assessment policy applied by assessors. Assessment inflation is defined as assessment value change resulting from shifts in market trends, Assessment to Sales ratio adjustments, and base year cost modifiers that are applied as part of the mass appraisal process.

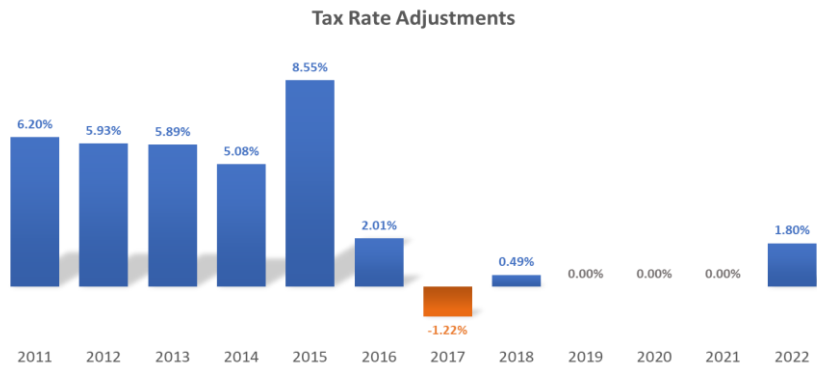
- The 2021 assessment value budget predictions when compared to the 2021 actual assessment declaration resulted in a decrease of 0.33% in assessment or 0.88% in taxes. This difference is not the actual year over year change in assessment.
- Information specific to each assessment class change is referenced in the 2022 Assessment & Taxation Report (Attachment 2).
 - Market based Residential and Non-Residential estimates for budget were more conservative as result of COVID-19. The finalized assessments recorded higher than anticipated effect from inflation and growth.
 - There is an ongoing review of all local non-residential properties in Sturgeon County. The reclassification of Machinery and Equipment (M&E) to Buildings and Structures (B&S) is due to the ongoing review, which affected the earlier predictions.
 - M&E assessments require recognition of non-assessable costs, as well as the application of reported fixed asset disposals or additions, both of which are difficult to anticipate in advance.
- Key variances were as follows:
 - Residential assessment experienced \$67.1 million increase from budget projections to actuals.
 - Local Non-Residential and M&E increase of \$11.7 million difference is primarily driven from Industrial M&E being reclassified to B&S is because of ongoing review of assessments for regulated property.
 - Local M&E increase of \$15.8 million is driven by reported costs variances for fixed assets (additions, disposals) received from Industrial properties as well as an ongoing review of these properties.
 - The overall net decrease of \$112.5 million for Designated Industrial property (DIP), Non-Residential, and M&E is driven by industry reported non-assessable costs, asset disposals, and reclassifications to B&S.
- Effectively, the assessment was overestimated in total, which results in lower tax revenue. During the budget process, the assessment must be estimated, and Administration strives to provide conservative and accurate forecasts. In addition, the provincial administration of this regulated assessment has reduced the County's visibility into upcoming adjustments.

Tax Report

- Council approved the 2022 Budget on December 14, 2021; and in conjunction with the direction provided at that time, Administration is presenting the 2022 Taxation Rates Bylaw to Council, which proposes a 1.8% tax rate increase (\$1.5 million).
- The Municipal Property Tax Revenue, inclusive of all assessment classes, was budgeted to be \$85.83 million, and is now expected to be \$85.07 million, resulting in approximately \$0.75 million less in revenue,

excluding any assessment changes that may arise between May 19 and July 26, 2022.

- Municipal taxes are the most important single source of revenue for Sturgeon County. Approximately 80% of revenues in 2022 will be derived from municipal property taxes.
- Below is a chart showing the historical property tax rates for the past 10 years and the current year budgeted tax rate adjustment.
- The minimum tax is \$25 to impose a 2022 tax notice levy on tax accounts.



Analysis

- Assessment revisions are possible throughout the year. This can have an overall impact on the amount of tax revenue.
- Assessment changes by the provincial assessor's office to DIP or Linear property inventory due to policy, delayed or updated reported costs, and contested assessments could result in changes to tax revenue.

Requisitions

- The Education requisition amounts are established by the Province and are binding. For 2022, the rates decreased by 3.3% for residential and decreased by 19.9% for non-residential. For a residential median County home, the decrease is approximately \$39.
- The Homeland Housing requisition increased by 50.69% for residential and non-residential. For a residential median County home, the increase is approximately \$13.61.
- The Designated Industrial Property Requisitions are established by the Province of Alberta. For 2022, the rate has remained consistent with the prior year.

External Communication

- Assessment and Tax Notices will be mailed Thursday, May 19, 2022.
- An advertisement will be placed in local newspapers and on the County's website notifying ratepayers that notices have been mailed.
- The annual communication insert will be distributed with the tax notices in May.

	<p><u>Relevant Policy/Legislation/Practices:</u></p> <ul style="list-style-type: none"> • Section 353 of the <i>Municipal Government Act</i> requires that Council pass a property tax bylaw annually. • Bylaw 1535/21 - Property Tax Penalty Bylaw • Bylaw 1536/21 - Tax Installment Payment Plan Bylaw
Implication of Administrative Recommendation	<p><u>Strategic Alignment:</u></p> <ul style="list-style-type: none"> • Municipalities rely heavily on property tax revenue to financially support the operating and capital programs administered through cash flow management practices. The tax rate bylaw is the County's annual guiding document that allows the distribution of taxation notices and subsequent collections to sustain municipal programs for the public. <p><u>Organizational:</u></p> <ul style="list-style-type: none"> • Combined tax and assessment notices must be ready for mailing May 19, 2022, with the last business day in June (Thursday June 30, 2022) as the payment due date to avoid penalties being imposed in accordance with the Property Tax Penalty Bylaw at 6% on July 1 and August 1 on outstanding current year balances. Assessment complaints must be submitted by July 26, 2022. • Tax payments can be made through a variety of means, including: <ul style="list-style-type: none"> ○ Tax Installment Payment Plan, ○ In person, ○ By mail, ○ Automated or in-person banking, and ○ Third-party system (e.g., Pay Simply that accepts credit). <p><u>Financial:</u></p> <ul style="list-style-type: none"> • General municipal property taxes amount to \$85.07 million with \$82.37 million having been budgeted for 2022 resulting in a ~\$0.75 million shortfall for 2022. (Note: 2021 – \$82.37 million). • Administration will closely monitor this variance and the year-end forecast throughout the remainder of the year.
Alternatives Considered	Council could propose amendments to the proposed Bylaw.
Implications of Alternatives	<p><u>Strategic Alignment:</u></p> <ul style="list-style-type: none"> • The passing of the 2022 Taxation Rates Bylaw ensures that Sturgeon County is financially stable and fiscally sustainable by having a financial policy that determines the funding sources. <p><u>Organizational:</u></p> <ul style="list-style-type: none"> • Combined tax and assessment notices must be ready for mailing May 19, 2022, with payment by the last business day in June (Thursday, June 30, 2022) to avoid penalties being imposed in accordance with the Property Tax Penalty Bylaw at 6% on July 1 and August 1 on outstanding current year balances. Assessment complains must be submitted by July 26, 2022. • Tax payments can be made through a variety of means including:

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Follow up Action	<ol style="list-style-type: none"> 1. Obtain Mayor and CAO signatures on Bylaw 1582/22 (Legislative Services, April 2022). 2. Post Bylaw 1582/22 on the Sturgeon County website (Corporate Communications, April 2022). 3. Send the combined Assessment and Tax Notices (Corporate Treasury & Finance, May 2022). 4. Advertise that the combined assessment and tax notices have been mailed (Corporate Communications, May 2022).
Attachment(s)	<ol style="list-style-type: none"> 1. Attachment 1: Bylaw 1582/22 - 2022 Taxation Rates 2. Attachment 2: 2022 Assessment & Taxation Report 3. Attachment 3: Bylaw 1535/21 – Property Tax Penalty Bylaw 4. Attachment 4: Bylaw 1536/21 – Tax Installment Payment Plan Bylaw
Report Reviewed by:	<p>Sabrina Duquette, Manager, Corporate Finance & Treasury</p> <p>Andrew Hayes, General Manager, Financial Services & Chief Financial Officer</p> <p>Reegan McCullough, County Commissioner – CAO</p>

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>