



STAFF REPORT

Title: Bylaw No. 672-AN-20 - 2020 Tax Rate Bylaw

Meeting Date: May 12, 2020

Executive Summary:

Annually a tax rate bylaw must be passed in order to generate the taxation revenue required to meet the 2020 approved operating budget of \$53,528,632, which includes a transfer to capital of \$9,245,000. The City must generate \$20,873,554 (2019: \$20,555,238) from municipal taxation to balance the 2020 budget. This amount is inclusive of the estimated \$16,028,000 from the Cold Lake Air Weapons Range and the allowance of \$1.2M for the PILT dispute. To date the City has not been notified on the taxation revenue it will receive from the ID349. The City has included 16M taxation revenue from the ID349 which is lowest amount we have received from the ID349 since 2012 and the minimum amount the City expected as per the model approved December 2018.

Assessment notices were mailed on February 27, 2020, and as per regulation the tax payers have 67 days to appeal their assessments. The appeal deadline for 2020 was May 4, 2020 but Municipal Affairs extended the deadline for appeal to July 1, 2020.

Administration is requesting first reading of the taxation bylaw inclusive of \$1.2M allowance for PILT with the tax rates to be as follows: Residential Tax rate 8.4179, Multi-Family Residential rate 8.7510, and Non-residential rate of 12.6985. These rates establish an average municipal tax increase of 1.24% to generate sufficient taxation revenue as budgeted in the 2020 budget. These rates are Municipal tax rates only and do not include the School Board or Lakeland Housing Foundation Requisitions. Inclusion of the requisition will generate an approximate 1.58% decrease for residential and a .23% increase for non-residential. The tax rate bylaw will be brought to Corporate Priorities May 19, 2020 for further discussion.

Background:

Council passed the 2020 Operational Budget on March 24, 2020 in the amount of \$53,528,632 with \$20,873,554 to be generated from taxation revenue. The budget was passed with an estimated average tax increase of 1.11%. However, the bylaw presented shows an average increase of 1.24% to all assessment classes. Taxes are dependent on the assessed value of a property in relation to other properties in the City. The tax rate is set per \$1000 of assessment. All assessments are based on market values as at July 2019 and condition as of Dec 31, 2019. If the requisitions inclusive of



the estimate requisition for Schools are included the average decrease would be approximately 1.58% for residential and a .23% increase for non-residential.

Administration is also providing other options if Council wishes to consider them.

Option 1: same rate as last year which will equate to a deficit of \$855,155. Option 2 is calculated with an average of no increase to Municipal taxes with a deficit of \$254,532. These options would require a transfer of approximately \$855,000 and \$254,000 respectively from accumulated surplus to balance the 2020 Operational Budget. Option 3 will generate the funds from taxation to balance the 2020 Operational budget.

The City appealed the 2013 to 2019 Payment in lieu of taxes (PILT) to the Dispute Advisory Board (DAP) stemming from a discrepancy between the City's Assessor's assessment and the Federal Assessors assessment of the 4 Wing property. The 2020 budget includes a PILT allowance of \$1.2M. The City will again apply for deferral of the portion of the school board requisition relating to PILT in 2020.

The City's total assessment decreased by \$61.9M when compared to prior year. Total growth was \$9.1M and the inflationary decrease was \$71M. The City sustained a \$3M decrease in assessments due to the demolition of properties on 4 Wing (Martineau area).

Under the Order in Council regarding the Annexation the City of Cold Lake must tax the annexed land at the same tax rate as the MD or the tax rate of the City of Cold Lake whichever is lower up to and including 2069 unless the criteria is met as per the Annexation agreement. The 2019 MD tax rates were 2.7663 Residential, 5.0000 Farmland and 14.5000 for Non-Residential.

Administration has provided for informational purposes on the attached spreadsheet a projected average increase of 1.24% to municipal taxes.

The 2020 Education Property Tax Requisition totals \$6,474,212 (2019-\$6,828,899) which requires a tax rate of 2.6440 for residential properties and 3.8594 for non-residential properties.

The Lakeland Seniors Foundation's requisition is \$196,055. (2019: \$200,341) which requires a tax rate of 0.0900 to generate the funds required.

The Designated Industrial Property Requisition for 2020 is \$1,887 (2019-\$1,954). A tax rate of 0.0760 will be utilized to generate \$1,887 for the Designated Industrial Property Requisition.



The City has no control over these requisitions; they are collected by the City and forwarded in full to the respective party. Administration will bring the tax rate bylaw to the corporate priorities meeting on May 19, 2020 for further discussion with 2nd and 3rd reading of the bylaw scheduled for May 26, 2020. Tax Notices will be mailed by May 31, 2020 with a due date of June 30, 2020.

Alternatives:

Council may consider the following options:

1. Council may give first reading to Bylaw No. 672-AN-20 the 2020 Tax Rate Bylaw with further discussion at Corporate Priorities
2. Council may not give first reading to Bylaw No. 672-AN-20 the 2020 Tax Rate Bylaw and consider amending the 2020 Operating Budget.

Recommended Action:

Council approve Administration's recommendation to give first reading to Bylaw No. 672-AN-20 the 2020 Tax Rate Bylaw with the Municipal Residential tax rate of 8.4179, Multi-Family Residential rate of 8.7510, Non-Residential tax rate of 12.6985, Annexed Residential 2.7663, Annexed Farmland 5.0000, and Annexed Non-Residential 12.6985. Education tax rates of 2.6440 residential, and 3.8594 non-residential, a tax rate of .0900 for the Lakeland Lodge and Housing requisition and a tax rate of 0.0760 for the Designated Industrial Property requisition.

Budget Implications (Yes or No):

Yes

Submitted by:

Kevin Nagoya, Chief Administrative Officer