



STAFF REPORT

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

Meeting Date: May 26, 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. The City has been notified that we will receive \$16,153,399 for the 2019 ID349 taxation revenue as an interim solution. The City along with the Ministry and Municipalities of the area will work towards a long-term sustainable solution for the distribution of the ID349 taxation revenue for 2020 and future years. The 2020 budget includes 16M which is consistent with what we have received the last several years.

Administration presented several options that were discussed by Council at the May 19, 2020 Corporate Priorities meeting. The Committee recommended to Council to hold the line on taxes in 2020 due to the hard economic times in the area now due to COVID-19 by transferring \$254,532 from the 2019 accumulated surplus to balance the 2020 budget. Scenario 2 provides an average increase to taxes for all classes at 0% this is however dependant on the percentage change in your assessment. If your property decreased by approximately 3.4%, your municipal taxes will remain the same.

Council also gave consideration to defer the due date but recommended the due date for taxes remain June 30, 2020 due to possible cash flow issues.

All annexed properties will be taxed at the rate set by the MD of Bonnyville or the City of Cold Lake, whichever is lower as per the Order in Council 356/2018 approved by the Lieutenant Governor.

Upon Approval of the tax rate bylaw the tax noticed will be mailed with a due date for all taxes of June 30, 2020 as per the Bylaw.



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%. The bylaw presented shows the actual amount required which is 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 tax rates inclusive of the requisitions are included the average decrease would be approximately 1.58% for residential and a .23% increase for non-residential.

Council gave first reading to the tax rate bylaw at the May 12, 2020 council meeting with the tax rates set 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.

At the May 19, 2020 Corporate Priorities meeting the Committee recommended to decrease the amount generated from taxation from \$20,873,554 to \$20,619,022 by transferring \$254,532 from the 2019 accumulated surplus.

This will generate the funds from taxation to balance the 2020 Operational budget with an approximate 0% increase for both Residential and Non-residential properties. The tax rate inclusive of requisitions would be decrease of 2.12% for Residential and .07% decrease for Non-residential properties.

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.

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 is presenting the original Bylaw 672-AN-20 that had first reading on May 12, 2020 with an average tax rate increase of 1.24% as well as an amended Bylaw that has the 0% tax increase option that Council had recommended at the Corporate Priorities meeting on May 19, 2020.

Alternatives:

Council may consider the following options:

1. Council may amend the operational budget by transferring \$254,532 from accumulated surplus, amend Bylaw 672-AN-20 as presented and give 2nd reading as amended and 3rd and final reading.
2. Council may give 2nd reading and 3rd and final reading to the original Bylaw 672-AN-20.

Recommended Action:

1. Council to approve a resolution to balance the operating budget of \$53,528,632 with \$254,532 coming from 2019 accumulated surplus.
2. Council approve the amendment to Bylaw 672-AN-20 the tax rate bylaw as presented with the Municipal Residential tax rate of 8.3149, Multi-Family Residential rate of 8.6439, Non-Residential tax rate of 12.5435, Annexed Residential 2.7663, Annexed Farmland 5.0000, and Annexed Non-Residential 12.5435. 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.

3. Council give 2nd reading to Bylaw 672-AN-20 as amended being the 2020 Tax Rate Bylaw with the Municipal Residential tax rate of 8.3149, Multi-Family Residential rate of 8.6439 Non-Residential tax rate of 12.5435, Annexed Residential 2.6440, Annexed Farmland 5.0000, and Annexed Non-Residential 12.5435. 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.
4. Council give 3rd and final reading to Bylaw 674-AN-20 the 2020 Tax Rate Bylaw with the Municipal Residential tax rate of 8.3149, Multi-Family Residential rate of 8.6439 Non-Residential tax rate of 12.5435, Annexed Residential 2.7663, Annexed Farmland 5.0000, and Annexed Non-Residential 12.5435. 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:

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