

**Summary of 2018 Assessment Roll &
2019 Tax Levies, Requisitions & Tax Rates**

1. Changes in the 2018 Taxable Assessment Base

Changes in the taxable property assessment base over the prior year are the result of either new taxable assessment growth or market value change. The finalized 2018 taxable assessment base forms the basis for the 2019 tax year.

- Assessment growth is primarily generated from new construction, new land servicing & development activity, and additions or renovations to existing property. Assessment growth becomes part of the taxable assessment base and assists in offsetting future municipal tax increases.
- Market value change refers to changes in property assessments resulting from inflation/deflation of real estate prices due to external market forces within our local real estate market. Within St. Albert, market value changes are *not* used to generate new tax revenue, as the City's practice is to adjust property tax rates as to offset market value fluctuations (revenue neutrality). It is important to note that property whose market value has increased or decreased at a rate different than the base average, will experience tax increases which are similarly different than the base average.

2018 Physical and Market Change for 2019 Taxation Year

Property Class	2018 Assessment Roll (Beginning of Year)	2018 Net Assessment Growth	% Growth	Finalized 2018 Roll (End of Year)	% Market
Residential	\$10,336,462,110	\$273,763,240	2.65%	\$10,542,732,450	-0.64%
Non-Residential	\$1,841,065,580	\$48,678,090	2.64%	\$1,907,720,870	0.95%
Total	\$12,177,527,690	\$322,441,330	2.65%	\$12,450,453,320	-0.40%

2. Municipal Property Tax

Municipal Property Taxes are comprised of four components. They are as follows:

Municipal Sub-Category	2019 Municipal Levy
a. General Municipal Levy	\$100,649,770
b. Servus Credit Union Place Operating Levy	\$1,399,000
c. Servus Credit Union Place Capital Levy	\$3,280,900
d. Annexation Lands Levy	\$172,830
TOTAL 2019 MUNICIPAL LEVY	\$105,502,500

2a. General Municipal Levy

The general municipal tax levy component is based on the City's 2019 operating budget requirements. City council has established the budget based on service levels for residents and priorities for sustaining and developing our community.

This levy amount is split between the two assessment classes based on policy contained within Section 11 of *Budget & Taxation Guiding Principles Policy C-FS-05*. As stipulated within that policy, the City Manager can recommend to Council an annual adjustment to the general municipal tax split, which may result in higher average municipal tax increases for the non-residential property class as compared to the residential property class. For 2019, the tax split for the general municipal levy is recommended to remain static at 80.1% residential and 19.9% non-residential. Impacts of this tax split decision are shown on page 7.

2b. Servus Credit Union Place Operating Levy

As per previous Council decision, the Servus Place Operating Levy is applied to the two assessment classes on a *uniform* basis, (the same as the Servus Place Capital Levy.) Therefore, tax rates are not "split", but are uniform. In future, should Council decide that the Servus Place Operating Levy be split in the same manner as the General Municipal Levy, the two levies could be amalgamated

2c. Servus Credit Union Place Capital Levy

The Servus Credit Union Place capital levy commenced in 2005 and represents the annual debenture payment payable for the initial construction cost of Servus Credit Union Place. 2019 marks the 15th year that the levy has been in effect. The existing debenture payments have a 20-year duration, expiring in 2024. The annualized payment for budget purposes is a static amount of \$3,280,900. As per previous Council

decision, the Servus Place Capital Levy is applied to the two assessment classes on a *uniform* basis. Therefore, tax rates are not “split”, but are uniform.

Total 2019 municipal tax rates inclusive of municipal components 2a, 2b, and 2c are as follows:

Property Class	2019 Municipal Mill Rate	Tax per \$100,000 of Assessment
Residential	8.0226	\$802.26
Non-Residential	11.0141	\$1,101.41

2d. Annexation Lands Tax Levy

Lands annexed by the City of St. Albert from Sturgeon County are subject to special taxation rules as per *Order in Council 38/2007*. Under the provisions of this order, the annexation lands “*must be taxed by the City of St. Albert...using the municipal tax rate established by Sturgeon County*”. This stipulation applies up to and including the 2021 taxation year. Administration must incorporate Sturgeon County’s 2019 tax rates into our own tax rate bylaw for those assessments contained within the annexation lands area. Once developmental activity occurs on any of the said lands, the tax rates revert to City of St. Albert rates.

Property Class	Sturgeon County 2019 Mill Rate	Tax per \$100,000 of Assessment
Residential	3.6449	\$364.49
Farm Land	9.4700	\$947.00
Non-Residential	10.2808	\$1,028.08
Machinery & Equipment	10.2808	\$1,028.08

3. Provincial Education Requisition

Provincial legislation requires the City to levy and collect education taxes on behalf of the Province of Alberta. The City of St. Albert does not set or control the requisition amount. The City receives an annual requisition from the Province of Alberta which establishes what amount is to be levied and collected from the residential and non-residential classes of taxable property.

As of the date of the preparation of this agenda report, the 2019 Provincial Budget, which is inclusive of education funding, had not yet been announced. This is due to the recent provincial election, which resulted in a change in government. Thus, the annual education requisition amount has not yet been communicated by the Province. All

municipalities in Alberta were instructed to mitigate this by estimating a requisition amount for the purposes of their tax rate bylaw preparations.

The City of St. Albert has elected to use the *2019 Provincial Equalized Assessment* totals for St. Albert and the existing *2018 Provincial Uniform Education Tax Rates*. This produces an estimate of the 2019 education requisition amount, which will be incorporated into the 2019 Tax Rate Bylaw. Once the actual requisition amounts are released later in 2019, any resultant under or over levy will then be incorporated into the 2020 Tax Rate Bylaw.

All education requisitions are to be levied, collected and remitted by the City, to the Alberta School Foundation Fund (ASFF) and the Separate School Board (Greater St. Albert Roman Catholic Separate School District No. 734). The summary of change in the 2019 education requisition versus 2018 is shown below.

Property Class	2019 Education Requisition (Estimated)	2018 Education Requisition	\$ Change	% Change
Residential	\$27,131,700	\$26,201,439	\$930,261	3.5%
Non-Residential	\$6,496,000	\$6,149,930	\$346,070	5.6%
Total	\$33,627,700	\$32,351,369	\$1,276,331	3.9%

Property Class	2019 Mill Rate	Tax per \$100,000 of Assessment
Residential	2.5735	\$257.35
Non-Residential	3.4319	\$343.19

4. Homeland Housing Requisition

The Homeland Housing Foundation is a non-profit management body established January 1, 2017 due to an amalgamation of the Sturgeon Foundation and the Westlock Foundation. The Homeland Housing region includes the City of St. Albert, MD of Lesser Slave Lake, Sturgeon County, Town of Bon Accord, Town of Gibbons, Town of Legal, Town of Morinville, Town of Redwater, Town of Westlock, Village of Clyde, and Westlock County. Homeland Housing manages seniors housing facilities in all these locations.

Property Class	2019 Homeland Housing Requisition	2018 Homeland Housing Requisition	\$ Change	% Change
Total	\$1,165,645	\$1,131,950	\$33,695	3.0%

Property Class	2019 Mill Rate	Tax per \$100,000 of Assessment
Residential	0.0884	\$8.84
Non-Residential	0.1236	\$12.36

The City of St. Albert is required to levy, collect, and remit our portion of the annual requisition amount on behalf of Homeland Housing.

5. Designated Industrial Property Requisition

The Designated Industrial Property (DIP) Requisition is a new provincially mandated requisition which commenced for the 2018 tax year. This requisition is for the service delivery cost borne by Alberta Municipal Affairs for the assessment preparation of designated industrial property throughout the province of Alberta. All Alberta municipalities are required to collect and remit their apportionment of the total requisition. Within St. Albert, DIP property consists of linear property, rail property, and miscellaneous oilfield installations.

Property Class	2019 Designated Industrial Requisition	2018 Designated Industrial Requisition	\$ Change	% Change
Total	\$6,118	\$2,597	\$3,521	135.6%

Property Class	2019 Mill Rate	Tax per \$100,000 of Assessment
Residential	Does not apply	Does not apply
Non-Res* (DIP only)	0.0786	\$7.86

6. Taxation Impacts

Impacts are based on How Your Assessment Changed in Relation to the Class Average

Property tax impacts will vary depending on the change in assessed value. Those properties that experience an assessment increase that is the same as the average for that class of assessment, will then experience a tax increase that is also the average. Any property that experiences an assessment change that is higher or lower than the

base average, will also receive a tax increase that is correspondingly higher or lower than the base average. The table below provides a summary, based on the City Manager recommended tax split.

Residential		Non-Residential	
Assessment % change is less than -0.6%	<u>Overall</u> tax increase will be less than 0.9%	Assessment % change is less than 1.0%	Overall tax increase will be less than 1.4%
Assessment % change is approx. -0.6%	<u>Overall</u> tax increase will be approx. 0.9%	Assessment % change is approx. 1.0%	Overall tax increase will be approx. 1.4%
Assessment % change is greater than -0.6%	<u>Overall</u> tax increase will be greater than 0.9%	Assessment % change is greater than 1.0%	Overall tax increase will be greater than 1.4%

Total Tax Impact is based on the Weighted Average of the Change in the Different Tax Components

Property tax impacts are the cumulative effect of changes in all three components of property tax: municipal, education, and Homeland Housing. Each tax component experiences different rates of increase in any given tax year. Only the municipal component is within the City's control. **The Education requisition, Homeland Housing requisition, and Designated Industrial Property (DIP) requisition are not within the City's control.** Municipal taxes account for approximately 75% of the levy total, Education taxes, 24%, and the Homeland Housing requisition, 1%. The DIP requisition is inconsequential.

For properties that experienced an assessment % change that was the same as their assessment class (residential or non-residential) average, the weighted 2019 tax impact will be as follows:

RESIDENTIAL - SINGLE FAMILY DWELLING - BASE AVG

	2018 TAX YR	2019 TAX YR	\$ CHG	% CHG
TYPICAL ASSESSMENT	452,900	450,000		
ASSESSMENT CHANGE \$		-2,900		
ASSESSMENT CHG %		-0.6%		
 MUNICIPAL LEVY	3,577	3,610	33	0.9%
EDUCATION LEVY	1,148	1,158	10	0.9%
HOMELAND HOUSING LEVY	40	40	<u>0</u>	0.4%
TOTAL	4,764	4,808	43	
 OVERALL TAX CHG \$			43	0.9%

NON-RESIDENTIAL - WAREHOUSE - BASE AVG

	2018 TAX YR	2019 TAX YR	\$ CHG	% CHG
TYPICAL ASSESSMENT	990,600	1,000,000		
ASSESSMENT CHANGE \$		9,400		
ASSESSMENT CHG %		0.9%		
 MUNICIPAL LEVY	10,905	11,014	109	1.0%
EDUCATION LEVY	3,336	3,432	96	2.9%
HOMELAND HOUSING LEVY	123	124	<u>1</u>	0.3%
TOTAL	14,364	14,570	206	
 OVERALL TAX CHG \$			206	1.4%