

BYLAW 6397

A BYLAW OF THE CITY OF LETHBRIDGE TO

**AUTHORIZE THE LEVY OF TAX UPON ALL TAXABLE PROPERTY SHOWN ON THE
PROPERTY ASSESSMENT AND TAX ROLLS AND THE SUPPLEMENTARY PROPERTY
ASSESSMENT AND TAX ROLLS FOR THE YEAR 2023**

WHEREAS pursuant to section 353 of the Municipal Government Act, R.S.A. 2000, c. M-26, Council must pass a Property tax bylaw annually authorizing the Council to impose a tax in respect of Property in the municipality to raise revenue to be used toward the payment of the expenditures and transfers set out in the budget of the municipality, and the Requisitions;

AND WHEREAS, section 369 of the Municipal Government Act, R.S.A. 2000, c. M-26, provides that Council must pass a supplementary Property tax bylaw annually to authorize the levying of a supplementary Property tax in respect for which supplementary assessments have been made;

AND WHEREAS, pursuant to section 243 of the Municipal Government Act, R.S.A. 2000, c. M-26, a Property tax levy of \$171,261,443 including budgeted and additional growth is required for the general revenue of the City for municipal purposes during the year 2023;

AND WHEREAS, pursuant to sections 162 and 167 of the Education Act, S.A. 2012, c. E-0.3 the City of Lethbridge is required to levy a tax to pay the Requisition from the Province for the Alberta School Foundation Fund and the Holy Spirit Roman Catholic Separate Regional Division No. 4, which will be \$41,364,035.

AND WHEREAS, pursuant to section 7 of the Alberta Housing Act, R.S.A. 2000, c. A-25, the City of Lethbridge is required to levy a tax to pay the Requisition of \$2,288,960 from the Green Acres Foundation.

AND WHEREAS, section 297 of the Act provides that the assessor must assign one or more of the following assessment classes to the Property, including Designated Industrial Property: Residential, Non-Residential, farm land and Machinery and Equipment;

AND WHEREAS, pursuant to section 359.3 of the Municipal Government Act, R.S.A. 2000, c. M-26, the City of Lethbridge is required to levy a tax of \$22,482 to recover the costs incurred for matters relating to the assessment of Designated Industrial Property and any other matters related to the provincial assessor's operations;

AND WHEREAS, section 359.3 of the Act provides that the tax rate for the purposes of the Requisition defined in section 326(1)(a)(vi) of the Act must be set by the Minister;

AND WHEREAS, the assessed value of all Property for the purpose of this Bylaw in the City of Lethbridge as shown on the 2023 assessment roll is:

	Total Assessment	Non-Taxable Assessment	Taxable Assessment
<u>MUNICIPAL</u>			
Residential	11,989,196,300	47,413,520	11,941,782,780
Multi-Family Residential	807,921,640	173,219,450	634,702,190
Farm Land	2,366,900	0	2,366,900
Non-Residential	5,623,224,630	2,524,256,630	3,098,968,000
Machinery & Equipment	327,171,970	0	327,171,970
	<u>18,749,881,440</u>	<u>2,744,889,600</u>	<u>16,004,991,840</u>
<u>EDUCATION</u>			
Residential	11,989,196,300	48,183,520	11,941,012,780
Multi-Family Residential	807,921,640	219,199,200	588,722,440
Farm Land	2,366,900	0	2,366,900
Non-Residential	5,623,224,630	2,573,573,000	3,049,651,630
Machinery & Equipment	327,171,970	0	327,171,970
	<u>18,749,881,440</u>	<u>2,840,955,720</u>	<u>15,908,925,720</u>
<u>GREEN ACRES</u>			
Residential	11,989,196,300	48,183,520	11,941,012,780
Multi-Family Residential	807,921,640	219,199,200	588,722,440
Farm Land	2,366,900	0	2,366,900
Non-Residential	5,623,224,630	2,573,573,000	3,049,651,630
Machinery & Equipment	327,171,970	0	327,171,970
	<u>18,749,881,440</u>	<u>2,840,955,720</u>	<u>15,908,925,720</u>

NOW THEREFORE, THE COUNCIL OF THE CITY OF LETHBRIDGE ENACTS AS FOLLOWS:

PART I – TITLE, PURPOSE AND DEFINITIONS

1 (1) This Bylaw may be cited as the 2023 Property Tax & Supplementary Property Tax Rate Bylaw.

Purpose

2 (1) The purpose of this Bylaw is to establish:

- (a) municipal Property tax rates for the 2023 annual Property taxes;
- (b) municipal Property tax rates for the 2023 supplementary taxes;
- (c) authority to collect the Green Acres Foundation Requisition;
- (d) authority to collect the Education Requisition;
- (e) authority to collect the Designated Industrial Property Requisition.

Definitions

3 (1) In this Bylaw, unless the context otherwise requires:

- (a) "Act" means the *Municipal Government Act*, R.S.A. 2000 c. M-26;
- (b) "Designated Industrial Property" shall be defined as in 284(1)(f.01) of the Act;
- (c) "Farm Land" means land used for farming operations as defined in the regulations passed under the Act;
- (d) "Machinery and Equipment" has the same meaning as in section 284(1)(l) and 297(4)(a.1) of the Act;
- (e) "Minister" has the same meaning as set out in section 1(1)(o) of the Act;
- (f) "Multi-family Residential" shall have the meaning given to the term "Multi-family Residential" in Bylaw 6386;
- (g) "Non-Residential" has the same meaning as in section 297(4)(b) of the Act;
- (h) "Property" has the same meaning as in section 284(1)(r) of the Act;
- (i) "Requisition" has the same meaning as in section 326(1)(a) of the Act; and
- (j) "Residential" has the same meaning as in section 297(4)(c) of the Act.

PART II – LEVY

6 (1) The City Treasurer of The City is hereby authorized to impose the following rates of taxation on the assessed value of all taxable Property as shown on the 2023 assessment roll of The City:

	Tax Amount	Taxable Assessment	Tax Rate
<u>MUNICIPAL</u>			
Residential	\$97,855,745	11,941,782,780	0.0081944
Multi-Family Residential	\$7,953,453	634,702,190	0.0125310
Farm Land	\$19,395	2,366,900	0.0081944
Non-Residential	\$65,432,850	3,098,968,000	0.0211144
Machinery & Equipment	\$0	327,171,970	0
Subtotal Municipal Portion	\$171,261,443	16,004,991,840	
<u>EDUCATION</u>			
Alberta School Foundation Fund and Holy Spirit Roman Catholic Separate Regional Division 4:			
Residential	\$28,601,114	11,941,012,780	0.0023952
Multi-Family Residential	\$1,410,108	588,722,440	0.0023952
Farm Land	\$5,669	2,366,900	0.0023952
Non-Residential	\$11,347,144	3,049,651,630	0.0037208
Machinery & Equipment	\$0	327,171,970	0
Subtotal Education Portion	\$41,364,035	15,908,925,720	
<u>GREEN ACRES</u>			
Residential	\$1,754,135	11,941,012,780	0.0001469
Multi-Family Residential	\$86,483	588,722,440	0.0001469
Farm Land	\$348	2,366,900	0.0001469
Non-Residential	\$447,994	3,049,651,630	0.0001469
Machinery & Equipment	\$0	327,171,970	0
Subtotal Green Acres Portion	\$2,288,960	15,908,925,720	
<u>Designated Industrial</u>			
Designated Industrial Property	\$22,482	301,372,330	0.0000746
TOTAL TAX AMOUNT	<u>\$214,936,920</u>		

6 (2) For the purposes of collecting the portion of the Requisition defined in section 326(1)(a)(vi) of the Act, the City Treasurer is hereby authorized to impose the tax rate of 0.0000746 on the assessed value of all taxable Designated Industrial Property shown on the 2023 assessment roll of the City, as set by the Minister in Ministerial Order No. MAG:005/23.

7 (1) This Bylaw shall come into force and effect on the date of final passing thereof.

READ A FIRST TIME this 18 day of April, A.D. 2023



MAYOR



CITY CLERK

READ A SECOND TIME this 2 day of May, A.D. 2023




MAYOR

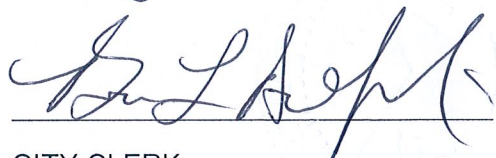


CITY CLERK

READ A THIRD TIME this 2 day of May, A.D. 2023



MAYOR



CITY CLERK

Department: Treasury & Financial Services

April 3, 2023

For Submission to
April 18, 2023
Council Meeting

His Worship the Mayor and
Members of City Council

Re: 2023 Taxation Requirements

2023 Assessment and Taxation Highlights

Submitted for City Council's consideration is Bylaw No. 6397 to establish the 2023 tax rates for taxation purposes. Some of the 2023 assessment and taxation highlights include:

1. **2023 property assessments** - consistent with the Municipal Government Act, the 2023 property assessments reflect the market value of property as of July 1, 2022. The assessments were prepared using mass appraisal practices, which utilizes information from property sales, rental income surveys and cost estimates to determine market value. All market conditions that may affect the property's value such as location, size, shape, replacement cost, age and the condition of the buildings have been taken into account. Property sales from the preceding three years establish a range of sale prices. Assessed values reflect the sales in the middle of this range of prices. This is the reason why assessments may be slightly higher or lower than the selling price. The purpose of an assessment roll is not to reflect one sale price or an opinion of value, but to assess all similar properties at similar values so that taxation is fairly and uniformly shared.
2. **Taxation bylaw** - on November 29, 2022, City Council approved the four-year operating budget (for the years 2023 - 2026). Although the approved budget includes a 5.10% increase in revenue requirements in each of the four years, City Council must approve its taxation bylaw on an annual basis.
3. **2023 Provincial education tax levy** – pursuant to the Municipal Government Act, the City is required to levy a tax to pay the education requisition. The 2023 combined education requisition increased over the 2022 requisition by a net amount of approximately \$1,151,060 or 2.86%. The portion of the combined tax levy related to the residential class increased by about \$947,740 or 3.26% and the tax levy related to the combined non-residential (commercial / industrial) class increased by about \$203,300 or 1.82%.
4. **2023 Green Acres tax levy** - increased by a net amount of about \$118,000 or 5.44%. The increase is required to adequately fund affordable housing for senior citizens, and is responsive to the needs of seniors, their families and the community.
5. **Market value** - the non-residential, single family and multi-family taxation property categories all experienced market value increases in the past year. Administration estimates that the residential category increased by about 6.0% and non-residential by 2.4% while multi-family decreased by (0.3%).
6. **Impact of changes in market value** - as noted in 2 above, budget requirements were established by City Council when they approved the 2023-2026 Operating Budget. Changes in market values do not have any impact on the budget requirements. For example, it is sometimes assumed that when overall assessments (property values) increase as they have in the past year, there is a corresponding increase in property taxes. That is not the case. Once the budget is approved, only sufficient taxes are levied to satisfy the budget requirements.

7. **Supplementary assessment** - it should be noted that this bylaw also authorizes the tax levy on the supplementary assessment and tax roll for the year 2023.

Single-Family Residential Property Illustration

For example purposes only, the following illustration is a tax analysis based on the average of the single family residential category with the rounded assessments of \$310,000 (2022: \$292,500).

	2023	2022	Increase (Decrease)	
	\$	\$	\$	%
Municipal levy	2,540.26	2,416.90	123.36	5.10%
Education requisition	742.51	730.28	12.23	1.67%
Green Acres requisition	45.54	43.52	2.02	4.64%
Combined property tax levy	3,328.31	3,190.70	137.61	4.31%

Comparative Analysis of 2023 Taxation Requirements (Exhibit 1 attached)

In addition to collecting taxes for its own municipal purposes, the City of Lethbridge also collects tax levies on behalf of the Green Acres Foundation and for Provincial educational purposes. The total tax dollars to be collected in 2023 on behalf of all taxing authorities is estimated to be \$214,936,920. The allocation of these tax dollars between the City of Lethbridge and other requisitioning authorities is illustrated on Exhibit 1 (attached).

Analysis of 2023 Tax Rates (Exhibit 2 attached)

Exhibit 2 provides a breakdown by requisitioning authority of the 2023 tax rates for single family residential, multi-family residential and non-residential (commercial/industrial) property classifications. The 2023 municipal and combined tax rates have increased for all tax classifications.

As discussed in point 5 above, the market values for the single-family residential and multi-family categories have increased while commercial had a slight decrease. It should be noted that when computing the impact on homeowners and businesses, the respective tax rates are applied against any changes in the properties’ market values in arriving at the 2023 tax levies.

The basis for establishing the 2023 municipal tax rates is to apply the budgeted increase in taxation requirement (5.10% for 2023).

As noted in point 5 on the prior page, market values for all classes, single family, multi-family and non-residential have all increased. As a result, ratios between classes have only changed slightly. The non-residential to single family residential ratio increased to 2.58 to 1 (2022: 2.49 to 1) and the multi-family residential to single family ratio increased to 1.53 to 1 in 2023 (2022: 1.44 to 1).

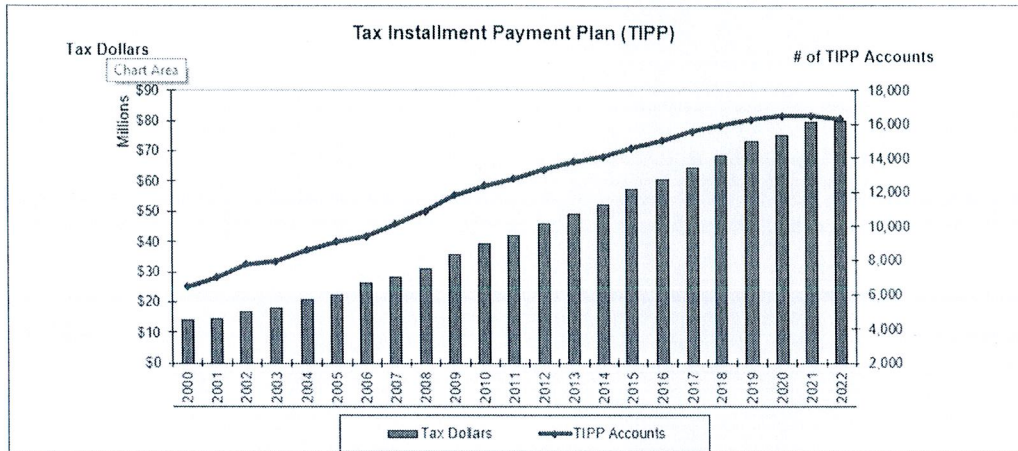
Assessment / Taxation Notices

In 2023, Property Assessment Notices for all property types (single family residential, multi-family residential and non-residential) were mailed on January 4, 2023. Property owners not satisfied with the Assessment Department’s justification of the estimate of market value had 68 days after the mailing date (i.e. to March 13, 2023) to formally appeal their assessment.

Tax notices for all properties will be mailed on May 24, 2023. The 2023 property taxes are due no later than the last business day in June (i.e. June 30, 2023). Penalties will apply to late payments.

Tax Installment Payment Plan

The Tax Installment Pre-Payment Plan (TIPP) Bylaw 6398 establishes a discount rate of 2.00% for taxpayers wishing to electronically pay their taxes by installments. The third reading of this bylaw will be submitted for approved at the City Council meeting of May 2, 2023. A chart showing the history of the TIPP plan is shown below.



Property owners wanting to take advantage of the plan can pick up an application form at City Hall, visit the City's website <http://www.lethbridge.ca> or request one by phoning the Taxation Department at (403) 320-3950. Taxpayers already enrolled in the 2023 TIPP plan will automatically be carried forward to the 2024 plan. Any 2023 TIPP credits will be carried forward to reduce 2024 monthly installment amounts.

Policies and Programs

Under the City's **Tax Deferral Program**, property owners facing a tax increase of greater than 10% when compared to their "annualized" 2022 property taxes can defer the excess (i.e. the portion exceeding the 10% threshold). A form is attached to the Incentives for Prepayments, Penalty and Tax Deferral Bylaw 6385 that explains the two options for deferral. Application for this program must be made by June 30, 2023.

The Alberta Government's **Seniors Property Tax Deferral** program allows eligible senior homeowners to defer all or part of their property taxes through a low-interest home equity loan. Program details and application forms can be found on the Province of Alberta Seniors website at <http://www.seniors.alberta.ca/seniors/property-tax-deferral.html>, or call the Alberta Supports Contact line at 1-877-644-9992.

For further information regarding 2023 assessment and taxation, property owners are encouraged to review the "Property Taxes Information Brochure" sent with their notices, or visit the city's website under My Taxes & Assessment <http://www.lethbridge.ca/living-here/My-Taxes/Pages/Forms,-Documents,-and-Other-Information.aspx> (under Forms, Documents and Other Information)" or for specific information about your property click "My Taxes & Assessment".

Recommendation

Administration is recommending that the proposed Property Tax Bylaw 6397 to establish the 2023 tax rates for taxation purposes be given second and third reading on May 2, 2023 so that property tax notices can be mailed by May 24, 2023.

Respectfully submitted,



Jennifer Jerred, CPA, CA
Controller



Darrell Mathews, CPA, CMA, CIA
City Treasurer



Lloyd Brierley
City Manager

**CITY OF LETHBRIDGE
COMPARATIVE ANALYSIS OF 2023
TAXATION REQUIREMENTS**

	Municipal Purposes	Green Acres Foundation	Designated Industrial	ASFF		Separate		Total
				Residential	Non-Residential	Residential	Non-Residential	
Gross 2023 taxation requirements	\$ 171,261,443	\$ 2,294,091	\$ 22,482	25,891,077	\$ 10,557,199	\$ 4,123,401	\$ 773,536	\$ 214,923,229
Plus (minus) prior year's collection adjustment	N/A	(5,131)	0	143,273	(20,678)	(140,860)	37,087	13,691
Adjusted 2023 taxation requirements Per By-Law	171,261,443	2,288,960	22,482	26,034,350	10,536,521	3,982,541	810,623	214,936,920
Less 2022 taxation requirements	160,403,415	2,170,952	21,469	25,075,190	10,328,857	3,993,960	814,968	202,808,811
Net dollar increase in taxation requirements	\$ 10,858,028	\$ 118,009	\$ 1,013	959,160	\$ 207,664	\$ (11,419)	\$ (4,345)	\$ 12,128,109
Percentage increase	6.77%	5.44%	4.72%	3.83%	2.01%	-0.29%	-0.53%	5.98%
<u>Municipal increase due to:</u>								
2023 revenue requirement increase (as amended)		5.10%						
Growth in assessment		1.67%						
Total increase		6.77%						

**CITY OF LETHBRIDGE
ANALYSIS OF 2023 MILL RATES**

	2023 Taxable Assessments	2023 Net Requirements	2023 MILL RATE			
			Single family Residential	Multi-family Residential	Non- Residential	Designated Industrial
<u>General Taxation</u>						
Single family residential	11,944,149,680	\$ 97,875,140	8.1944			
Multi-family residential	634,702,190	7,953,453		12.5310		
Commercial / Industrial	3,098,968,000	65,432,850			21.1144	
	<u>15,677,819,870</u>	<u>171,261,443</u>				
Green Acres Foundation	15,581,753,750	2,288,960	0.1469	0.1469	0.1469	
Designated Industrial Non residential	301,372,330	22,482				0.0746
School Tax - residential	12,532,102,120	30,016,891	2.3952	2.3952		
School Tax - non residential	3,049,651,630	11,347,144			3.7208	
	<u>15,581,753,750</u>	<u>41,364,035</u>				
		<u>\$ 214,936,920</u>				
<u>2023 Combined mill rate</u>			<u>10.7365</u>	<u>15.0731</u>	<u>24.9821</u>	<u>0.0746</u>
2022 Combined mill rate			<u>10.9084</u>	<u>14.5371</u>	<u>24.4991</u>	<u>0.0766</u>