

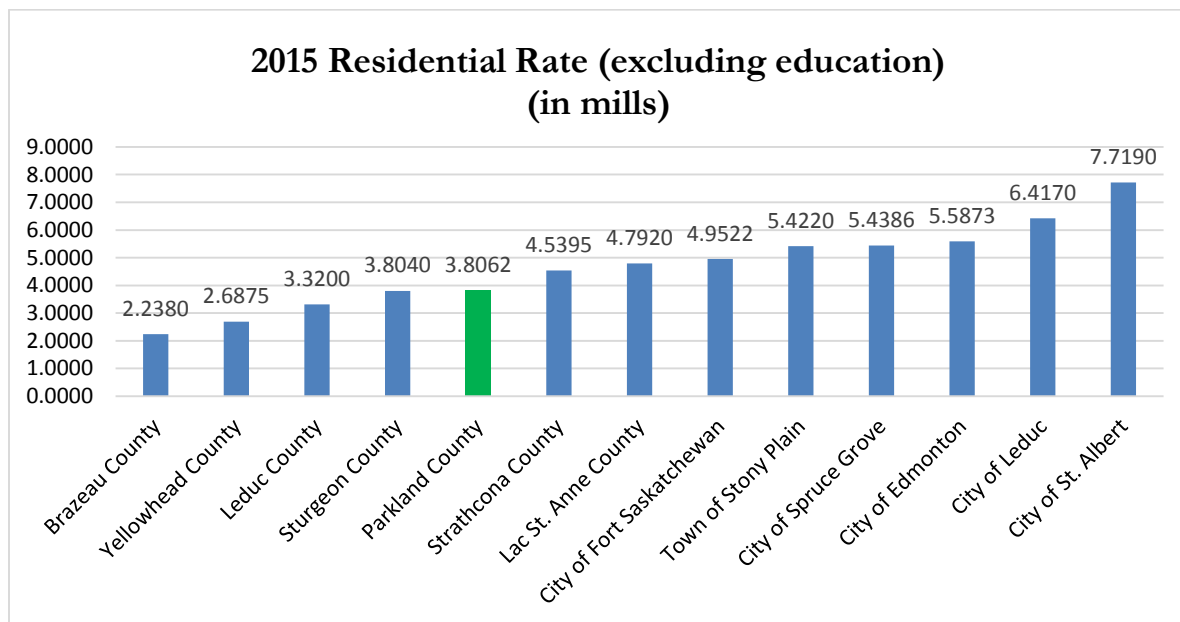
Tax Rate Analysis

The cost of goods and services typically increases year over year, therefore, in order for the Parkland County to maintain a consistent level of service, corresponding adjustments must be made to the tax rates to account for inflation. In order to recommend an appropriate rate of inflation to apply, Parkland County relies on published index rates. The most commonly referenced index is the Consumer Price Index (CPI) which is based on the goods and services used by the average consumer. However, given that Parkland County purchases a different range of goods and services than the average consumer, the CPI is not the most appropriate measure of inflation for the County.

As a result, administration's recommendation is for Parkland County to utilize the Municipal Price Index (MPI) to determine the applicable rate of inflation to be applied. The MPI is calculated using items commonly utilized by municipalities rather than consumers and would be more indicative of Parkland County's operations. As noted in the Parkland County's 2016 Budget Philosophy, the forecasted average MPI is 2.80%.

Municipal Tax Rate Comparison

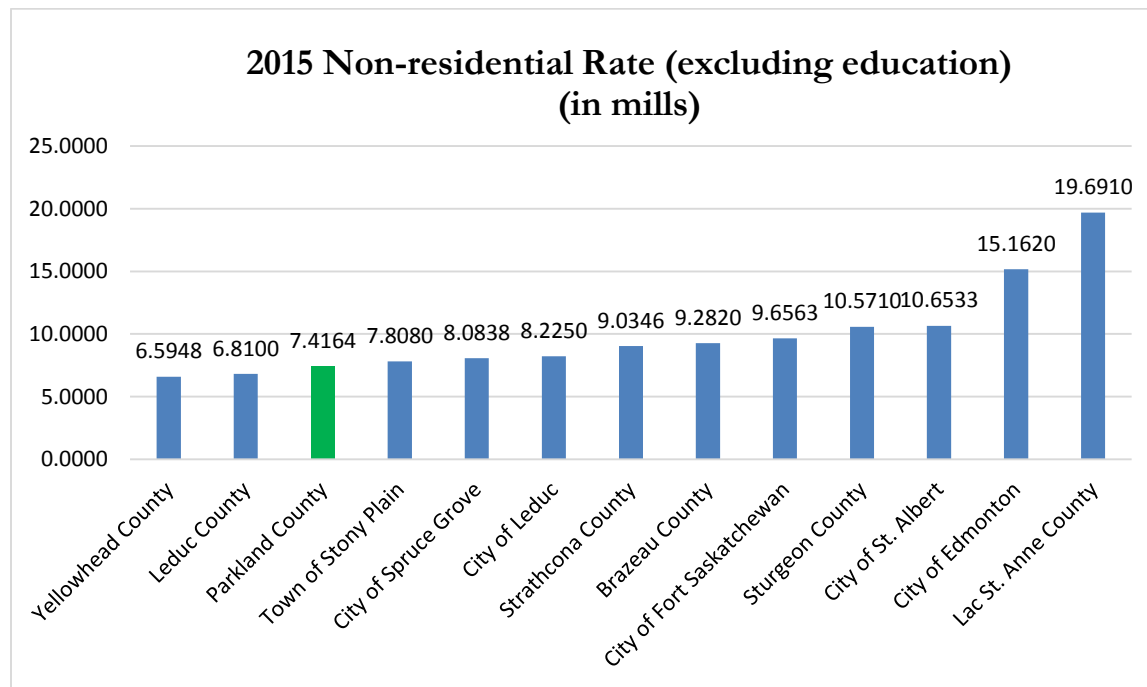
Each year Parkland County administration compiles information on the tax rates set by other municipalities in the region. The following charts illustrate how the Parkland County's tax rates compare to neighbouring municipalities.



Parkland County continues to maintain the fifth lowest residential tax rate of the thirteen municipalities listed. Please keep in mind that different levels of service dictate the amount of taxes required by the municipality. Because of Parkland County's proximity to Edmonton and the

number of residential subdivisions in the County, the range and level of service expected is higher than some of the smaller and more “rural” municipalities such as Yellowhead and Brazeau County.

Municipalities such as Sturgeon County, Leduc County, and Lac St. Anne County have a significantly higher farmland tax rate than their residential tax rate. This ranges from 2.2-3.7 times higher than the residential tax rate thus allowing them to offer a more competitive residential tax rate.



Parkland County continues to maintain the third lowest non-residential tax rate of the thirteen municipalities listed. Again, different levels of service dictate the amount of taxes required by the municipality. This results in some municipalities charging their non-residential taxpayers a significantly higher premium.

It is important that Parkland County continually monitors these rates to ensure that the County maintains competitive tax rates as well as a balance between residential and non-residential taxes.