

# **2019 Tax & Assessment BUDGET OVERVIEW**

*Presented November 6, 2018*

*One Parkland: Powerfully Connected.*



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### Municipal Tax Requisition

This draft of the budget contains a municipal tax requirement of \$59M which is \$2.2M more than the municipal tax requisition required in 2018. This is a 3.8% increase. The following chart illustrates this:

2019 Budget Tax Impact Summary				
	2018 Final Budget \$	2019 Budget \$	Increase/ (Decrease) \$	Increase/ (Decrease) %
Operating Budget	57,526,600	59,616,000	2,089,400	3.6%
Capital Budget	762,000	781,000	19,000	2.5%
<b>Total</b>	<b>58,288,600</b>	<b>60,397,000</b>	<b>2,108,400</b>	<b>3.6%</b>
Less: Separate Tax Requisitions				
TransAlta Tri Leisure Centre	(1,202,300)	(1,130,000)	72,300	-6.0%
Edmonton Metropolitan Region Board	(100,000)	(100,000)	0.0	0.0
<b>Current Municipal Tax Impact</b>	<b>56,986,300</b>	<b>59,167,000</b>	<b>2,180,700</b>	<b>3.8%</b>

This draft contemplates that the net increase in the municipal levy of \$2.2M is made up as follows:

Decrease in new growth and market	-\$100,357
Revenue from tax increase	\$2,281,057
<b>Net impact</b>	<b>\$2,180,700</b>

Reduction in growth is largely related to a decrease of \$111M of assessment relating to TransAlta's retirement of Sundance 1 and 2.

Reducing the municipal tax levy by 1% is equivalent to \$580,000.

### Current Tax Impact

As the budget sits now, the current tax impact is as follows:

#### Residential:

<b>Median Assessment Value</b>	\$ 495,180	\$ 495,180		
<b><u>PROPERTY TAX - Estimate</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
Municipal	\$ 1,924	\$ 2,001	\$ 77	4.00%
Tri Leisure Centre	\$ 41	\$ 38	\$ (3)	-7.32%
Edmonton Metropolitan Region Board	\$ 3	\$ 3	\$ -	0.00%
<b>Total Municipal Tax</b>	<b>\$ 1,968</b>	<b>\$ 2,042</b>	<b>\$ 74</b>	<b>3.76%</b>
Senior's Foundation	\$ 31	\$ 31	\$ -	0.00%
School	\$ 1,244	\$ 1,244	\$ -	0.00%
<b>Total Property Tax</b>	<b>\$ 3,243</b>	<b>\$ 3,317</b>	<b>\$ 74</b>	<b>2.28%</b>

#### Non-Residential:

<b>Non-Residential:</b>				
<b>Median Assessment Value</b>	\$ 4,973,750	\$ 4,973,750		
<b><u>PROPERTY TAX - Estimate</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
Municipal	\$ 38,649	\$ 40,199	\$ 1,550	4.01%
Tri Leisure Centre	\$ 815	\$ 768	\$ (47)	-5.77%
Edmonton Metropolitan Region Board	\$ 68	\$ 68	\$ -	0.00%
<b>Total Municipal Tax</b>	<b>\$ 39,532</b>	<b>\$ 41,035</b>	<b>\$ 1,503</b>	<b>3.80%</b>
Senior's Foundation	\$ 310	\$ 310	\$ -	0.00%
School	\$ 18,697	\$ 18,697	\$ -	0.00%
<b>Total Property Tax</b>	<b>\$ 58,539</b>	<b>\$ 60,042</b>	<b>\$ 1,503</b>	<b>2.57%</b>

The 2018 Interim Budget had a residential municipal tax rate increase of 2.63% and 2.57% for non-residential. The 2018 Final Budget resulted in a residential municipal tax rate increase of 3.63% and 1.14% for non-residential.

### Requisitions (Senior's Foundation & School)

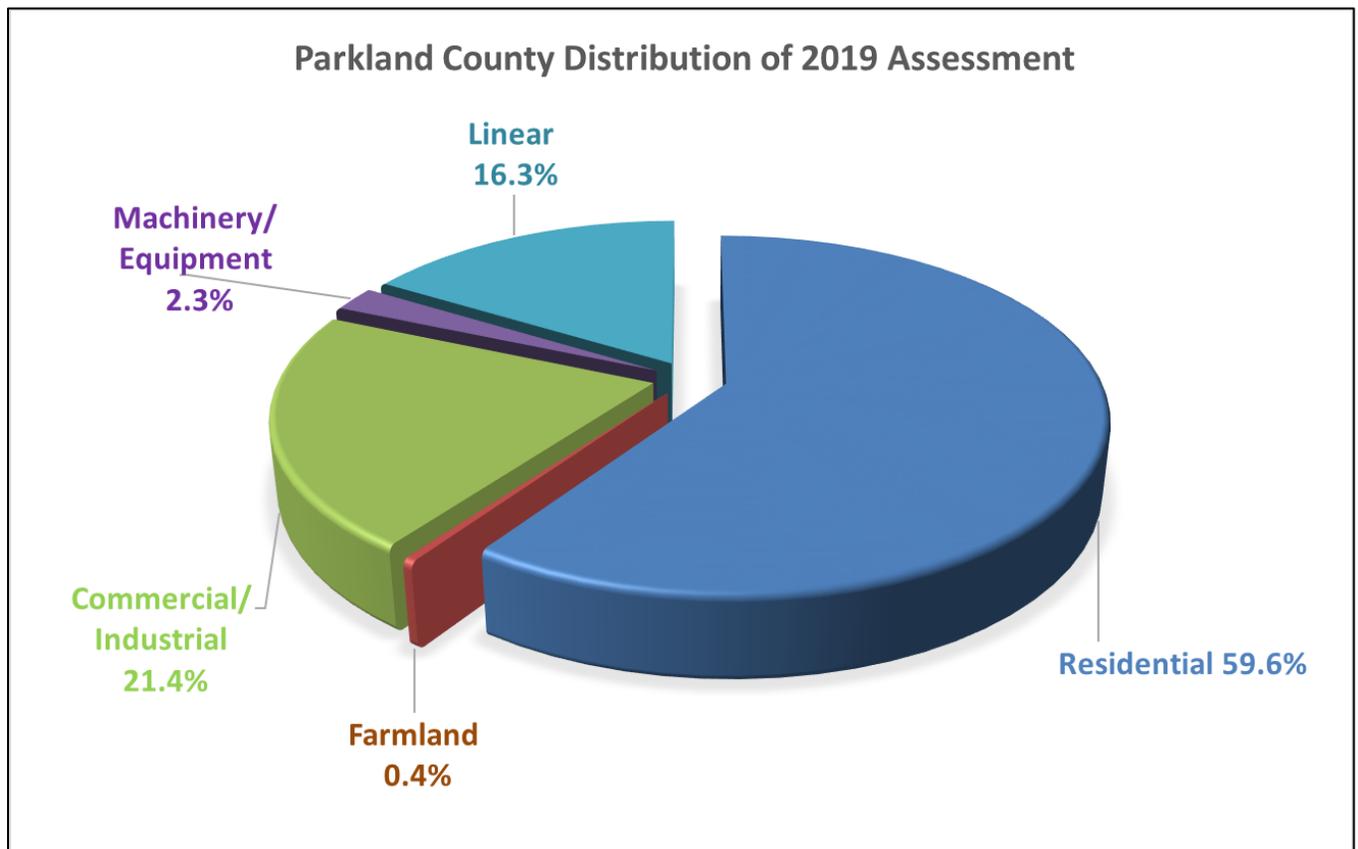
In order to include finalized assessment and school requisition values, the Interim Budget is adjusted in the spring and then becomes the Final Budget.

All requisition cost will be recovered directly from applicable tax revenues. The County's budget will not be used to subsidize or cushion other requisition increases. Requisition increases will stand alone on their own merits.

## Change in Assessment

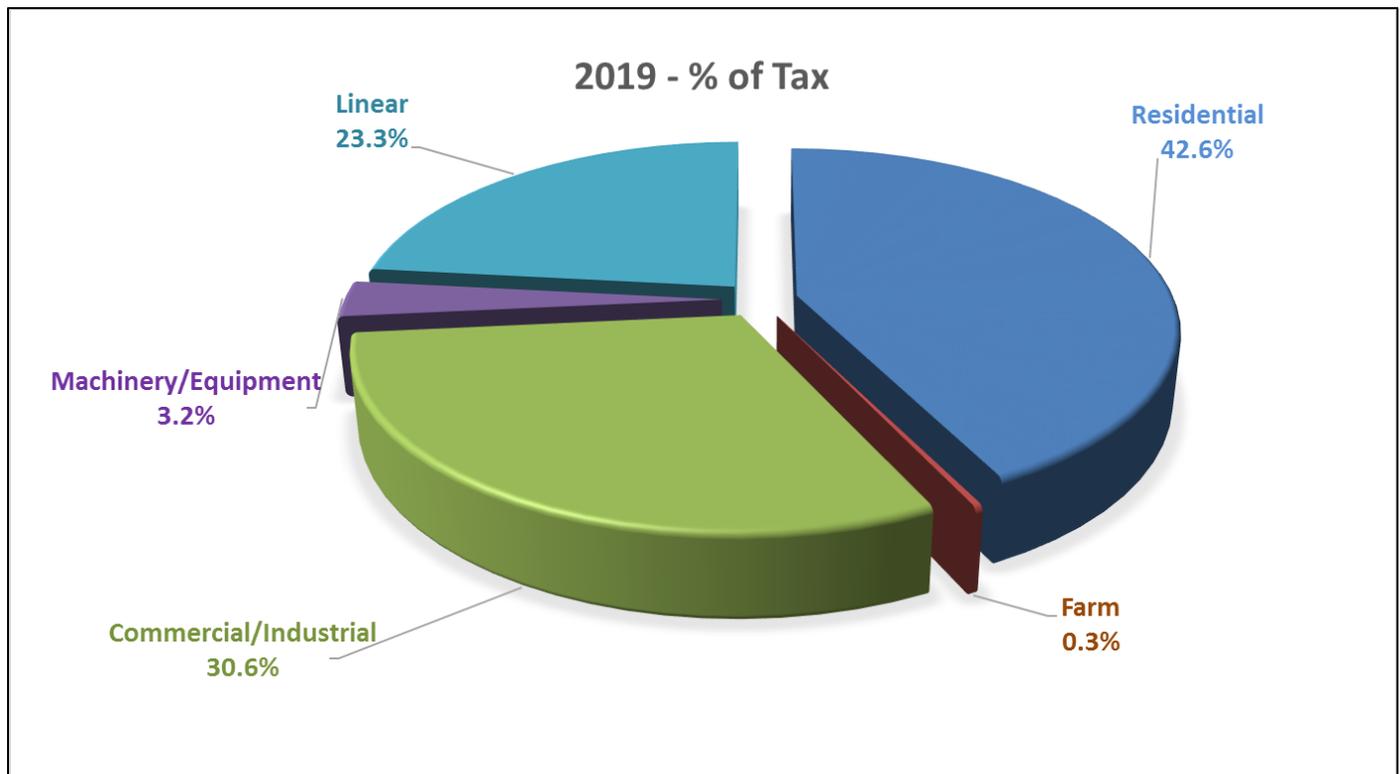
The following chart illustrates the changes in assessment projected by Assessment Services for the 2019 tax year: Projected decrease, net of inflation at this point is -\$5M; a decrease of 0.05%.

<u>Assessment Category:</u>	<u>2018</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>% of Total</u>
Residential	6,224,788,490	6,240,626,598	15,838,108	0.25%	59.6%
Farmland	42,460,870	42,289,750	-171,120	-0.40%	0.4%
Commercial/Industrial	2,141,802,580	2,238,130,500	96,327,920	4.50%	21.4%
Machinery/Equipment	242,207,840	235,791,160	-6,416,680	-2.65%	2.3%
Linear	1,815,916,140	1,705,256,469	-110,659,671	-6.09%	16.3%
	<b>10,467,175,920</b>	<b>10,462,094,477</b>	<b>-5,081,443</b>	<b>-0.05%</b>	<b>100.0%</b>



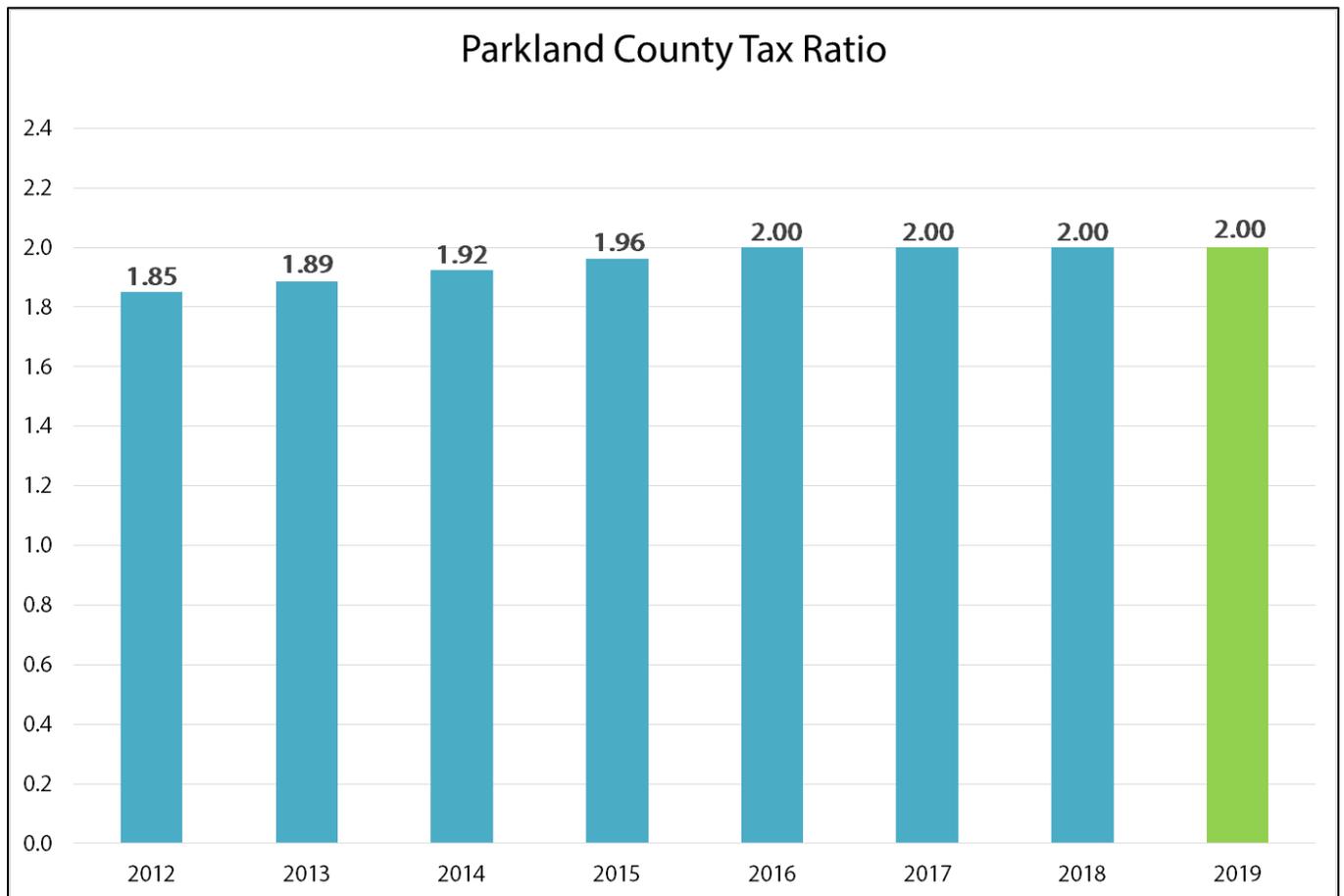
### Where Does the Tax Come From?

	Assessment	Municipal Tax Rate	Taxes	2019 - % of Tax
Residential	6,240,626,598	0.0040411	25,219,149	42.6%
Farm	42,289,750	0.0040411	170,897	0.3%
Commercial/Industrial	2,238,130,500	0.0080822	18,089,018	30.6%
Machinery/Equipment	235,791,160	0.0080822	1,905,711	3.2%
Linear	1,705,256,469	0.0080822	13,782,224	23.3%
	<b>10,462,094,477</b>		<b>59,167,000</b>	<b>100.0%</b>



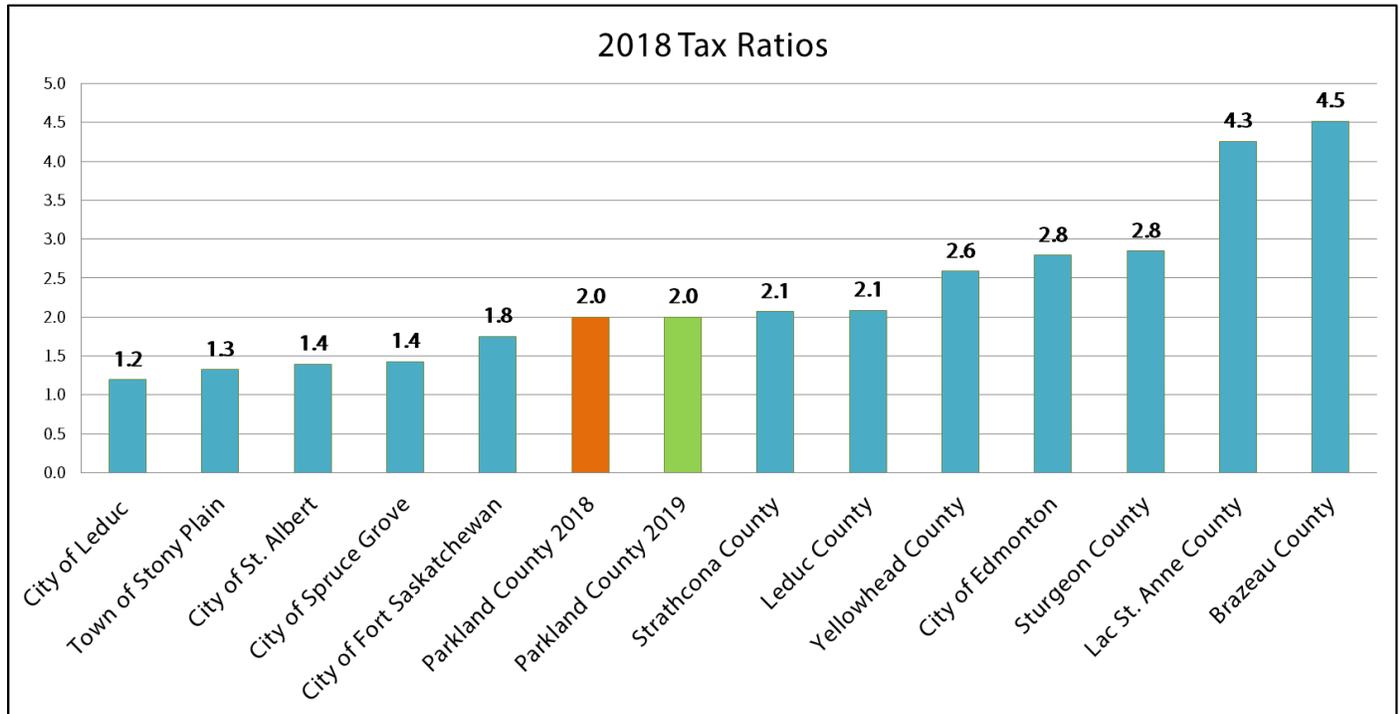
## Tax Ratio

A tax ratio is a way of distributing the taxes paid by residential versus non-residential properties. When setting the tax rate ratio the County wants to ensure the residential and non-residential taxation in the County remains competitive within the region and the tax burden remains fairly distributed.



Since 2016 Parkland County has maintained a 2:1 tax ratio.

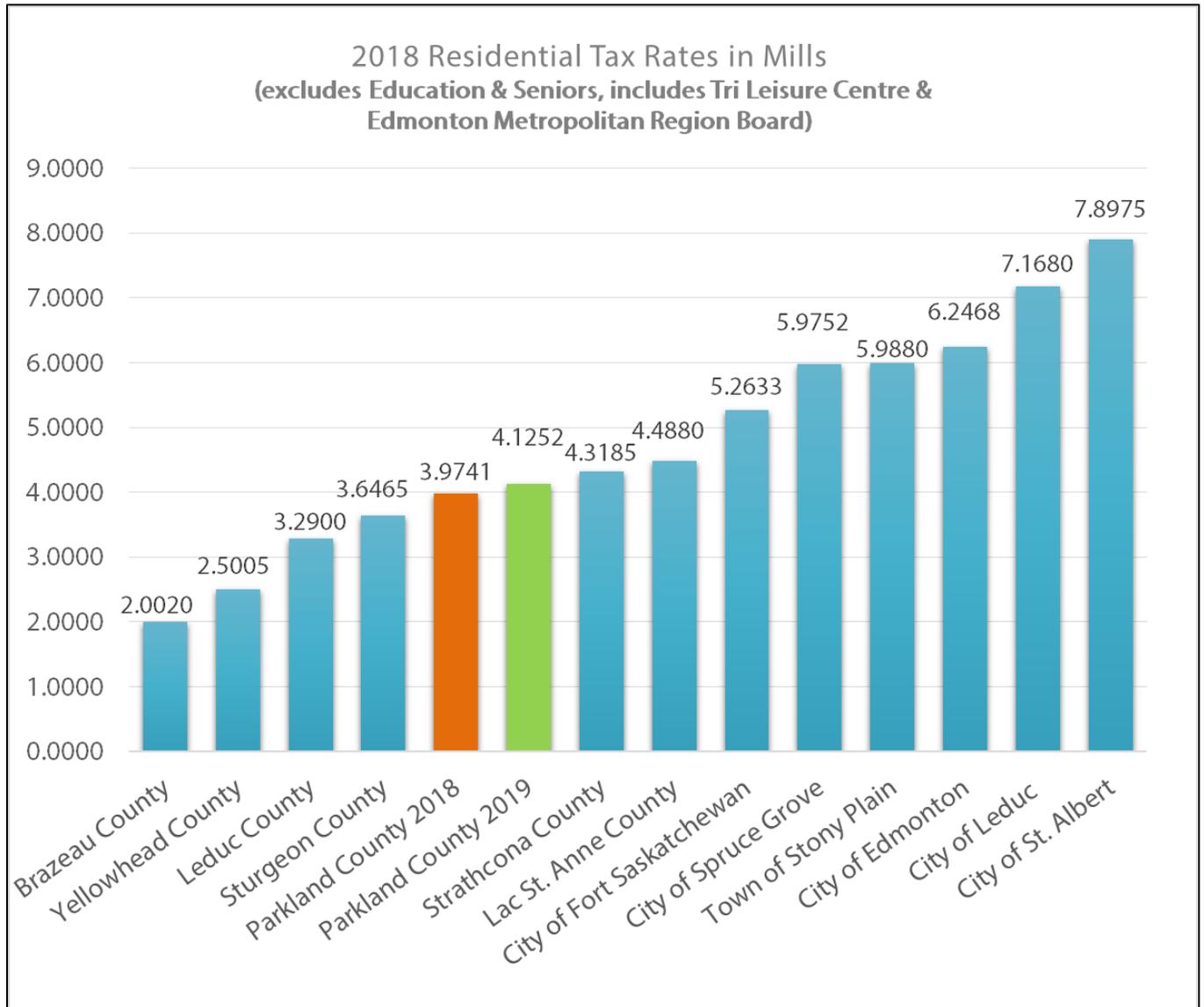
## Municipal Tax Ratios of Our Comparators



If one compares Parkland County's proposed 2019 tax ratio to our comparator's 2018 tax ratios, it is one of the lowest for a County, but higher than all surrounding urban municipalities, other than the City of Edmonton.

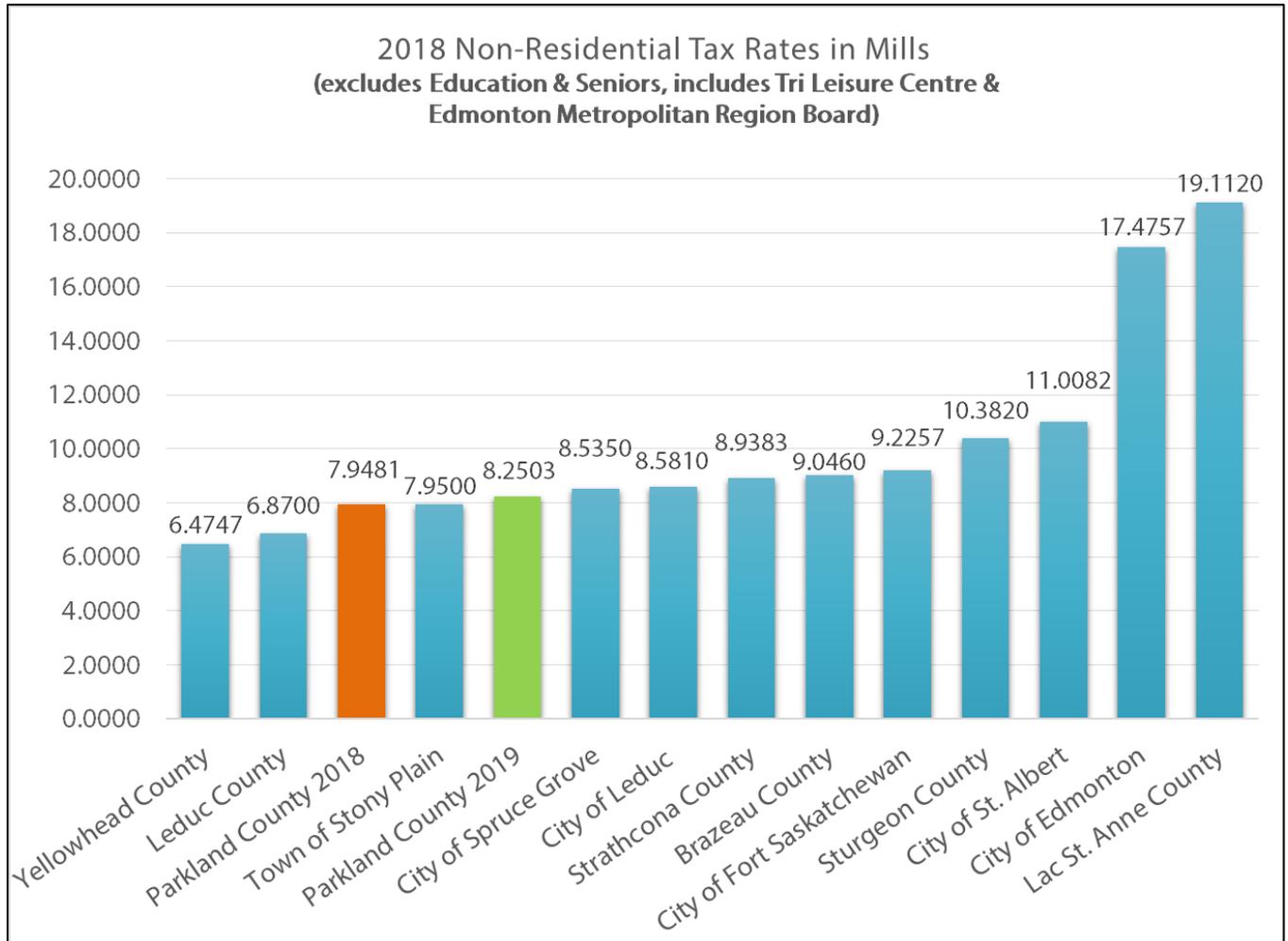
## Municipal Tax Rates of Our Comparators

### Residential:



If one compares Parkland County's proposed 2019 residential tax rate to our comparator's 2018 tax rates, it is the fifth lowest, which is in line with last year's ranking. Note all surrounding urban municipalities have a higher residential tax rate than Parkland County.

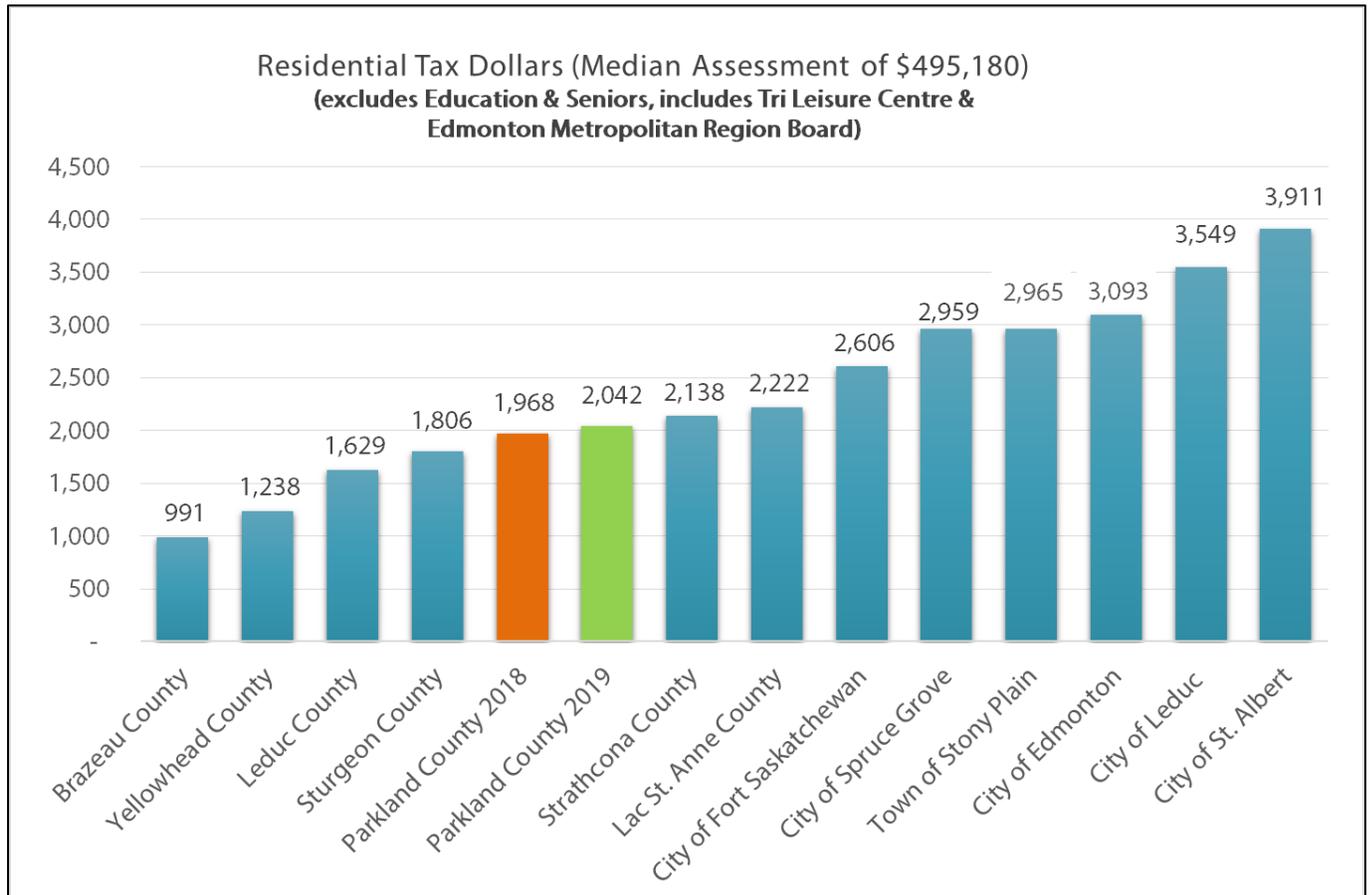
**Non Residential:**



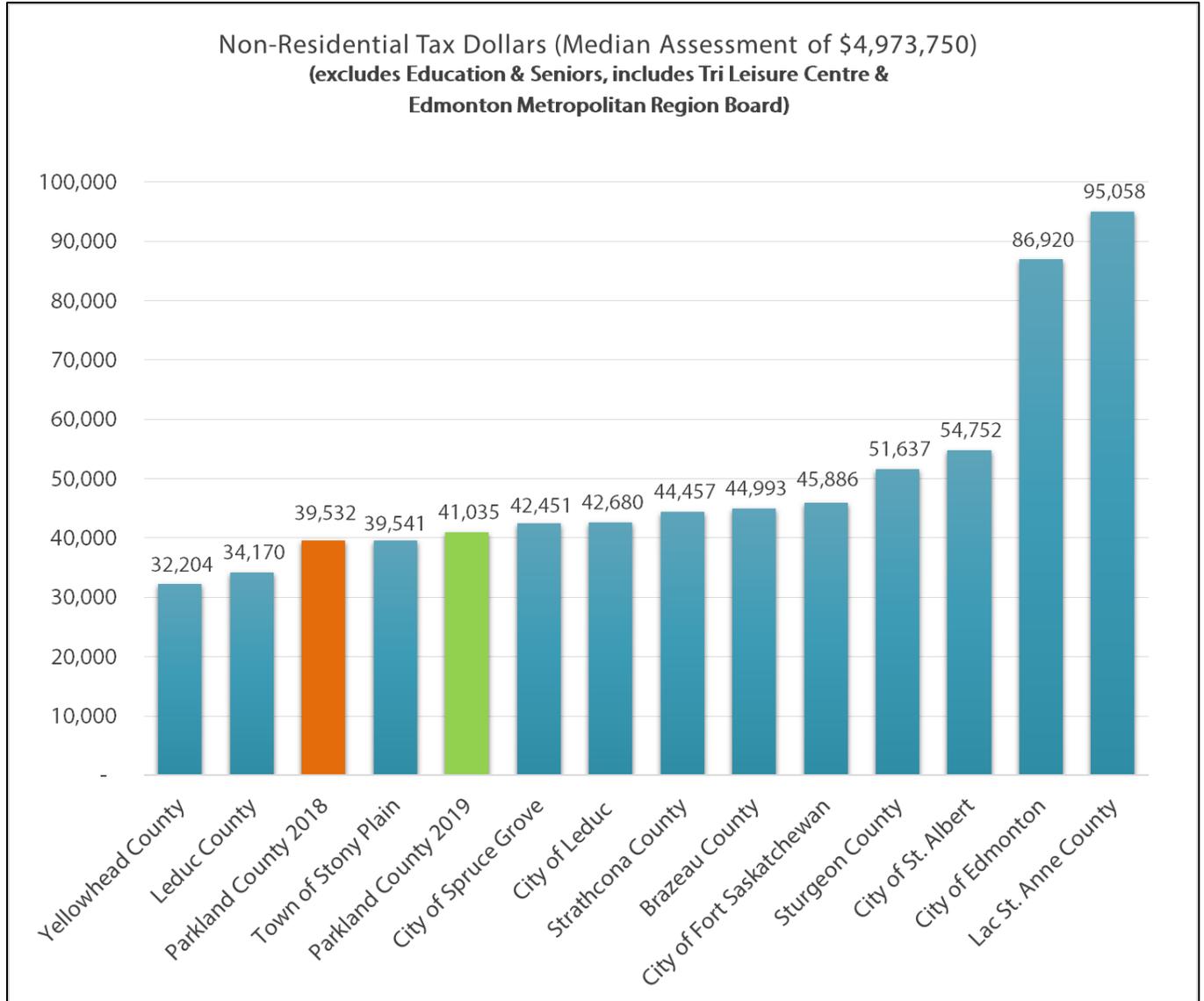
If one compares Parkland County's proposed 2019 non-residential tax rate to our comparator's 2018 tax rates, it is the fourth lowest, which remains very attractive in the business environment.

## Municipal Tax Dollars of our Comparators (2018 Tax Rates)

### Residential:



**Non-Residential:**



## 2019 User Fees and Charges

As part of the budget process, all user fees are reviewed and updated on an annual basis by the department responsible for administering the fee. This annual review ensures that fees are consistent with changes to services levels, delivery methodology and all costs associated with delivering a particular service. A user fee review is guided by the following principles:

- Benefit Principle – those who receive benefits from a particular County-provided good or service should pay for that good or service according to the level of value received.
- Cost Recovery Principle – the total cost of providing a good or service, including operating expenses should be the starting point when calculating user fees.
- Management of Demand Principle – Fees have a role in managing the level of demand for a service. Too high a fee can discourage use of a service that benefits the community. In these cases Council may direct that a fee be subsidized or waived.
- Comparability Principle - an analysis of fees charged for similar services provided by the County's neighboring municipalities ensures fees are comparable to other providers.

Utility rates should be set at levels adequate to cover operating costs, meet debt obligations and provide funding for capital improvements. The County is working towards elimination of subsidization between utility systems.

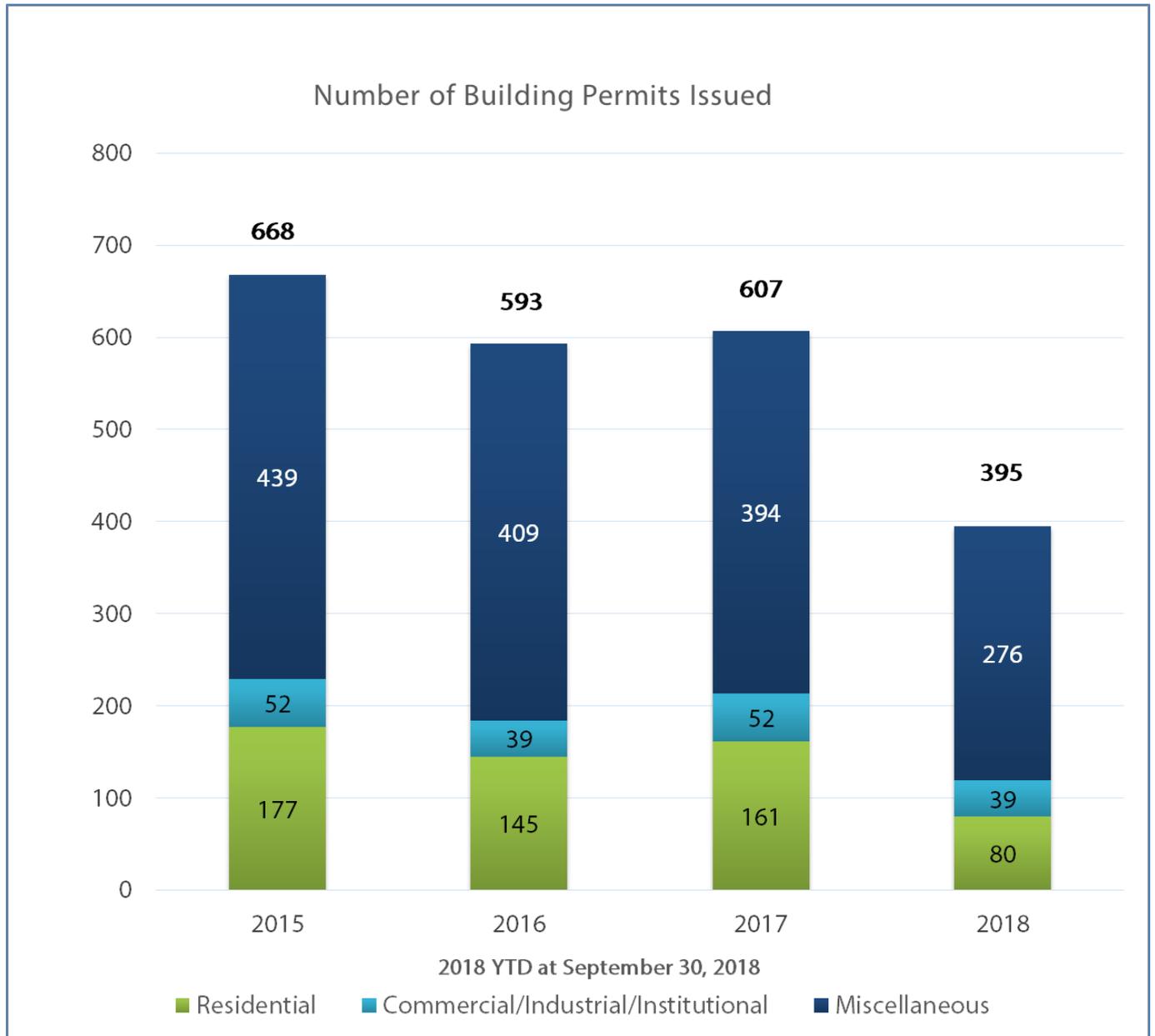
The 2019 Fees and Charges Bylaw 2018-14 was previously approved by Council on June 26, 2018 and have been incorporated into the 2019 budget.

## Permit Revenue

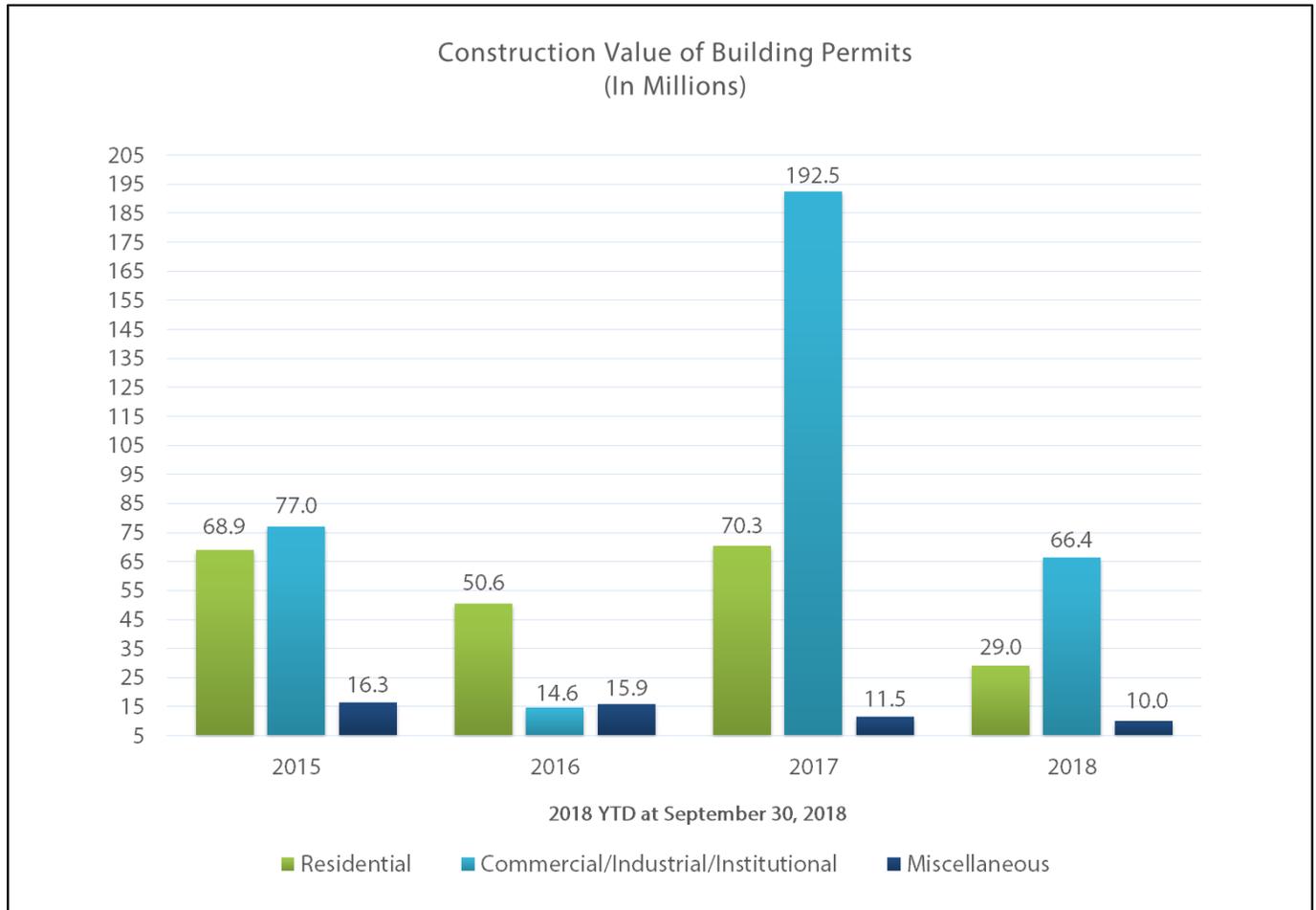
A leading indicator to help forecast the economic climate within Parkland County is to examine the number of building permits issued within the County. This helps us forecast future assessment as well as estimate revenue from user fees. Overall, the number of building permits issued as of September 30, 2018 is 19% lower than the total issued as of September 30, 2017.

- Residential sector permits are anticipated to continue to decline by 18% when compared to the prior year.
- Commercial/Industrial permits are anticipated to increase by 5% when compared to the prior year. This is largely driven by continued growth in the Acheson Industrial Park due to the success of various County initiatives.

## Number of Building Permits Issued



## Construction Value of Building Permits



88% of the increase in the construction value of commercial/industrial/institutional building permits in 2017, was a result of a large scale manufacturing facility in Acheson.