

Analysis and Illustrative Examples

Municipal Tax

In 2020 November, Council approved an overall municipal tax rate decrease of 1.77 per cent (report C2020-1215) with the Business Tax Consolidation portion being frozen approved on 2012 April 09 (report PFC2012-35). With the 52 per cent and 48 per cent revenue split between Residential and Non-Residential properties, the result of the approved bylaw will be a decrease of 1.57 per cent to the residential tax rate and a decrease of 2.06 per cent to the non-residential tax rate before Business Tax Consolidation and a decrease of 1.57 per cent after Business Tax Consolidation.

In conjunction with the Financial Reserves Optimization SAVE business case included in the Mid-Cycle Adjustments, Administration identified that \$6.3 million from unused 2020 tax loss provision could be applied to reduce the 2021 provision. This means that \$6.3 million less in tax support is needed to support the estimated 2021 tax loss provision. The \$6.3 million will be held in the Tax Loss Provision Reserve over the 2020 year end to be used for the 2021 provision. Incorporating the impact of the \$6.3 million tax loss provision on top of the Council-approved tax rate decrease of 1.77 per cent effectively brings the overall municipal tax rate decrease to 2.14 per cent before Business Tax Consolidation. As distributed by tax loss provision split, the resulting impact is a decrease of 1.64 per cent to the residential tax rate and a decrease of 2.84 per cent to the non-residential tax rates before Business Tax Consolidation, which translates into a decrease of 2.16 per cent after Business Tax Consolidation.

Council also approved a rebate in 2021 to residential taxpayers sufficient to bring the typical single residential home to a 0 per cent increase in net municipal property tax payable in 2021. This will be applied to the property tax bills to effectively bring the property tax rate decrease for the residential class to 1.75 per cent. As a result, the typical single residential homeowner with a 2021 median assessment of \$445,000 will see their municipal portion of their property tax bill unchanged at \$2,145 per year (\$179 per month) after the 2020 and 2021 Council rebate.

The tax rate changes are summarized in Table 1 below:

Table 1: Municipal Property Tax Rate Changes approved in 2021 Mid-Cycle Adjustments				
	Overall*	Residential	Non-Residential before Business Tax Consolidation	Non-Residential after Business Tax Consolidation
2021 Mid-Cycle Adjustments (November 2020)	-1.77%	-1.57%	-2.06%	-1.57%
<i>+ \$6.3M Tax Loss Provision</i>	-0.37%	-0.07%	-0.78%	-0.59%
<i>+ Residential rebate (typical SR at 0%)</i>	-	-0.11%	-	-
Total	-2.14%	-1.75%	-2.84%	-2.16%
*Combined % of residential and non-residential before BTC. Incremental rate changes in italics.				

Excluding the impact of assessment changes and Phased Tax Program rebates after Business Tax Consolidation, non-residential taxpayers will see a municipal decrease of \$337 per \$1 million of 2020 assessed value annually (\$28 per month) after the 2020 Council rebate.

A summary of the required municipal tax revenue is shown in Attachment 4.

Provincial Property Tax Requisition

The Province subsequently announced on 2021 February 25 that to provide some measure of property tax relief, the requisition would be frozen at the 2020 level.

Despite the Province wide freeze at the 2020 level, The City's overall equalized assessment changed, resulting in The City's share of the 2021 provincial property tax requisition of \$768.9 million, a decrease of \$3.1 million (0.4 per cent) from the February 2020 provincial budget. Net impacts of prior year adjustments and amounts that are not required to be raised by the 2021 Property Tax Bylaw bring the total adjusted amount for Bylaw calculation down to \$768.5 million. The 2020 provincial property tax rate also included the "catch up" amount that The City under-collected from taxpayers in 2019. The net result is that the requisition collected through property taxes in 2021 will be \$18.9 million (2.4 per cent) lower than collected through 2020 property taxes.

Table 2: Provincial Property Tax Changes from 2020 to 2021 (\$ millions)			
	Total City	Residential	Non-Residential
2020 Requisition (a)	\$772.0	\$552.3	\$219.6
2019 Catch-up included in 2020 Bylaw (b)	\$15.4	\$24.2	-\$8.8
2020 Adjusted amount for Bylaw Calculation (c) = (a) + (b)	\$787.4	\$576.5	\$210.8
2021 Adjusted amount for Bylaw Calculation (d)	\$768.5	\$538.8	\$229.6
Provincial Tax Change from 2020 Bylaw (d) – (c)	-\$18.9	-\$37.7	\$18.8

A summary of the requisitions and the resulting levy to be raised from the 2021 Property Tax Bylaw is provided in Attachment 5.

Total Combined Changes

For the typical single residential homeowner with a 2021 median assessment of \$445,000, the combination of the municipal and provincial changes results in a combined decrease of:

- 2.85 per cent or \$97 per year (\$8 per month) before the Council rebates; and
- 2.92 per cent or \$99 per year (\$8 per month) after the Council rebates.

Non-residential taxpayers experiencing the typical non-residential assessment change will see a combined change as presented below:

- A decrease of 0.42 per cent or \$81 per \$1 million of assessed value annually (\$7 per month) when excluding the impact of the 2020 Council rebate.
- An increase of 0.66 per cent or \$127 per \$1 million of assessed value annually (\$11 per month) when including the impact of 2020 Council rebate.

These changes exclude the impact that relative changes in assessments have on individual property tax bills, as well as the impact of the 2020 and 2021 Phased Tax Programs rebates.

Tax Room

As a result of the 2021 Provincial property tax requisition, there is \$14.8 million of tax room available in residential properties. In accordance with NM2013-32 and given the current economic conditions, Administration does not recommend taking it. If Council decides to use the tax room, the residential municipal tax rates will be increased to a combined tax rate decrease of 1.64 per cent instead of a decrease of 2.62 per cent. There is no tax room available in non-residential properties.

Summary of Property Tax Examples

Typical Single Residential Home	2020	2021	Year-over-Year Change
Assessment	\$455,000	\$445,000	-2.20%
Municipal Tax Rate*	0.0047795	0.0048250	
Estimated Municipal Taxes	\$2,175	\$2,147	-1.27%
One-time Rebate	-\$30	-\$2	
Estimated Municipal Taxes After Rebate	\$2,145	\$2,145	0.00%
Provincial Tax Rate**	0.0027428	0.0025818	
Estimated Provincial Taxes	\$1,248	\$1,149	-7.94%
Total Taxes	\$3,393	\$3,294	-2.92%

Typical Single Residential Condo	2020	2021	Year-over-Year Change
Assessment	\$245,000	\$235,000	-4.08%
Municipal Tax Rate*	0.0047795	0.0048250	
Estimated Municipal Taxes	\$1,171	\$1,134	-3.17%
One-time Rebate	-\$16	-\$1	
Estimated Municipal Taxes After Rebate	\$1,155	\$1,133	-1.93%
Provincial Tax Rate**	0.0027428	0.0025818	
Estimated Provincial Taxes	\$672	\$607	-9.71%
Total Taxes	\$1,827	\$1,739	-4.79%

Multi-Residential - Low-Rise Apartment	2020	2021	Year-over-Year Change
Assessment	\$11,650,000	\$11,080,000	-4.89%
Municipal Tax Rate*	0.0047795	0.0048250	
Estimated Municipal Taxes	\$55,681	\$53,461	-3.99%
One-time Rebate	-\$767	-\$61	
Estimated Municipal Taxes After Rebate	\$54,915	\$53,400	-2.76%
Provincial Tax Rate**	0.0027428	0.0025818	
Estimated Provincial Taxes	\$31,954	\$28,606	-10.48%
Total Taxes	\$86,868	\$82,006	-5.60%

Multi-Residential - High-Rise Apartment	2020	2021	Year-over-Year Change
Assessment	\$16,470,000	\$18,190,000	10.44%
Municipal Tax Rate*	0.0047795	0.0048250	
Estimated Municipal Taxes	\$78,718	\$87,767	11.49%
One-time Rebate	-\$1,084	-\$100	
Estimated Municipal Taxes After Rebate	\$77,635	\$87,667	12.92%
Provincial Tax Rate**	0.0027428	0.0025818	
Estimated Provincial Taxes	\$45,174	\$46,963	3.96%
Total Taxes	\$122,809	\$134,630	9.63%

Non-Residential \$5M Property	2020	2021	Year-over-Year Change
Assessment	\$5,000,000	\$5,000,000	0.00%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$79,139	\$82,565	4.33%
One-time Rebate	-\$1,042	\$0	
Estimated Municipal Taxes After Rebate	\$78,097	\$82,565	5.72%
Less PTP		\$0	
Municipal Taxes After PTP	\$78,097	\$82,565	5.72%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$17,898	\$20,473	14.39%
Total Taxes	\$95,995	\$103,038	7.34%

Non-Residential \$1M Property with Typical -6% NR Change	2020	2021	Year-over-Year Change
Assessment	\$1,000,000	\$937,800	-6.22%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$15,828	\$15,486	-2.16%
One-time Rebate	-\$208	\$0	
Estimated Municipal Taxes After Rebate	\$15,619	\$15,486	-0.85%
Less PTP		\$0	
Municipal Taxes After PTP	\$15,619	\$15,486	-0.85%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$3,580	\$3,840	7.28%
Total Taxes	\$19,199	\$19,326	0.66%

Retail - Strip Mall	2020	2021	Year-over-Year Change
Assessment	\$3,440,000	\$3,020,000	-12.21%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$54,448	\$49,869	-8.41%
One-time Rebate	-\$717	\$0	
Estimated Municipal Taxes After Rebate	\$53,731	\$49,869	-7.19%
Less PTP	\$3,144	\$0	
Municipal Taxes After PTP	\$50,587	\$49,869	-1.42%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$12,313	\$12,366	0.42%
Total Taxes	\$62,900	\$62,235	-1.06%

Retail - 17th Avenue SW	2020	2021	Year-over-Year Change
Assessment	\$1,980,000	\$1,890,000	-4.55%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$31,339	\$31,210	-0.41%
One-time Rebate	-\$413	\$0	
Estimated Municipal Taxes After Rebate	\$30,926	\$31,210	0.92%
Less PTP	\$4,184	\$0	
Municipal Taxes After PTP	\$26,742	\$31,210	16.70%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$7,087	\$7,739	9.19%
Total Taxes	\$33,830	\$38,948	15.13%

Retail - Neighbourhood Shopping Centre	2020	2021	Year-over-Year Change
Assessment	\$44,410,000	\$44,250,000	-0.36%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$702,913	\$730,700	3.95%
One-time Rebate	-\$9,255	\$0	
Estimated Municipal Taxes After Rebate	\$693,658	\$730,700	5.34%
Less PTP	\$56,243	\$0	
Municipal Taxes After PTP	\$637,415	\$730,700	14.64%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$158,966	\$181,186	13.98%
Total Taxes	\$796,380	\$911,886	14.50%

Typical Industrial - Warehouse	2020	2021	Year-over-Year Change
Assessment	\$2,770,000	\$2,830,000	2.17%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$43,843	\$46,732	6.59%
One-time Rebate	-\$577	\$0	
Estimated Municipal Taxes After Rebate	\$43,266	\$46,732	8.01%
Less PTP		\$0	
Municipal Taxes After PTP	\$43,266	\$46,732	8.01%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$9,915	\$11,588	16.87%
Total Taxes	\$53,181	\$58,320	9.66%

Large Format Industrial - Warehouse	2020	2021	Year-over-Year Change
Assessment	\$48,990,000	\$54,100,000	10.43%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$775,404	\$893,353	15.21%
One-time Rebate	-\$10,210	\$0	
Estimated Municipal Taxes After Rebate	\$765,194	\$893,353	16.75%
Less PTP	\$29,704	\$40,409	
Municipal Taxes After PTP	\$735,490	\$852,944	15.97%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$175,360	\$221,518	26.32%
Total Taxes	\$910,850	\$1,074,462	17.96%

Suburban Office	2020	2021	Year-over-Year Change
Assessment	\$13,100,000	\$13,040,000	-0.46%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$207,344	\$215,330	3.85%
One-time Rebate	-\$2,730	\$0	
Estimated Municipal Taxes After Rebate	\$204,614	\$215,330	5.24%
Less PTP		\$0	
Municipal Taxes After PTP	\$204,614	\$215,330	5.24%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$46,891	\$53,394	13.87%
Total Taxes	\$251,506	\$268,723	6.85%

Office - Downtown AA Class	2020	2021	Year-over-Year Change
Assessment	\$315,370,000	\$276,490,000	-12.33%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$4,991,613	\$4,565,679	-8.53%
One-time Rebate	-\$65,723	\$0	
Estimated Municipal Taxes After Rebate	\$4,925,890	\$4,565,679	-7.31%
Less PTP		\$0	
Municipal Taxes After PTP	\$4,925,890	\$4,565,679	-7.31%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$1,128,867	\$1,132,116	0.29%
Total Taxes	\$6,054,757	\$5,697,795	-5.90%

Hotel/Accommodation	2020	2021	Year-over-Year Change
Assessment	\$111,170,000	\$79,120,000	-28.83%
Municipal Tax Rate*	0.0158278	0.0165130	
Estimated Municipal Taxes	\$1,759,577	\$1,306,509	-25.75%
One-time Rebate	-\$23,168	\$0	
Estimated Municipal Taxes After Rebate	\$1,736,409	\$1,306,509	-24.76%
Less PTP		\$0	
Municipal Taxes After PTP	\$1,736,409	\$1,306,509	-24.76%
Provincial Tax Rate**	0.0035795	0.0040946	
Estimated Provincial Taxes	\$397,933	\$323,965	-18.59%
Total Taxes	\$2,134,342	\$1,630,473	-23.61%