

Analysis and Illustrative Examples

Municipal Tax

In 2021 November, the 2022 Budget Adjustments were approved with an overall municipal tax rate increase of 3.87 per cent (report C2021-1436) with the Business Tax Consolidation¹ 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 for The City, the result of the approved bylaw will be an overall increase of 3.41 per cent to the residential tax rate. The non-residential tax rate will increase by 4.51 per cent before Business Tax Consolidation and 3.41 per cent after Business Tax Consolidation. The overall municipal increase is 3.87 per cent before Business Tax Consolidation and 3.41 per cent after Business Tax Consolidation.

In conjunction with the Financial Reserves Optimization SAVE business case included in the 2022 Adjustments, Administration identified a one-time savings of \$6.3 million from unused 2021 tax loss provision that could be applied to reduce the 2022 provision. This means that \$6.3 million less in tax support is needed to support the estimated 2022 tax loss provision. The \$6.3 million will be held in the Tax Loss Provision Reserve over the 2021 year end to be used for the 2022 provision. Incorporating the impact of the one-time \$6.3 million tax loss provision effectively brings the overall municipal tax rate increase to 3.50 per cent before Business Tax Consolidation. As distributed by tax loss provision split, the resulting impact is the residential tax rate increase drops to 3.34 per cent and the non-residential tax rate increase falls to 3.74 percent before Business Tax Consolidation and 2.83 per cent after Business Tax Consolidation.

The tax rate changes are summarized in Table 1 below:

Table 1: Municipal Property Tax Rate Changes approved in 2022 Adjustments				
	Overall*	Residential	Non-Residential before Business Tax Consolidation	Non-Residential after Business Tax Consolidation**
2022 Adjustments*** (November 2021)	3.87%	3.41%	4.51%	3.41%
<i>+ \$6.3 million Tax Loss Provision (One-time adjustment to maintain the same level as 2021)</i>	<i>-0.37%</i>	<i>-0.08</i>	<i>-0.78%</i>	<i>-0.59%</i>
Total	3.50%	3.34%	3.74%	2.83%
* Combined % of residential and non-residential before Business Tax Consolidation. ** Combined % of residential and non-residential after Business Tax Consolidation. *** Added back the rates for the one-time \$6.3M Tax Loss Provision reduction in 2021 which is approximately 0.37% increase. <i>Incremental rate changes in italics.</i>				

A summary of the required municipal tax revenue is shown in Attachment 5.

¹ In 2012, Council approved the consolidation of business tax revenues into the non-residential property tax and continue to apply the effect of Council's zero per cent business tax rate increase policy to the business tax amount that was transferred to the non-residential property tax. When administration analyzes and communicates the budget changes, the impact on property taxes is based on the smaller "pot" (i.e. excluding the frozen Business Tax revenue from the denominator) leading to a higher percentage impact. The effective percentage impact to non-residential taxpayers will be based on the full pot (including the Business Tax revenue), a lower percentage change than what was previously communicated.

Provincial Property Tax Requisition

On 2022 February 24, the province released *Budget 2022*. The education property tax requisition would be adjusted upwards by an overall \$27 million or 1.5 per cent in 2022-2023. The mill rates used to calculate the tax would be adjusted from \$2.56 to \$2.65 per \$1,000 of equalized assessment for residential/farmland property. The non-residential mill rate would be adjusted from \$3.76 to \$3.90.

As a result, The City's share of the 2022 provincial property tax requisition increased by \$12.8 million (1.7 per cent) from the February 2021 provincial budget to \$781.7 million. Net impacts of prior year adjustments and amounts that are not required to be raised by the 2022 Property Tax Bylaw bring the total adjusted amount for Bylaw calculation down to \$772.8 million.

Table 2: Provincial Property Tax Changes from 2021 to 2022 (\$ millions)			
	Total City	Residential	Non-Residential
2021 Requisition (a)	\$768.9	\$539.2	\$229.7
2022 Requisition (b)	\$781.7	\$554.0	\$227.7
Provincial Requisition Change from 2021 (b) – (a)	\$12.8	\$14.8	-\$2.0
Provincial Requisition Change from 2021 (In %) <i>Figures may not add due to rounding</i>	1.7%	2.7%	-0.9%

A summary of the requisitions and the resulting levy to be raised from the 2022 Property Tax Bylaw is provided in Attachment 6.

Total Provincial & Municipal Combined Changes

Individual tax bill changes from year to year due to factors such as changes in assessed value, changes in the municipal tax rates and changes in provincial tax rates. The following summarizes changes for all factors:

For the typical single residential homeowner with a 2022 median assessment of \$485,000 with a change greater than the typical residential assessment increase of 6%, the combination of the municipal and provincial changes results in a combined increase of \$172 per year (\$14 per month).

For the typical single residential condominium owner with a 2022 median assessment of \$235,000, which changed by less than the typical residential assessment change of 6%, the combination of the municipal and provincial changes results in a combined **decrease** of \$61 per year (\$5 per month).

Non-residential taxpayers experiencing the typical non-residential assessment decrease of 5% will see a combined increase of \$231 per \$1 million of assessed value annually (\$19 per month).

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

Table 3: Total Estimated Provincial & Municipal Combined Changes from 2021 to 2022			
Estimated Year-over-Year Change	Single Residential Home	Single Residential Condominium	Non-residential property with 5% decrease in assessment
Assessment Change (A)*	\$56	(\$67)	\$5
Budget Change (B)**	\$74	\$36	\$488
Municipal Change (A+B) ***	\$130	(\$31)	\$493
Provincial Change ****	\$42	(\$30)	(\$262)
Total Change (\$)	\$172	(\$61)	\$231
* Relative assessment impact ** Council approved budget changes *** Estimated Municipal Taxes before rebate and Phased Tax Programs (PTP) based in the summary table below **** Based on the Provincial numbers in the summary table below			

Additional examples of property types are provided in the summary tables below.

Summary of Property Tax Examples

Typical Single Residential Home	2021	2022	Year-over-Year Change
Assessment	\$445,000	\$485,000	8.99%
Municipal Tax Rate*	0.0048250	0.0046950	
Estimated Municipal Taxes	\$2,147	\$2,277	6.05%
One-time Rebate	-\$2	\$0	
Estimated Municipal Taxes After Rebate	\$2,145	\$2,277	6.15%
Provincial Tax Rate**	0.0025818	0.0024548	
Estimated Provincial Taxes	\$1,149	\$1,191	3.63%
Total Taxes	\$3,296	\$3,468	5.21%

Typical Single Residential Condo	2021	2022	Year-over-Year Change
Assessment	\$235,000	\$235,000	0.00%
Municipal Tax Rate*	0.0048250	0.0046950	
Estimated Municipal Taxes	\$1,134	\$1,103	-2.69%
One-time Rebate	-\$1	\$0	
Estimated Municipal Taxes After Rebate	\$1,133	\$1,103	-2.61%
Provincial Tax Rate**	0.0025818	0.0024548	
Estimated Provincial Taxes	\$607	\$577	-4.92%
Total Taxes	\$1,741	\$1,680	-3.47%

Multi-Residential - Low-Rise Apartment	2021	2022	Year-over-Year Change
Assessment	\$5,040,000	\$5,120,000	1.59%
Municipal Tax Rate*	0.0048250	0.0046950	
Estimated Municipal Taxes	\$24,318	\$24,038	-1.15%
One-time Rebate	-\$28	\$0	
Estimated Municipal Taxes After Rebate	\$24,290	\$24,038	-1.04%
Provincial Tax Rate**	0.0025818	0.0024548	
Estimated Provincial Taxes	\$13,012	\$12,569	-3.41%
Total Taxes	\$37,330	\$36,607	-1.94%

Multi-Residential - High-Rise Apartment	2021	2022	Year-over-Year Change
Assessment	\$12,620,000	\$12,520,000	-0.79%
Municipal Tax Rate*	0.0048250	0.0046950	
Estimated Municipal Taxes	\$60,892	\$58,781	-3.47%
One-time Rebate	-\$69	\$0	
Estimated Municipal Taxes After Rebate	\$60,823	\$58,781	-3.36%
Provincial Tax Rate**	0.0025818	0.0024548	
Estimated Provincial Taxes	\$32,582	\$30,734	-5.67%
Total Taxes	\$93,474	\$89,515	-4.23%

Non-Residential \$5M Property	2021	2022	Year-over-Year Change
Assessment	\$5,000,000	\$5,000,000	0.00%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$82,565	\$89,422	8.30%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$82,565	\$89,422	8.30%
Less PTP			
Municipal Taxes After PTP	\$82,565	\$89,422	8.30%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$20,473	\$20,252	-1.08%
Total Taxes	\$103,038	\$109,673	6.44%

Non-Residential \$1M Property with Typical -5% NR Change	2021	2022	Year-over-Year Change
Assessment	\$1,053,186	\$1,000,000	-5.05%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$17,391	\$17,884	2.83%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$17,391	\$17,884	2.83%
Less PTP			
Municipal Taxes After PTP	\$17,391	\$17,884	2.83%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$4,312	\$4,050	-6.08%
Total Taxes	\$21,704	\$21,935	1.06%

Retail - Strip Mall	2021	2022	Year-over-Year Change
Assessment	\$4,940,000	\$4,800,000	-2.83%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$81,574	\$85,845	5.24%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$81,574	\$85,845	5.24%
Less PTP	\$0		
Municipal Taxes After PTP	\$81,574	\$85,845	5.24%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$20,227	\$19,441	-3.89%
Total Taxes	\$101,802	\$105,286	3.42%

Retail - 17th Avenue SW	2021	2022	Year-over-Year Change
Assessment	\$1,760,000	\$1,630,000	-7.39%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$29,063	\$29,151	0.30%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$29,063	\$29,151	0.30%
Less PTP	\$0		
Municipal Taxes After PTP	\$29,063	\$29,151	0.30%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$7,206	\$6,602	-8.39%
Total Taxes	\$36,269	\$35,753	-1.42%

Retail - Neighborhood Shopping Centre	2021	2022	Year-over-Year Change
Assessment	\$26,500,000	\$26,400,000	-0.38%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$437,595	\$472,146	7.90%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$437,595	\$472,146	7.90%
Less PTP	\$0		
Municipal Taxes After PTP	\$437,595	\$472,146	7.90%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$108,507	\$106,928	-1.46%
Total Taxes	\$546,101	\$579,073	6.04%

Typical Industrial - Warehouse	2021	2022	Year-over-Year Change
Assessment	\$2,830,000	\$2,770,000	-2.12%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$46,732	\$49,540	6.01%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$46,732	\$49,540	6.01%
Less PTP			
Municipal Taxes After PTP	\$46,732	\$49,540	6.01%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$11,588	\$11,219	-3.18%
Total Taxes	\$58,320	\$60,759	4.18%

Large Format Industrial - Warehouse	2021	2022	Year-over-Year Change
Assessment	\$54,100,000	\$54,100,000	0.00%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$893,353	\$967,541	8.30%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$893,353	\$967,541	8.30%
Less PTP	\$40,409		
Municipal Taxes After PTP	\$852,944	\$967,541	13.44%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$221,518	\$219,121	-1.08%
Total Taxes	\$1,074,462	\$1,186,662	10.44%

Suburban Office	2021	2022	Year-over-Year Change
Assessment	\$16,260,000	\$14,730,000	-9.41%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$268,501	\$263,436	-1.89%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$268,501	\$263,436	-1.89%
Less PTP			
Municipal Taxes After PTP	\$268,501	\$263,436	-1.89%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$66,578	\$59,661	-10.39%
Total Taxes	\$335,080	\$323,097	-3.58%

Office - Downtown AA Class	2021	2022	Year-over-Year Change
Assessment	\$276,490,000	\$256,450,000	-7.25%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$4,565,679	\$4,586,429	0.45%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$4,565,679	\$4,586,429	0.45%
Less PTP			
Municipal Taxes After PTP	\$4,565,679	\$4,586,429	0.45%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$1,132,116	\$1,038,699	-8.25%
Total Taxes	\$5,697,795	\$5,625,128	-1.28%

Hotel/Accommodation	2021	2022	Year-over-Year Change
Assessment	\$79,120,000	\$64,710,000	-18.21%
Municipal Tax Rate*	0.0165130	0.0178843	
Estimated Municipal Taxes	\$1,306,509	\$1,157,293	-11.42%
One-time Rebate	\$0	\$0	
Estimated Municipal Taxes After Rebate	\$1,306,509	\$1,157,293	-11.42%
Less PTP			
Municipal Taxes After PTP	\$1,306,509	\$1,157,293	-11.42%
Provincial Tax Rate**	0.0040946	0.0040503	
Estimated Provincial Taxes	\$323,965	\$262,095	-19.10%
Total Taxes	\$1,630,473	\$1,419,388	-12.95%