

How your taxes work

What is a property tax rate?

We calculate how much money is required to fund basic city services and operations for the upcoming budget year which is considered the property tax base revenue. This is divided by what the anticipated assessment (value of all the residential properties in the city) will be. This is how it is calculated:

$$\frac{\text{Property Tax Base Revenue}}{\text{Assessment Base}} \times 1000 = \text{Municipal Tax Rate}$$

Keep in mind that there is a residential and non-residential municipal tax rate as per provincial legislation. ⁽¹⁾

Why do I have to pay school tax if I do not have any children in school?

Under provincial legislation ⁽²⁾, we're mandated to collect the school tax for the Government of Alberta through our property tax process. All property owners are required to contribute, whether or not they have children in school.

How do property assessments affect taxes on an annual basis?

Property assessment is the process of placing a dollar value on a property for taxation purposes and is regulated by the provincial government. Property assessment is affected by market changes caused by inflation, supply and demand, therefore can increase or decrease. Assessments are also influenced by any improvements or modifications made to a property. Properties are re-assessed annually, and market value assessments are based on market value of the property as of July 1 of the previous taxation year.

To learn more about the property assessment process go to this link and click on the "Guide to property assessment and taxation in Alberta [2018]": <https://open.alberta.ca/publications/isbn-9781460137079>

What do municipal property taxes pay for?

Municipal property taxes are a primary source of revenue for municipalities used to finance city programs and services such as social supports, parks and leisure facilities, police and fire protection, and public services, library, public transit. It is important to note that municipal property taxes are not a source of revenue for utility services/infrastructure as these services' revenue derive from user fees such as water, wastewater, solid waste management and stormwater fees.

(1)- Municipal Government Act Assigning assessment classes to property Section 297 (1) & Tax Rates Section 354 (1)

(2)- Municipal Government Act Alberta School Foundation Fund Requisitions Section 359.1

Why do property taxes vary each year?

Property taxes vary from year-to-year for a variety of reasons. Increases to costs of the services provided, growth of the community, regional initiatives, property assessment, and economic factors all play a part when determining the tax rate.

Example:

0% Property Tax Base Revenue Increase with Assessment Base Contraction

Year 1

$$\begin{array}{l} \text{City} \quad \frac{\$51 \text{ Million (Property Tax Base Revenue)}}{\$5 \text{ Billion (Assessment Base)}} \times 1000 = 10.200 \text{ (Municipal Tax Rate)} \\ \\ \text{Property Owner} \quad \frac{\$350,000 \text{ (Your Property Assessed Value)}}{1000} \times 10.200 \text{ (Municipal Tax Rate)} = \$3,570 \text{ (Your Municipal Property Taxes)} \end{array}$$


Year 2

$$\begin{array}{l} \text{City} \quad \frac{\$51 \text{ Million (Property Tax Base Revenue)}}{\$4.9 \text{ Billion (Assessment Base)}} \times 1000 = 10.408 \text{ (Municipal Tax Rate)} \\ \\ \text{Property Owner} \quad \frac{\$345,000 \text{ (Your Property Assessed Value)}}{1000} \times 10.408 \text{ (Municipal Tax Rate)} = \$3,591 \text{ (Your Municipal Property Taxes)} \end{array}$$

1% Property Tax Base Revenue with Assessment Base Contraction

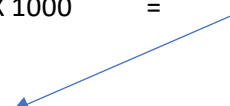
Year 1

$$\text{City} \quad \frac{\$51 \text{ Million (Property Tax Base Revenue)}}{\$5 \text{ Billion (Assessment Base)}} \times 1000 = 10.200 \text{ (Municipal Tax Rate)}$$

$$\text{Property Owner} \quad \frac{\$350,000 \text{ (Your Property Assessed Value)}}{1000} \times 10.200 \text{ (Municipal Tax Rate)} = \$3,570 \text{ (Your Municipal Property Taxes)}$$


Year 2

$$\text{City} \quad \frac{\$51.51 \text{ Million (Property Tax Base Revenue)}}{\$4.9 \text{ Billion (Assessment Base)}} \times 1000 = 10.512 \text{ (Municipal Tax Rate)}$$

$$\text{Property Owner} \quad \frac{\$345,000 \text{ (Your Property Assessed Value)}}{1000} \times 10.512 \text{ (Municipal Tax Rate)} = \$3,627 \text{ (Your Municipal Property Taxes)}$$


Why do some property owners have a minimal tax increase while others have a larger property tax increase?

It comes down to property assessment value. Property tax bills are calculated using the same tax rate, but because every property has its own assessment value, the impact of the tax rate on your tax bill may be different from your neighbours.