

Education Tax Room

The term "education tax room" has been used in the past to describe the difference between the City of Edmonton's municipal tax increase and the Government of Alberta's Education Property Tax increase. In circumstances where the provincial government increases the education tax levy by less than the per cent increase to the municipal tax levy passed by Edmonton City Council during budget deliberations, the combined rate will be lower than the municipal percent increase.

Since Council has the ability to set municipal property taxes at any amount, and can do so at any time before passing the tax bylaw, in past years City Council has decided to further increase the municipal tax amount, beyond what was passed during budget deliberations, so that the combination of the municipal tax levy and the provincial tax levy is equal to the original municipal tax levy increase. Historically, this action has been referred to as "moving into the education tax room". "Education tax room" is conceptual, and "moving into the education tax room" is simply an increase in municipal taxes beyond what was approved during budget deliberations.

In recent years, Administration has moved away from referring to "tax room" and towards "tax tolerance", where "tax tolerance" refers to Edmontonians' openness to increases in taxation, as well as their willingness/ability to pay for increases in taxation. This is in response to a desire to increase transparency and accountability in the taxation process, and to distinguish the separation between municipal tax increases and provincial property taxation decisions.

In 2024, the total "education tax room" is \$25.7 million, comprising \$4.3 million for non-residential properties and \$21.4 million for residential properties. The following table illustrates the impacts of municipal tax levy increases and combined increases of "moving into the education tax room":

	Municipal Tax Levy Increase	Education Property Tax Increase (Provincial Budget)	Combined Tax Increase
Residential	8.7%	2.7%	7.2%
Non-Residential	8.7%	5.4%	8.2%
Using "Education Tax Room" in Residential	10.7%	2.7%	8.7%
Using "Education Tax Room" in Non-Residential	9.3%	5.4%	8.7%