



# Assessment & Taxation

## Overview



Edmonton

**Executive Committee, October 16, 2020**

Reports 7153, 7719, 8019, 8020, 8021, 8023

# Assessment & Taxation Principles

## ASSESSMENT PRINCIPLES



☑ Fairness, Equity & Accuracy

☑ Openness & Transparency

☑ Legislative Clarity, Efficiency & Stability

☑ Administrative Consistency, Efficiency & Stability

## TAX POLICY PRINCIPLES (THEMES)



☑ Fairness & Equity

☑ Transparency & Public Engagement

☑ Triple Bottom Line

☑ Measurability (Targets & Metrics)

# Assessment & Taxation Relationship



## **Key Considerations:** Budget-Based Model

Market value changes do not affect City revenues. They only affect distribution.



## **Implications:**

- No incentive to get it wrong.
- Tax rate increases do not necessarily mean tax increases.
- Property value increases do not necessarily mean tax increases.
- *Tax Policy: Decreases for some mean increases for others.*

# Tax Policy Model



**Identify Objective**  
(Distribution or Incentive)



**Identify Tool**

- ☐ Subclass
- ☐ Tax Exemption or Relief (Deferral, Rebate, Cancellation, Capping)
- ☐ Local Improvement Tax/Special Tax
- ☐ Grant



**Consider Questions & Challenges**

# Reports & Policy Challenges

## POLICY CHALLENGES



- Unintended Consequences
- Measuring & Tracking
- Drawing Lines
- Setting Precedents
- Financial Effectiveness
- Market Driven Decisions

## REPORTS PRESENTED



- Tax Subclasses
- Rural Standard Industrial (Bill 7)
- Rebate Policy (C607)
- Class A Bingos
- Council Exemptions (364)
- Tax Outliers (Capping)



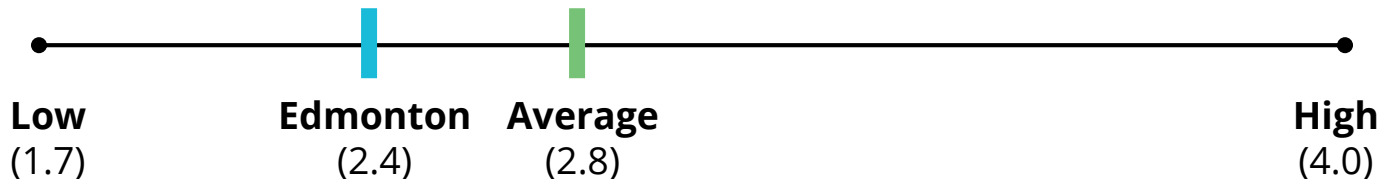
Thank You

Edmonton

# Residential / Non-Residential Tax Share

PROPERTY CATEGORY	SHARE OF PROPERTY ASSESSMENT			SHARE OF COMBINED PROPERTY & BUSINESS TAX		
	1996	2010	2019	1996	2010	2019
Residential	69.6%	72.5%	74.9%	43.6%	49.2%	52.4%
Non-Residential	30.4%	27.5%	25.1%	56.4%	50.8%	47.6%

## National Ratio Comparison



# Residential / Non-Residential Arguments

## Residential

- Aligning taxes with services



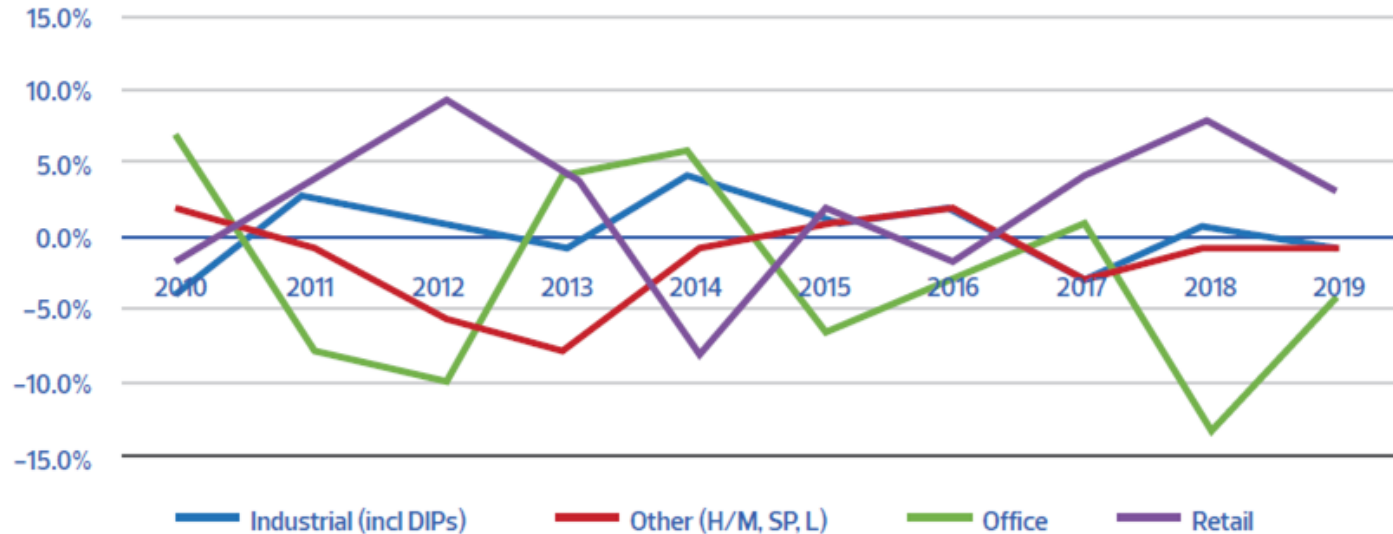
## Non-Residential

- Tax Deduction Potential
- Transferability
- Income-Producing
- Social Equity



# Tax Policy

## Normalized Market Changes by Inventory Relative to Overall Non-Residential Change



# Tax Policy Overview

PROPERTY TYPES	MUNICIPAL INCREASE			CUMULATIVE IMPACT
	2017	2018	2019	
Hotel Motel (2%)	4.6%	-0.5%	-18.2%	-14.9%
Industrial (44%)	0.8%	2.8%	1.9%	3.9%
Land (6%)	-6.2%	11.0%	10.8%	15.4%
Office (15%)	1.1%	13.3%	-4.5%	-16.3%
Retail (33%)	6.8%	11.7%	6.1%	26.6%
<b>Total</b>	<b>2.8%</b>	<b>3.5%</b>	<b>2.6%</b>	<b>9.2%</b>