

Education Levy and Rate Setting

The Edmonton logo, featuring a stylized 'E' followed by the word 'edmonton' in a sans-serif font, is positioned on a dark blue square background.

Edmonton

2019 Municipal Tax Relief

- Background
- Legal Advice
- Options
- Estimates
- Impacts

Background

- Provincial budget is delayed (election)
- No definitive education tax requisition available for tax rate bylaw
- Passing the tax rate bylaw is required in order for the City to collect its municipal requisition of \$1.6B
- Province is paid ~\$120M quarterly regardless of requisition (based on last year's requisition)

Legal Advice

- Legislation does not contemplate a bylaw being passed in the absence of the education rates.
- City is still required to pay the requisitions in the absence of the budget.
- **Question 1: What does City Council want to do in relation to passing the tax bylaw?** (4 options provided - others possible)
- **Question 2: How does City Council want to estimate the requisitions?** (assuming an option with an estimate is decided upon, 3 options provided - others possible)
- Additional Legal Advice would be provided in private if needed.

Options

Option 1 - Estimate Provincial Requisition (*Recommended*)

- Pass the tax rate bylaw within normal timelines
- City to estimate education tax requisition
- Address shortfall or excess in 2020

Benefits	Challenges
<ul style="list-style-type: none">- Straight forward with least additional process- Minimal corporate financing challenges- Least confusing to taxpayers (1 tax bill)	<ul style="list-style-type: none">- City and taxpayers must wait until 2020 for full reconciliation

Options

Option 2 - Estimate Provincial Requisition and Amend

- Pass the tax rate bylaw within normal timelines
- City to estimate education tax requisition
- Address shortfall or excess once provincial budget is passed through an amended tax notice in 2019

Benefits	Challenges
<ul style="list-style-type: none">- Taxpayers receive the correct bill before the end of 2019- Minimal corporate financing challenges	<ul style="list-style-type: none">- Several bylaw amendments in 2019 required- Taxation software changes (cost unknown)- Additional administrative effort and cost (mailing new tax notice and communication)- Communication confusion (2 tax bills)

Options

Option 3 - Split Notice

- Pass the tax rate bylaw within normal timelines
- City to estimate education tax requisition, but delay billing of education amount
- Send second tax notice in 2019 with actual education tax amount

Benefits	Challenges
<ul style="list-style-type: none">- Taxpayers receive the correct bill before the end of 2019	<ul style="list-style-type: none">- Several bylaw amendments in 2019 required- Taxation software changes (cost unknown)- Additional administrative effort and cost (mailing new tax notice and communication)- Communication confusion (2 tax bills)- Financing costs to pay education requisition

Options

Option 4 - Delay Tax Bylaw

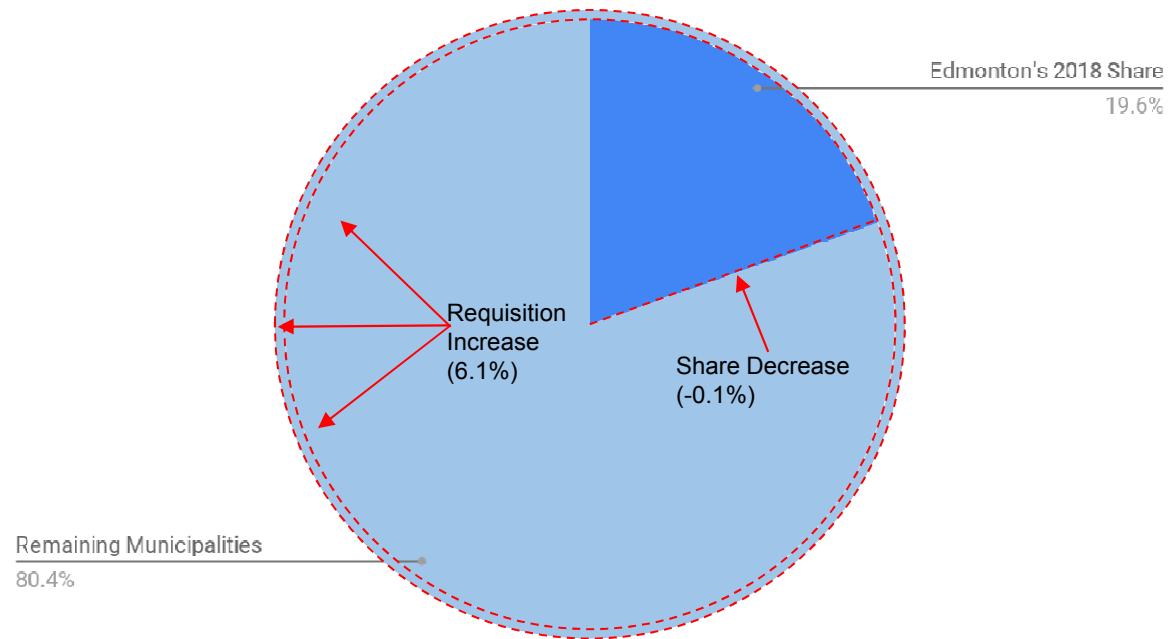
- Delay passing tax rate bylaw until education requisition is known

Benefits	Challenges
<ul style="list-style-type: none">- Taxpayers receive 1 tax bill, which will be delayed, but correct	<ul style="list-style-type: none">- Highest financing costs and financing challenges- Several bylaw amendments in 2019 required- Taxation software changes (cost unknown)- Additional administrative effort and cost (mailing new tax notice and communication)- Communication confusion (delayed tax notice and deadline)

Education Tax Requisition Estimate

- Options 1, 2 and 3 require the City to estimate an education tax requisition
- Important Considerations
 - GOA's 2018-2021 Fiscal Plan
 - 2018 Education Tax Freeze
 - GOA 32% Education Tax Funding Target
 - 2019 Equalized Assessment
- Estimates require consideration of the 2019 Provincial Education Requisition and Edmonton's distribution change
- Three estimate options outlined: sub-option (a), (b), or (c)

Edmonton's Education Requisition Share



Education Tax Requisition Estimate

Sub-Option (a) - Best Estimate (*Recommended*)

- Likely the most accurate estimate
 - Requisition estimate based on budget target in the Government of Alberta's 2018-2021 Fiscal Plan
 - Edmonton's distribution calculated using Government of Alberta published 2019 equalized assessment data
- Acknowledges 2018 education requisition freeze and target policy of achieving 32% funding from education property tax levy.

Education Tax Requisition Estimate

Sub-Option (b) - 2018 Education Tax Requisition

- Uses 2018 Education Tax Requisition
- Smallest impact in 2019, but will likely result in a significant education tax increase once amended
- Estimated shortfall of \$25.5M, which may require internal financing

Education Tax Requisition Estimate

Sub-Option (c) - 2018 Equalized Rates with 2019 Equalized Assessment

- Uses 2018 equalized tax rate with 2019 equalized assessment
- Uses two published numbers
- Results in a requisition increase that falls between the other two approaches
- Estimated shortfall of \$15.8M, which may require internal financing

Impacts

Option 1(a) - Requisition of \$506,011,172 (Recommended)

OVERALL RESIDENTIAL IMPACT (typical home)	2018	2019	\$ Change	% Change
Municipal Tax	\$2,520	\$2,586	\$66	2.6%
Education Tax	\$1,012	\$1,042	\$30	2.9%
Total	\$3,532	\$3,628	\$96	2.7%
NON-RESIDENTIAL IMPACT (per \$100,000)	2018	2019	\$ Change	% Change
Municipal Tax	\$1,737	\$1,783	\$46	2.6%
Education Tax	\$377	\$402	\$25	6.6%
Total	\$2,114	\$2,185	\$71	3.3%

Thank You

Impacts

Option 1(b) - Requisition of \$480,478,898

OVERALL RESIDENTIAL IMPACT (typical home)	2018	2019	\$ Change	% Change
Municipal Tax	\$2,520	\$2,586	\$66	2.6%
Education Tax	\$1,012	\$986	(\$26)	(2.5%)
Total	\$3,532	\$3,572	\$40	1.2%
NON-RESIDENTIAL IMPACT (per \$100,000)	2018	2019	\$ Change	% Change
Municipal Tax	\$1,737	\$1,783	\$46	2.6%
Education Tax	\$377	\$384	\$7	1.9%
Total	\$2,114	\$2,167	\$53	2.5%

Impacts

Option 1(c) - Requisition of \$490,232,671

OVERALL RESIDENTIAL IMPACT (typical home)	2018	2019	\$ Change	% Change
Municipal Tax	\$2,520	\$2,586	\$66	2.6%
Education Tax	\$1,012	\$1,010	(\$2)	(0.2%)
Total	\$3,532	\$3,596	\$64	1.8%
NON-RESIDENTIAL IMPACT (per \$100,000)	2018	2019	\$ Change	% Change
Municipal Tax	\$1,737	\$1,783	\$46	2.6%
Education Tax	\$377	\$390	\$13	3.3%
Total	\$2,114	\$2,173	\$59	2.8%