

## 2021 Tax Requirement

This attachment reflects the overall tax requirement for the residential and non-residential categories considering both the municipal and education tax increases.

Based on the recommendations in Attachment 1 and utilizing assessment growth and requisition allowances to achieve an overall tax change of zero percent, the impact of the 2021 Tax Requirement to the property classes is as follows:

### Overall Tax Increase

Table 1 reflects the overall tax increase based on no 2021 municipal tax increase as approved by Council in fall 2020, plus the addition of the education tax requisition introduced by the province through the release of the 2021 provincial budget on February 25, 2021.

	Municipal	Education <sup>1</sup>	Overall
Residential*	0.0%	0.1%	0.1%
Non Residential	0.0%	3.5%	0.7%
Combined	0.0%	0.9%	0.2%

<sup>1</sup>includes the requisition allowance levy (further detail is provided on the next page).

The municipal contribution from the non-residential and residential sectors is 47 percent and 53 percent respectively.

### Strategy to Achieve Zero Percent

Table 2 reflects the recommended strategy to achieve no overall tax increase.

This is achieved by adjusting two components:

1. by using the assessment growth outlined in this report and setting a municipal tax decrease of 0.7 percent for non-residential property owners (combined tax decrease of 0.3 percent as reflected in Attachment 1), and
2. reducing the education tax requisition allowance for both subclasses (the City's over-under levy).

	<b>Municipal</b>	<b>Education<sup>1</sup></b>	<b>Overall</b>
Residential*	0.0%	0.0%	0.0%
Non Residential	(0.7%)	3.3%	0.0%
Combined	(0.3%)	1.0%	0.0%

<sup>1</sup>includes the requisition allowance levy.

The municipal contribution from the non-residential and residential sectors is 46 percent and 54 percent respectively.

The actual impact to the residential subclasses will be shown with the tax bylaw on May 3, 2021.

#### Note 1

Although the provincial government implemented a provisional tax freeze for 2021, market value fluctuations and the City's over-under levy and associated requisition allowance affected the required requisition.

Looking first to market value fluctuations, provincial assessment changes slightly impact Edmonton's share of the education tax requisition. The 2021 provisional education tax requisition to Edmonton is \$493.9 million. In 2020, the requisition was \$495.5 million. This 0.3 percent decrease is due to market value shifts.

Despite this slight decrease, the City will need to collect more from property owners in education tax than it did in 2020, resulting in an education tax increase as reflected in Table 1 and 2 above. This is because, in 2019, the City overcollected education tax due to the delayed provincial budget, which came in under the City's projections. As a result the 2020 requisition was offset by overcollections in 2019. The 2021 over levy, while still reducing the needed requisition to Edmonton property owners, is not as significant as it was in 2020. This effectively means non-residential properties will be required to pay more to make up the difference. The provincial requisition, as well as the City's over-under levy is separated between residential and non-residential, which explains why the effects are disproportionate between tax classes.