



CITY OF MEADOW LAKE

POLICY

SECTION:	Fiscal Services	NUMBER: 400-15-001	RESOLUTION: 381/15, 119/17
TITLE:	Property Taxation Policy	EFFECTIVE DATE: August 24, 2015	
ORIGIN/AUTHORITY:	Council	REVISED: April 24, 2017	
DEPARTMENT:	Council, Administration	PAGES: 3	

1. PURPOSE:

The purpose of this policy is to outline the philosophy which will guide Council in their decisions when setting property tax policy each year.

2. BASE TAX:

As all properties receive or have access to certain services, and as such should pay equally for these services, the cost of those services shall be covered through a base tax on residential and commercial properties. A base tax will be levied on each legal lot rather than each assessment roll. A legal lot is defined as a parcel recognized by the Information Services Corporation which could be sold and developed independently under the provisions of the Zoning Bylaw. Where one assessment roll contains more than one legal lot, those lots shall be referred to as 'extra lots.'

The base tax shall make up 40% of the total municipal levy. However, this will be phased in over a period of two years. In 2015, the base tax was equal to 28.65% of the levy. In 2016, it will be 34.33%. For 2017, the base tax will be 37% of the levy, and for 2018 and each future year it will be 40%.

In recognition of the fact that vacant lots do not utilize the same services as lots with improvements, all vacant and extra lots will have the base tax charged at a reduced rate of 50% of the full base tax, beginning in 2016.

3. MINIMUM TAX:

A minimum tax may be established to increase the amount of taxation revenue generated from lower assessed properties and reduce the uniform mill rate. Historically, Council has chosen to implement a minimum tax on residential properties with

improvements. Council believes that the philosophy of user pay is better reflected in the use of a base tax rather than a minimum tax. Therefore, Council desires to eventually eliminate the minimum tax. However, a minimum tax will remain in place while the base tax is phased in.

4. MILL RATE ADJUSTMENT FACTORS:

Historically, commercial properties have carried a proportionally greater percentage of the tax levy through the use of mill rate adjustment factors, effectively subsidizing residential properties. Council desires to reduce the margin between the percentage of taxable assessment and percentage of municipal levy for each property class with the end goal of having the ratio of the residential levy and the residential taxable assessment at 95%. In 2014, the ratio was 84.82%, and in 2015 it moved to 87.68%.

This goal will be reached over a period of two years, with an equal incremental change each year. For 2016, the ratio will be 91.34%, and the ratio will be 95% for 2017 and future years.

In recognition of the Council decision in 2012 that all annexed agricultural property would be rebated for any difference in agricultural property taxes between what they are billed by the City and what they would have paid in the RM, Council will aim to set the same effective mill rate for the Agriculture class as the RM of Meadow Lake each year.

5. SUBCLASSES

The Hotel/Motel subclass was introduced in response to the drastic shifts in assessed value for the hotel and motel properties during the 2009 and 2013 revaluations. As Council believes that hotels are no different from other commercial properties in terms of services consumed, this policy aims to reduce the difference between Hotel/Motel and Commercial mill rate adjustment factors, with the goal of eventually having the mill rate adjustment factor equal for both subclasses. This process was begun in the 2015 taxation year by cutting the difference between the effective mill rates by 50%. The difference will be cut by 50% again in 2016. The difference between the mill rates will be reduced once more in 2017, and then in 2018 and each future year, the hotel subclass will be assigned the same effective mill rate as commercial.

The Multiunit subclass has historically contained all properties with three or more dwelling units and all condominiums. As Council believes that multi-unit properties consume more services than residential properties, Council supports retaining the multi-unit subclass. However, an additional subclass for condominiums will be created, having the same mill rate adjustment factor as the residential class, as all condominiums contain only one dwelling unit. The mill rate adjustment factor for the multi-unit subclass will be calculated so that the percentage of residential taxes is equal to the percentage of residential assessment for multi-unit properties. For example, in 2015 multi-unit properties composed 8.64% of the residential assessment base, so the municipal taxes raised from multi-unit properties would equal 8.64% of taxes raised from residential properties.

6. REVALUATION

This policy shall be reviewed following the next assessment revaluation in 2017, and during every revaluation year thereafter.