



REQUEST FOR DECISION

Meeting: April 28, 2025

Bylaw #1806 – 2025 Property Tax Rate Bylaw

DESCRIPTION/BACKGROUND:

Property taxes represent a primary source of revenue for supporting municipal operations and services. Tax rates are established annually following Council's adoption of the annual operating and capital budgets, and once the annual property assessment roll has been prepared.

The annual property tax rate is determined by dividing the total tax levy required by the total assessed value within each property class or subclass. For the 2025 taxation year, property taxes will be calculated using the 2024 property assessment values, as of December 31, 2024.

In addition to municipal tax rates, the municipality is required to levy taxes to fund external requisitions such as the Alberta School Foundation Fund and the Porcupine Hills Lodge Foundation. Each of these tax rates must be presented separately on the annual tax notice provided to property owners.

The Town of Claresholm has annexed additional lands within the Town's boundaries, from the MD of Willow Creek under annexation agreements. As part of these agreements, the annexed lands are to be taxed at the MD of Willow Creek rates for a specified period or until the lands are developed, whichever comes first.

Currently, three annexation agreements remain in effect with the following terms:

- **2017 Annexation:** Tax rate agreement in place for 25 years, expiring in 2042.
- **2021 Annexation:** Tax rate agreement in place for 10 years, expiring in 2030.
- **2024 Annexation:** Tax rate agreement in place for 15 years, expiring in 2038.

The MD of Willow Creek adopted its 2025 tax rate bylaw on April 9, 2025. These rates are reflected in the draft bylaw and will apply to the annexed lands in accordance with the respective agreements.

DISCUSSION/OPTIONS:

As noted within the approved 2025 budget document, this tax rate bylaw proposes a tax revenue increase for municipal purposes of 6.17% (\$239,088) over 2024. While there are several contributing factors such as inflation, to the increase, a significant portion is related to the loss of operating grant funding that offset some program services and staffing costs related to Economic Development and FCSS. While there is an increase to the 2025 budget over 2024, the assessed property values also increased due to inflation/market values and growth. Residential assessments increased by 14.8% and 5.3% for non-residential, therefore resulting in a decrease to the 2025 municipal tax rates.

Based on the recommendation from the Audit and Finance Committee, who reviewed and discussed tax rate options at their April 3, 2025, meeting, the 2025 municipal portion of the property tax rates proposed within the bylaw are down by 6.549% - residential tax rate and 3.494% - non-residential rate from 2024. The total tax rate including requisitions will be down by 4.404% - residential and 1.487% - non-residential from 2024.

The tax rate bylaw also imposes the tax rates for tax requisitions for the Alberta School Foundation Fund (Education Tax Requisition), Porcupine Hills Lodge Foundation (Home for the Aged Requisition), and Designated Industrial Property Requisition (DIP). The Town, nor Town Council have any control over the amounts required to collect, nor their corresponding tax rates. They are determined simply by the requisitioning body and assessment values.

The Education Requisition is up by 15% (\$218,400). With assessment inflation and growth there is 1% decrease in residential requisition tax rate and a 1.6% increase to the non-residential requisition tax rate. Porcupine Hills Lodge Foundation requisition is up 5.39% (\$10,750), however similar to the education requisition, due to the increase in assessment values the tax rate will decrease by 11.26% for 2025 (the rate is the same for residential and non-residential).

While there are reductions to majority of the tax rates, rate payers will see an increase on their tax notices due to the increased overall funding required for both tax support and requisitions.

PROPOSED RESOLUTIONS:

Moved by Councillor _____ that Bylaw #1806, a Bylaw to authorize the rates of taxation to be levied against the assessable properties within the Town of Claresholm for the 2025 taxation year receive 1st Reading.

ATTACHMENTS:

- 1.) Draft Bylaw #1806 – 2025 Property Tax Rate Bylaw

APPLICABLE LEGISLATION:

- 1.) Municipal Government Act

PREPARED BY: Jennifer Place, Director of Corporate Services

APPROVED BY: Abe Tinney, CAO

DATE: April 22, 2025
