

Case Study: New Sampleford Tax Rate Bylaw

The following is a simplified case study intended to review the process for the development of a municipal tax rate bylaw. The case study contains all the information required to build the 20X5 Tax Rate Bylaw for the Town of New Sampleford. Attached to this case study you will find a Tax Rate Bylaw template to work from. Please feel free to ask questions as we work through the example.

New Sampleford Operating Budget Summary:

Revenue

Net municipal revenue	<i>To be calculated</i>
User fees and sale of goods	775,000
Government transfers for operating	25,000
Investment income	15,000
Penalties and cost of taxes	17,000
Development levies	15,000
Licenses and permits	4,000
Revenue received from minimum tax	4,000
Other	0
Total Revenue	855,000

Expenses

Legislative	55,000
Administration	165,000
Bylaw enforcement	30,000
Roads, streets, walks, lighting	950,000
Water supply and distribution	425,000
Wastewater treatment and disposal	74,000
Waste management	110,000
FCSS	110,000
Land-use planning, zoning and development	42,000
Subdivision land development	75,000
Parks and recreation	60,000
Culture	30,000
Amortization	400,000
Total Expenses	2,526,000

Total Pre-Tax Operating Revenues	855,000
Subtract Total Pre-Tax Operating Expenses	2,526,000
Add back Non-Cash Items (Amortization)	400,000
Operating Revenue Requirements from Municipal Taxes	1,271,000

New Sampleford Capital Budget Summary:

Revenue

Government transfers for capital	575,000
Reserves used for capital	125,000
<hr/> Total Revenue	<hr/> 700,000

Expenses

Road Construction	275,000
Water Treatment Plant Upgrades	500,000
Public Works Equipment	75,000
<hr/> Total Expenses	<hr/> 850,000

Total Pre-Tax Capital Revenue **700,000**

Total Pre-Tax Capital Expenses **850,000**

Capital Revenue Requirements from Municipal Taxes **150,000**

Additional Cash Requirements

Debt Principal Repayment	100,000
Capital Reserves	75,000
<hr/> Total	<hr/> 175,000

Requisitions:

Alberta School Foundation Fund	
Residential/Farmland	210,500
Under Levy	10,000
Non-Residential	94,500
Seniors Foundation	21,500
Designated Industrial Property	745

Assessment Information:

Residential	90,200,000
Residential Sub Class	5,000,000
Farmland	631,000
Non-Residential	15,000,000
Non-Residential Small Business	5,000,000
Machinery and Equipment	4,650,000
Designated Industrial Property (DIP)	9,721,000
<hr/> Total Assessment	<hr/> 130,202,000

Tax Rate Bylaw Policies for New Sampleford

In 20X4, the Council for the Town of New Sampleford adopted a policy regarding the proportion of municipal tax revenue requirements to be derived from all assessment classes to provide consistency for administration when preparing the draft Tax Rate Bylaw. Below are excerpts from that policy that will help in developing the 20X5 Tax Rate Bylaw:

- The division of tax revenue collected from Residential and Non-residential assessment shall be 70% Residential and 30% Non-residential.
- Of the 70% for Residential, 90% are to be collected from Residential and 10% are to be collected from Residential Sub Class.
- Of the 30% for Non-residential, 88% are to be collected from Non-Residential and 12% are to be collected from Non-Residential-Small Business.
- The municipal tax rates for residential and farmland assessment will be equal.
- The municipal tax rates for non-residential and machinery and equipment assessment will be equal.
- An allowance for non-collection of taxes is \$0 for the current year.
- The minimum municipal tax for taxable properties will be \$500.