

# COUNCIL REQUEST FOR DECISION

**MEETING DATE:** April 14, 2025

**SUBMITTED BY:** C.Hounsell, Director, Finance

**PREPARED BY:** G. Del Rosario, Manager, Taxes & Utilities

**REPORT TITLE:** Bylaw No. 1208-2025 – 2025 Property Tax Rate Bylaw (1st Reading)

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## EXECUTIVE SUMMARY

The 2025 property tax rate bylaw will allow for the collection of sufficient revenue to fund the 2025 operating and capital budgets.

## RECOMMENDATION

That Council give Bylaw No. 1208-2025 first reading.

## BACKGROUND / RATIONALE

The 2025-2027 budget is built to align with Council's Strategic Goals that were identified in their Strategic Plan. The budget is the financial tool that supports Council and Administration in collaboratively reaching these goals.

### 2025 Tax Rate in Detail

The Municipal Government Act (MGA) requires a bylaw to establish property tax rates against assessed property to raise sufficient tax revenue to fund the 2025 operating and capital budgets and provide for various flow through requisitions from outside organizations, such as the Provincial Education Property Tax Requisition and the Leduc Regional Housing Foundation ("Foundation").

### Assessment

The assessment complaint period will close on April 1, 2025. The initial assessment values have been provided by the City's assessors and have been used in the creation of this bylaw, once the assessments have been finalized after the complaint period, the second and third readings of this bylaw will use the finalized assessment values.

### Municipal Property Tax

The 2025 municipal property tax revenue requirement is \$64,687,000, to be collected as follows:

- \$39,659,852 from the city residential assessment base at a tax rate of 0.007233;
- \$17,375 from the annexation residential assessment base at a tax rate of 0.002970;
- \$26,103 from the annexation farmland assessment base at a tax rate of 0.012800;
- \$24,923,081 from the city non-residential assessment base at a tax rate of 0.009764;
- \$60,589 from the annexation non-residential assessment base at a tax rate of 0.006700

### Leduc Regional Housing Foundation

The 2025 Foundation requisition is \$939,283 (which includes an over levy of \$537), an increase as compared to last year's requisition of \$188,842. The 2025 Foundation tax rate will be 0.0001175. For clarity, this requisition is a flow through tax that is collected on behalf of the Foundation by the City of Leduc.

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### Provincial Education Property Tax

The overall Education Property Tax requisition is \$23,475,542 (includes an under levy of \$32,881), an increase as compared to last year's requisition of \$20,130,875. This requisition includes both a residential and non-residential component.

The residential portion of the requisition will be collected as follows:

- \$13,867,028 from the city residential assessment base at a tax rate of 0.002529;
- \$19,272 from the annexation residential/farmland assessment base at a tax rate of 0.002443

The non-residential portion of the requisition will be collected as follows:

- \$9,557,369 from the city non-residential assessment base at a tax rate of 0.003834;
- \$31,874 from the annexation non-residential assessment base at a tax rate of 0.003525.

### Designated Industrial Property Tax

The City of Leduc has 31 non-residential Designated Industrial properties. These properties are assessed by the provincial government and the City is issued a requisition, which is then flowed through to the applicable property. The 2025 annual Designated Industrial property requisition is \$5,159.

## STRATEGIC / RELEVANT PLANS ALIGNMENT

Approval of the 2025 Property Tax Rate Bylaw enables the distribution of tax notices and collection of property taxes, which provides funding for the 2025 operating and capital budgets.

## ORGANIZATIONAL IMPLICATIONS

### ADMINISTRATION:

The City of Leduc determines its revenue requirements through the annual budget process. Using this budget-based approach enables the tax rates to automatically adjust based on changes to both the assessed values of the City's taxable property and budgetary changes as a result of the budget process.

### RISK ANALYSIS: FINANCIAL / LEGAL:

The *MGA* requires that tax rates for a municipality be set by bylaw (s.353). A tax rate must be set for each assessment class (s.354 (2)) and it may be different for each assessment class (s.354 (3)). The *MGA* requires that the tax rate be calculated by dividing the budgeted revenue requirement by the total assessment of all property on which that rate will be imposed (s.355). The amount of tax due from a specific property will be calculated by multiplying the assessment for that property by the tax rate contained in the bylaw (s.356). If these legislated requirements are not met, the City will be unable to pay the expenditures and transfers set out in the budget or other requisitions.

Section 364 of the *MGA* allows Council to pass a bylaw that exempts machinery and equipment used for manufacturing or processing to the extent they consider appropriate. Bylaw No. 1208-2025 creates a 100% exemption for this category of assessment.

### IMPLEMENTATION / COMMUNICATIONS:

It is the intention that the tax notices will be sent out on May 8, 2025 with a due date of June 30, 2025.



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### ALTERNATIVES:

Council could direct that changes be made to the proposed Bylaw before considering it for first reading.

### ATTACHMENTS

Bylaw No. 1208-2025 – 2025 Property Tax Rate Bylaw