

COUNCIL REQUEST FOR DECISION

MEETING DATE: April 28, 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 (2nd and 3rd Readings)

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 amend Bylaw No. 1208-2025 by:

1. In Section 3a under Provincial Education Requisition, Residential/Farm Land, replacing Tax Levy of \$13,867,028 with \$13,886,300; and replacing Assessment of \$5,483,479,260 with \$5,491,368,560;
2. In Section 3a under Provincial Education Requisition, Non-Residential, replacing Tax Levy of \$9,557,369 with \$9,589,242; replacing Assessment of \$2,492,518,960 with \$2,501,562,160; and replacing Tax Rate of 0.003834 with 0.003833;
3. In Section 3a, deleting Provincial Education Requisition Annexation section in its entirety;
4. In Section 3a under Leduc Foundation Requisition, Residential/Farm Land, replacing Tax Rate of 0.000118 with 0.0001175; and
5. In Section 3a under Leduc Foundation Requisition, Non-Residential, replacing Tax Rate of 0.000117 with 0.0001175.

That Council give Bylaw No. 1208-2025 second reading, as amended.

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

COUNCIL HISTORY

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

Bylaw No. 1208-2025 was given first reading by Council at the regular meeting of Council on April 14, 2025.

BACKGROUND / RATIONALE

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").

COUNCIL REQUEST FOR DECISION

Assessment

The assessment complaint period closed on April 1, 2025. The initial assessment values have been provided by the city 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.

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:

- \$13,886,300 from the city residential assessment base at a tax rate of 0.002529

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

- \$9,589,242 from the city non-residential assessment base at a tax rate of 0.003833

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.

Amendments since 1st Reading

The recommended amendments to Bylaw No. 1208-2025 are due to receiving the 2025 Property Tax Bylaw from Leduc County. The change to the Leduc Foundation Requisition tax rate was a result of a rounding error.

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.

COUNCIL REQUEST FOR DECISION

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.

ALTERNATIVES:

Council could direct that further amendments be made to the proposed Bylaw before considering it for second and third readings.

ATTACHMENTS

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