

# Municipal Tax Policy Guide

## Ministry of Government Relations

Last Updated: May 2022

## Contents

Introduction .....	3
Decision Making .....	3
Level of Service .....	3
Budget Deliberations .....	3
Budget and Tax Rate .....	4
Tax Policy Principles .....	4
Ad Valorem or Mill Rate .....	4
Basics of Tax Tools.....	5
Mill Rate Factors .....	5
Basis for Minimum/Base Tax .....	6
Limit on Local Tax Tools (Effective Tax Rate Limit) .....	8
Assessment Revaluation-Impact.....	10
Other Strategies .....	10
Special Tax.....	10
Local Improvements.....	10
Abatements.....	11
Exemptions.....	11
Incentives .....	11
Penalties – Current Year .....	12
Penalties – Past Years .....	12
Implementation .....	12
Additional Resources .....	13
Calculations .....	13
Calculating the levy when a minimum tax is set on land and improvements separately.....	14
Taxation in Organized Hamlets .....	14
Taxation in Special Service Areas.....	15
Taxation in Additional Service Areas.....	16
Appendix A .....	17
Appendix B .....	25

## Introduction

The following information is intended to assist elected officials and administrators in developing sound tax policy for their communities after receiving the taxable assessment values from their assessment service provider. Please use this material for reference purposes only and not as a replacement to the actual legislation. References to the pertinent legislation are available in the footnotes and refer to *The Municipalities Act (MA)* unless otherwise stated.

## Decision Making

To be effective, decision making should be outcome driven. When making decisions, council should ask:

- "What do we want to achieve?"
- "How does this fit into the big picture?"
- "What level of service should we provide?"
- "How do we make sure that we are a sustainable service provider?"

## Level of Service

Level of service refers to the amount, quality, and kind of municipal services provided.<sup>1</sup>

Level of service encompasses the idea that services provided:

- Are appropriate to the needs and desires of citizens;
- Are financially feasible to provide; and/or
- May include municipal road networks, policing, fire protection, water, sewer, recreation facilities, or solid waste disposal.

Council determines the level of service provided to the community by:

- Consulting with the public;
- Setting measurable performance goals;
- Ensuring minimum service standard requirements are met;
- Developing policies after careful analysis of information provided by administrators; and
- Determining the cost associated with the level of service provided.

## Budget Deliberations

Council ensures that the municipality raises the required revenue to pay for the cost of services provided<sup>2</sup>.

Priorities that may shape budget decisions include:

- Operating costs;
- Proposed capital projects;
- Infrastructure maintenance programs (how to maintain current infrastructure to provide the level of service desired);
- Infrastructure renewal plans (how to ensure infrastructure will continue to provide the level of service desired in the future);
- Planning for growth; and

---

<sup>1</sup> Section 4 (2) (b) discusses municipal purpose as a service provider

<sup>2</sup> Section 155-156

- Financial commitments to maintain the health, safety, and welfare of its residents.

Key questions to ask include:

- “How much will this cost the community?”
- “How much revenue is required to meet the goals and objectives of council?”
- “Are the costs associated with providing this level of service feasible?”
- “Will spending in this area create a desirable cost/benefit return?”
- “Are the risks associated with not doing this acceptable?”

## Budget and Tax Rate

Council determines the tax rates used to generate the revenues required to balance the approved budget<sup>3</sup>. Relying on analysis and information provided by the administrator, council must choose:

- What taxes to levy;
- In what amounts;
- How to distribute those amounts between each property class; and
- How to distribute those amounts between assessed properties.

The nature of the tax structure that is implemented will form the municipality’s tax policy. It is important to bear in mind that council members are accountable to citizens and should be able to explain why decisions regarding budget allocation and tax policy were made.

## Tax Policy Principles

Determining the tax policy for a municipality is often guided by three schools of thought regarding property taxation:

1. Those with higher assessed property should pay more taxes as they have a greater ability to pay.
2. Some classes of property should pay more than others because certain properties receive a higher level of service than others.
3. Everyone should pay a specific number of dollars to cover the basic services that all properties have equal access to.

All three ways of thinking about taxation lead to the question “How do we, as council, distribute the tax burden fairly and equitably?”

*Considerations regarding the ability to pay and collect taxes also shape tax policy decisions.*

## Ad Valorem or Mill Rate

The historical approach to property taxation is called the ad valorem method<sup>4</sup>. The ad valorem method is also known as establishing the mill rate.

- Property taxes are calculated based on the assessed value of the property.
- The taxable assessed value of property is multiplied by the mill rate to determine the amount of taxes payable (taxable assessment x mill rate = taxes).
- Property taxes increase proportionately with the value of your property.

---

<sup>3</sup> Section 156(1)(c)

<sup>4</sup> Section 283(1)(a)

## Basics of Tax Tools

Tax tools are a mechanism allowing council to redistribute the cost of public services within its tax base. Three tax tools are available to use within each property class to vary results across assessment and between property classes<sup>5</sup>:

1. Mill rate factors
2. Minimum tax
3. Base tax

Municipalities may choose to use one or more tools, or none. Council, as municipal government, decides how much of the tax revenue each of the property classes will bear. Basically, council must determine “What will the tax pie look like?”

Tax tools do not necessarily increase a municipality’s tax revenues.

- A tax reduction for one property class results in increased taxes from another property class.
- If lower assessed properties pay more taxes, higher assessed properties will pay less.

Municipalities must pass a bylaw to use any of the tax tools.

- Changes to rates must also be made by bylaw.
- Failure to pass a bylaw to implement a tax tool may lead to a challenge of the taxes collected for the year (the municipality may be unable to enforce collection of the taxes).

## Mill Rate Factors

Mill rate factors<sup>6</sup>:

- Vary the uniform mill rate set by council;
- Apply a ratio to increase or decrease the effective mill rate in each of the property classes; and
- Apply to all properties within a property class.

Mill rate factors may be used to:

- Manage the tax shifts among property classes<sup>7</sup>; and
- Control the distribution of taxes among property classes within the municipality, but not between municipalities.

In rural municipalities (RMs), a mill rate factor within an organized hamlet may be different than that applied elsewhere in the municipality. The organized hamlet board is required to either request or consent to the rate which will be specific to the organized hamlet<sup>8</sup>.

A mill rate factor within a special service area that is established by Minister’s Order may also be different than that applied elsewhere in the municipality.

---

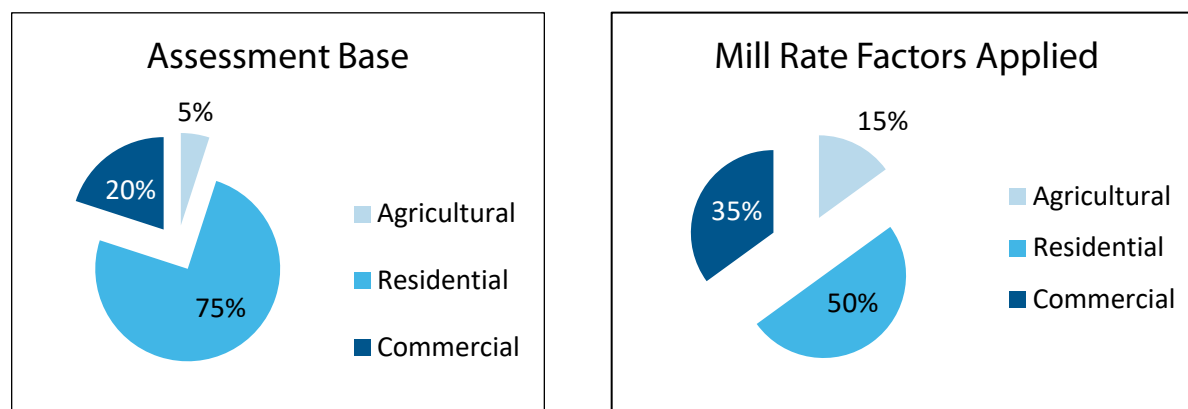
<sup>5</sup> All assessed properties are categorized into three classes for the purpose of municipal taxation (Agriculture, Residential, or Commercial). Cities can create subclasses within the three property classes.

<sup>6</sup> Section 285

<sup>7</sup> Section 285 (2)

<sup>8</sup> Section 285(3)

The two charts below demonstrate how mill rate factors may be applied to shift the tax distribution among property classes.



The distribution shown in the first chart is altered using mill rate factors so that 50 per cent of the levy will generate from properties within the residential class, and the remaining levy is split (15 per cent agriculture and 35 per cent commercial). Council may determine what their “tax pie” will look like by using mill rate factors.

## Basis for Minimum/Base Tax

Minimum tax or base tax reduces assessment driven variances within a property class.

To calculate a base tax or minimum tax that is easily discussed with the ratepayers:

- Decide on which services will be paid for by minimum or base tax. These services are generally those that all ratepayers have equal access to such as policing costs, fire protection, streetlights, etc.
- Average the past three to five years of expenses for those service areas. Divide that amount by the number of assessed parcels in the municipality to calculate a defensible minimum or base tax.

### **Minimum tax<sup>9</sup>:**

- Increases the amount of taxation revenue generated from lower assessed properties;
- Benefits properties with higher assessed values;
- May be applied to any or all of the local property classes;
- May be a specific minimum amount of money levied against the property;
- May be an amount determined by a formula established by council (such as a rate per front foot for each lot or a rate per acre of land);
- Is applied to all land, all improvements, or all property (land and improvements) within each of the affected local property classes:
  - A minimum tax may differ between classes of property<sup>10</sup>.
  - In RMs, a minimum tax within an organized hamlet may be different than that applied elsewhere in the municipality. The hamlet board is required to either request or consent to the rate which will be specific to the organized hamlet<sup>11</sup>.

---

<sup>9</sup> Section 289

<sup>10</sup> Section 289 (2)(b)

<sup>11</sup> Section 289 (3)

- A minimum tax within a special service area that is established by Minister's Order may be different than applied elsewhere in the municipality.
- A minimum tax set for residential land will apply to three-acre yard sites in RMs;
- Will apply to a specific property if the minimum tax amount set exceeds the property tax calculated using the ad valorem approach; and
- Produces minimal impact on the established mill rate because a property pays either the minimum tax or taxes calculated using the *ad valorem* method.

*Property receiving a statutory tax exemption is not subject to minimum tax.*

**Base Tax<sup>12</sup>:**

- Reduces the difference in property taxes between lower and higher assessed properties;
- May be applied to any or all of the local property classes;
- Is a specific amount of money levied against the property;
- Is applied to all land, all improvements, or all property (land and improvements) within each of the affected local property classes: and
  - A base tax may differ between classes of property<sup>13</sup>.
  - In RMs, a base tax within an organized hamlet may be different than that applied elsewhere in the municipality. The hamlet board is required to either request or consent to the rate which will be specific to the organized hamlet<sup>14</sup>.
  - A base tax within a special service area that is established by Minister's Order may be different than applied elsewhere in the municipality.
  - A base tax set for residential land will apply to three-acre yard sites in RMs.
- Significantly impacts the established mill rate because the total property taxes for a specific parcel of land will consist of an ad valorem levy (assessment multiplied by mill rate) added to the base amount of tax<sup>15</sup>.

*Property receiving a statutory tax exemption is not subject to base tax.*

The line graph below demonstrates how the choice of tax tools impacts the distribution of tax across the taxable assessment. Employing the ad valorem method of taxation will create the greatest variance between assessed properties. Choosing to use a minimum tax will create a slight shift from high assessed properties to those with a lower assessment. Using a base tax will create the greatest shift, closing the variance of taxes paid across taxable assessment. In all cases, the total tax revenue raised by the municipality is the same.

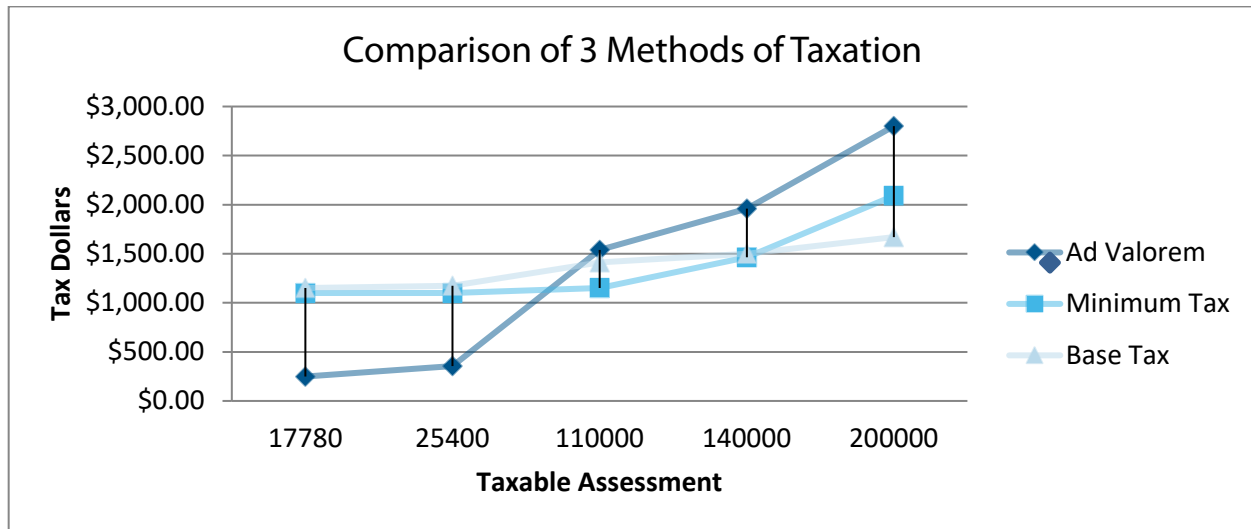
---

<sup>12</sup> Section 290

<sup>13</sup> Section 290 (2)(a)

<sup>14</sup> Section 290 (4)

<sup>15</sup> Section 290(3)



## Limit on Local Tax Tools (Effective Tax Rate Limit)

### **Effective Tax Rate Limit – Starting in 2023:**

An effective tax rate (ETR) limit has been placed on the use of local tax tools, **effective with the 2023 property tax year**. The ETR is the total municipal property tax levy for a given property class divided by the taxable assessment for that property class within a municipality after all tax tools are considered. Please note that special tax levy and potash tax levy are excluded in the calculation of ETRs.

The ETR limit considers the use of all three local tax tools (mill rate factor, base tax, and minimum tax). As a result, the ETR more accurately measures how municipal property taxes are distributed among the property classes in a municipality.

An ETR limit sets the maximum ratio between the highest ETR and the lowest ETR after all tax tools have been applied. The limit in regulations to take effect with the 2023 taxation year is **7:1**, which means the ratio between the highest ETR and the lowest ETR of any property class is to be no more than 7:1. Within this limit, council has full autonomy to set its mill rate, tax tools, and tax policy.

### **Calculation of Effective Tax Rate Limit:**

Suppose all three property classes have a taxable assessment of \$81,700 each, and a municipal council proposed a uniform mill rate of 10 (10.0). Let's assume that the municipality has implemented mill rate factors of five (5.0) for commercial property and two (2.0) for residential property.

- Agricultural property taxes would be  $\left(\frac{\$81,700 \times 10.0}{1000}\right) \times 1.0 = \$817$ .
- Residential property taxes would be  $\left(\frac{\$81,700 \times 10.0}{1000}\right) \times 2.0 = \$1,634$ .
- Commercial property taxes would be  $\left(\frac{\$81,700 \times 10.0}{1000}\right) \times 4.0 = \$4,085$ .

Let's assume the municipality uses another tax tool, the base tax. Suppose the municipality has a base tax of \$800 for commercial property and \$500 for residential property. Assuming, there is only one property in each property class.



- Total agricultural property taxes would be  $\$817 + \$0 = \$817$ .
- Total residential property taxes would be  $\$1,634 + \$500 \times 1 = \$2,134$ .
- Total commercial property taxes would be  $\$4,085 + \$800 \times 1 = \$4,885$ .

Now, we will calculate the ETR for all property classes and the resulting ETR ratio:

$$\text{Agricultural ETR} = \frac{\text{Agricultural Municipal Property Tax Levy (includes all agricultural tax tools)}}{\text{Agricultural Property Class Taxable Assessment}}$$

- The ETR for agricultural property would be  $\frac{\$817}{\$81,700} = 0.010 = 1.0\%$ .

$$\text{Residential ETR} = \frac{\text{Residential Municipal Property Tax Levy (includes all residential tax tools)}}{\text{Residential Property Class Taxable Assessment}}$$

- The ETR for residential property would be  $\frac{\$2,134}{\$81,700} = 0.026 = 2.6\%$ .

$$\text{Commercial ETR} = \frac{\text{Commercial Municipal Property Tax Levy (includes all commercial tax tools)}}{\text{Commercial Property Class Taxable Assessment}}$$

- The ETR for commercial property would be  $\frac{\$4,885}{\$81,700} = 0.060 = 6\%$ .

$$\text{ETR ratio} = \frac{\text{Property Class with the Highest ETR}}{\text{Property Class with the Lowest ETR}}$$

- The ETR ratio would be  $\frac{6\%}{1.0\%} = 6$ . Therefore, the ETR limit is 6:1. The calculated ETR ratio for the above example is within the legislated ETR limit of 7:1.

Property Type	Taxable Assessment	Uniform Mill Rate	Mill Rate Factor	Factored Mill Rate	Tax Levy (after Mill Rate Factors)	Base Tax	Total Tax Levy	ETR	ETR Ratio
Agriculture	\$81,700	10.0	1.0	10.0	\$817	\$0	\$817	1.0%	6:1
Residential	\$81,700	10.0	2.0	20.0	\$1,634	\$500	\$2,134	2.6%	
Commercial	\$81,700	10.0	5.0	50.0	\$4,085	\$800	\$4,885	6.0%	

**Note:**

The taxable assessments for each property class are found in [mill rate survey information](#) in columns FGJ, and the total tax levy for these property classes is found in columns LMP. First, divide LMP by FGJ to find the ETR for each property class, where each column corresponds to a specific property class. Then, divide the highest ETR by the lowest ETR to see if the ratio is within the new limit of 7:1. These columns may differ for cities as they use subclasses.

## Assessment Revaluation-Impact

Unless a municipality is in a rapid growth area, the tax policy may remain consistent from year to year. This may change significantly during a revaluation year.

Every four years, the properties in a municipality will be revalued<sup>16</sup>.

In a revaluation year:

- All assessed values of property are reviewed and adjusted, if required, to bring them up to date to the latest base date.
- The assessed value of all properties in a municipality may change significantly.
- The municipality retains the same number of taxable properties; revaluation may change each individual properties "share" of the required tax revenue.

Council may decide to maintain the tax allocations that result from revaluation. However, it is advisable to look at the impact that revaluation has on the current tax policy for council to make an informed decision regarding any changes that may be necessary.

## Other Strategies

In addition to tax tools, legislation provides council with authority to use other means to raise revenues from property and incorporate into the municipality's tax policy.

## Special Tax

Council may choose to pass a special tax bylaw to raise revenue for a specific purpose or service (public notice required). A special tax<sup>17</sup>:

- Must be for a purpose or service expected to be completed within the tax year.
- Must match revenues to expenditures.
- Cannot be used for major capital undertakings.

## Local Improvements

A local improvement is a project that benefits a part of the municipality rather than the whole municipality. Local improvement projects:

- Include works such as sidewalks, paving, curbing, water distribution and sewage collection lines.
- Are paid in whole or in part by benefitting property owners through a special assessment levy.
- Must follow procedures set out in *The Local Improvements Act, 1993*.

For further information, please refer to the Local Improvements Manual available on the Ministry of Government Relations' website.

---

<sup>16</sup> Section 22(1) *The Assessment Management Agency Act*

<sup>17</sup> Section 312

## Abatements

Council may choose to abate municipal taxes if<sup>18</sup>:

- There is a change to the property that makes it inappropriate to collect;
- An agreement like a lease or permit has expired on property that is exempt from taxation;
- Council feels that the taxes owing are not collectable;
- Council feels that taxes are uncollectable due to unforeseen hardship;
- Council feels that tax compromise/abatement is in the best interest of the community and is a result of a policy passed by bylaw/resolution (public notice required); and
- Council, in most cases, must obtain agreement from other taxing authorities prior to extending the abatement to their portion of the levy<sup>19</sup>.

## Exemptions

Council may choose to exempt certain properties from taxation starting in the current financial year.<sup>20</sup>  
Council:

- May exempt taxation in whole or in part;
- May not enter an agreement that exceeds five years:
  - May impose terms and conditions as specified<sup>21</sup>;
- Shall raise an amount equal to the amount made exempt for other taxing authorities unless the other taxing authority agrees otherwise<sup>22</sup>;
- Does not need to replace lost revenues for the term of the agreement if the exemption is for economic development purposes<sup>23</sup>; and
  - Must give written notice of the exemption to any other taxing authority before February 1 of the first year that the agreement is in place<sup>24</sup>.

## Incentives

To encourage earlier payment of taxes, council may choose to offer payment incentives<sup>25</sup>. Incentives:

- Must be established by bylaw;
- May apply to the prepayment of current taxes;
- May apply to the payment of arrears and penalties;
- The same incentives apply to payments made to other taxing authorities; and
- Incentives **do not** apply to taxes levied for a school division.

The maximum incentive allowable is 60 per cent of the penalties as of January 1, of the year that the incentive is applied<sup>26</sup>.

- The incentive must decrease by 1/12 in each month after January<sup>27</sup>.

---

<sup>18</sup> Section 274 1-2

<sup>19</sup> Section 274 2.1-4

<sup>20</sup> Section 295

<sup>21</sup> Section 295(2)(b)

<sup>22</sup> Section 298(1)- 298(2)

<sup>23</sup> Section 298(5)

<sup>24</sup> Section 298(6)

<sup>25</sup> Section 272

<sup>26</sup> Section 49(2)(a) *The Municipalities Regulations*

<sup>27</sup> Section 49(2)(b) *The Municipalities Regulations*

## Penalties – Current Year

Council may choose to use penalties to encourage payment of current year taxes<sup>28</sup>. Council must:

- Set a due date for tax payment that is before December 1, and show the established due date on the tax notice;
- Establish the penalty amount by bylaw; and
- Apply the penalty amount to taxes levied on behalf of other taxing authorities.

Current year penalties must:

- Be imposed on the first of each month after the due date<sup>29</sup>;
- Be not less than 0.5 per cent and not more than 1.5 per cent of the unpaid tax at the first day of the month; and
- Be applied as the same percentage for each month after the due date<sup>30</sup>.

## Penalties – Past Years

Council shall impose penalties on taxes that remain unpaid after December 31 of the year the taxes were levied<sup>31</sup>. Penalties on arrears:

- Must be established by bylaw;
- Apply to unpaid taxes owed to other taxing authorities; and
- Must be not less than nine per cent and not more than 25 per cent of the unpaid taxes as of January 1<sup>32</sup>.

Penalties on unpaid taxes may be applied in one of three different methods:

- As a simple rate charged once per annum<sup>33</sup>;
  - Rate must be between 9-25 per cent.
- As a simple monthly rate charged on the first day of each month on outstanding taxes only<sup>34</sup>; and
  - Rate must be between 0.75 per cent and 2.08 per cent.
- As a compound monthly rate charged on the first day of the month on outstanding taxes and penalties<sup>35</sup>.
  - Rate must be between 0.72 per cent and 1.876 per cent.

## Implementation

Tax tools and policies do not work in isolation.

Municipalities should:

- Discuss tax policy and the reasoning behind decisions made.
- Review the impact of any tax tools and other authorities employed in the tax policy.
- Monitor collectables to determine if a change in policy might enhance the ability to collect.
- Communicate and be transparent with the public about the municipality's tax policies.

---

<sup>28</sup> Section 279

<sup>29</sup> Section 46.1(4) *The Municipalities Regulations*

<sup>30</sup> Section 46.1(5) *The Municipalities Regulations*

<sup>31</sup> Section 280(1)

<sup>32</sup> Section 46.2(2) *The Municipalities Regulations*

<sup>33</sup> Section 46.2 (2)

<sup>34</sup> Section 46.2(3)(a)

<sup>35</sup> Section 46.2(3)(b)

No matter which tax policy decisions are made, it is a good idea to communicate the rationale behind the decisions. Keep ratepayers informed of current tax policy and the reasons that taxation choices were made. It is important to discuss tax policy and budget allocation as it relates to levels of service with your public. Council members and administrators should be able to clearly explain the tax policy including the use of any tax tools or other authorities to their taxpayers.

## Additional Resources

The ministry has prepared sample bylaws for:

- Each of the property tax tools;
- Employing tax incentives and/or penalties;
- Tax exemption for economic development; and
- Special tax.

These sample bylaws may be found on the Government of Saskatchewan website.

<https://www.saskatchewan.ca/government/municipal-administration/tools-guides-and-resources/bylaw-samples#municipal-sample-bylaws>

A brief discussion regarding taxation and service fees may be found on the ministry's web site.

<https://www.saskatchewan.ca/government/municipal-administration/taxation-and-service-fees/municipal-property-tax-tools>

A detailed manual regarding local improvements along with associated forms may be found on the ministry's web site.

<https://www.saskatchewan.ca/government/municipal-administration/community-planning-land-use-and-development/local-improvements-manual>

Further information may be obtained by contacting a municipal advisor:

### **Advisory Services and Municipal Relations**

Phone: (306) 787-2680

Email: [muninfo@gov.sk.ca](mailto:muninfo@gov.sk.ca)

## Calculations

1. To determine uniform mill rate required:

$$\frac{\text{Taxes required for current year}}{\text{Current year taxable assessment}}$$

2. To calculate property class revenues as a percentage of total revenue:

$$\frac{\text{Revenue generated for property class}}{\text{Total tax revenue}}$$

3. To calculate mill rate factor:

- Calculate the property revenues as a percentage of total revenue (current year percentage)

$$\frac{\text{Revenue generated for property class}}{\text{Total tax revenue}}$$

- Determine mill rate factor

$$\frac{\text{Desired percentage for the property class}}{\text{Current year percentage}}$$

4. To calculate the factored mill rate:

$$\text{Mill rate factor} \times \text{uniform mill rate} = \text{factored mill rate}$$

## Calculating the levy when a minimum tax is set on land and improvements separately

It is important to treat land and improvements separately if minimum tax is set on land and improvements. Do not calculate the total taxable assessment (land and improvements) when determining if the minimum tax applies as this will lead to improper use of the tax tool established.

- Determine the ad valorem calculation on assessed land and assessed improvement individually.
- Apply minimum tax if the ad valorem rate is less than the minimum set.

ID #	Tax Levy: Land		Tax Levy: Improvements		Municipal Tax Levy
	Minimum Tax	Ad Valorem	Minimum Tax	Ad Valorem	
1	<del>175.00</del>	212.94 (23660/1000 x 9.0)	<del>580.00</del>	2839.41 (315490/1000 x 9.0)	3052.35
	<i>MT less than AV; therefore use AV<sup>36</sup></i>		<i>MT less than AV; therefore use AV</i>		
2	175.00	<del>129.78</del> (14420/1000 x 9.0)	580.00	<del>220.50</del> (24500/1000 x 9.0)	755.00
	<i>MT more than AV; therefore use MT</i>		<i>MT more than AV; therefore use MT</i>		
3	175.00	<del>155.25</del> (17250/1000 x 9.0)	0 (no improvements)	0 (no improvements)	175.00
	<i>MT more than AV; therefore use MT</i>		<i>MT not applicable</i>		
4	0 (no land)	0 (no land)	<del>580.00</del>	688.59 (76510/1000 x 9.0)	688.59

In this example:

- The uniform mill rate for the municipality is 9.0.
- Minimum tax established:
  - Land – \$175 per parcel
  - Improvements – \$580

## Taxation in Organized Hamlets

Special programs or services requested in an organized hamlet may be financed directly by that area, using the base tax, minimum tax, or mill rate factor tax tools<sup>37</sup>.

<sup>36</sup> MT means Minimum Tax; AV means Ad Valorem calculation

<sup>37</sup> Sections 285, 289, and 290

The rural municipal council may:

- Provide for different mill rate factors;
- Provide for a different base tax; and
- Provide for a different minimum tax.

Using a different tax tool than applied elsewhere in the municipality:

- Must be established by bylaw; and
- Must be either at the request of or with the consent of the board of an organized hamlet.

Open communication between an organized hamlet board and the rural municipal council will be important to determine the need and viability for setting a different mill rate factor, base tax, or minimum tax within the organized hamlet. Although a formal process is not addressed in legislation, it is suggested that RMs work closely with organized hamlets to facilitate a consultation process for this purpose.

*What percentage does the RM keep when administering an organized hamlet and how is this impacted by tax tools?*

An amount between 40 per cent and 75 per cent of the taxes collected may be allocated to the organized hamlet special account.

- The amount is to be determined by the council, in consultation with the hamlet board.
- All taxes collected, whether based on a uniform mill rate or the use of tax tools, are shared in accordance with the percentages agreed to by the council and organized hamlet board<sup>38</sup>.

The organized hamlet board may request a special levy; the organized hamlet receives 85 per cent or any other amount agreed to of the special levy requested.

## Taxation in Special Service Areas

A special service area may be established by Minister's Order. The order will define the geographical area of the special service area. These areas may also be dissolved by Minister's Order.

Municipalities involved in a potential restructuring may wish to consider the designation of a special service area to mitigate substantial shifts in the services and/or tax rates. However, a rural municipal council may wish to establish a special service area at times other than during restructuring.

The purpose of designating a special service area is twofold:

- To provide different service levels than the rest of the municipality.
- To apply different tax rates and use different tax tools than the rest of the municipality.

Each special service area must have separate ledger accounts for tracking all revenues and expenditures.

- Includes all grants and own source revenues collected on behalf of the special service area.
- Includes all requisitions and expenditures paid on behalf of the special service area.

These accounts form part of the financial statement of the municipality.

---

<sup>38</sup> Section 69

## Taxation in Additional Service Areas

Additional service areas are specially designated areas within an RM's boundaries that require different or separate services from the remainder of the RM<sup>39</sup>.

To designate a geographic area as an additional service area, the RM must:

- Establish the additional service area, the additional service area to be provided, and the strategy employed to raise revenues by bylaw (public notice and public meeting required);
- Allocate additional taxes collected within the designated area towards the specific service or purpose detailed in the establishing bylaw;
- Track revenues and expenditures related to the additional service area in separate accounts; and
- Prepare an annual statement for the additional service area to present to council.

The RM mill rate applies to properties within an additional service area. Funds generated from the mill rate finance the basic services that are provided to all ratepayers within the RM. In addition to the RM mill rate, council can use three financing options, or a combination of these options, to cover the costs of the additional or increased services or infrastructure for the area.

The three options are<sup>40</sup>:

1. Levy a mill rate that is in addition to the mill rate in the rest of the RM.
  - The tax exemptions noted in sections 292 and 293 of the MA do not apply to the additional levy.
  - All properties within the additional service area are subject to the additional levy.
  - Tax exemptions in sections 292 and 293 continue to apply to the RM mill rate.
2. Set a schedule of fees to ratepayers of the additional service area in addition to the mill rate in the rest of the RM.
  - The tax exemptions in sections 292 and 293 do not apply to the fees.
  - All properties within the additional service area are subject to the fees.
  - Tax exemptions in sections 292 and 293 continue to apply to the RM mill rate.
3. Designate a percentage of the property tax levy collected from within the additional service area to cover the cost of additional or increased services or infrastructure.
  - No additional charges or levies are incurred in this case.
  - The tax exemptions in sections 292 and 293 continue to apply.

---

<sup>39</sup> 48.1(1)

<sup>40</sup> 283(2.01-2.03)



## Appendix A

### Example: Tax Policy Decisions for the Town of Anywhere

Taxable Assessment:

Agriculture: 88,300  
(0.1 per cent of total taxable assessment)

Residential: 75,500,500  
(87.7 per cent of taxable assessment)

Commercial: 10,500,250  
(12.2 per cent of taxable assessment)

Total Taxable Assessment: 86,089,050

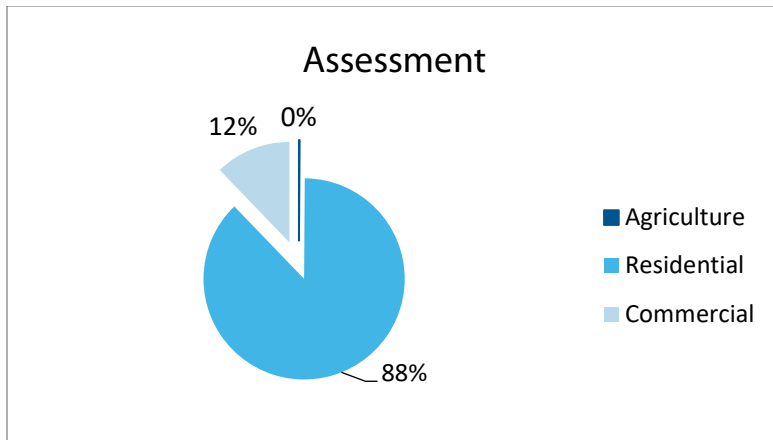
Budget:

Total Revenue Required: \$2,065,00

Revenue Share/Grants: \$200,000

Fees: \$265,000

Levy Required: \$1,600,500



Establish the mill rate (no tax tools):

- Total budget/total taxable assessment = 0.01859 or a mill rate of 18.592.

Class of Property	Taxable Assessment	Mill Rate	Levy
Agriculture	\$88,300	18.59	\$1,641.67
Residential	\$75,500,500	18.59	\$1,403,705.30
Commercial	\$10,500,250	18.59	\$195,220.65
<b>Total</b>	<b>\$86,089,050</b>	<b>18.59</b>	<b>\$1,600,567.62</b>

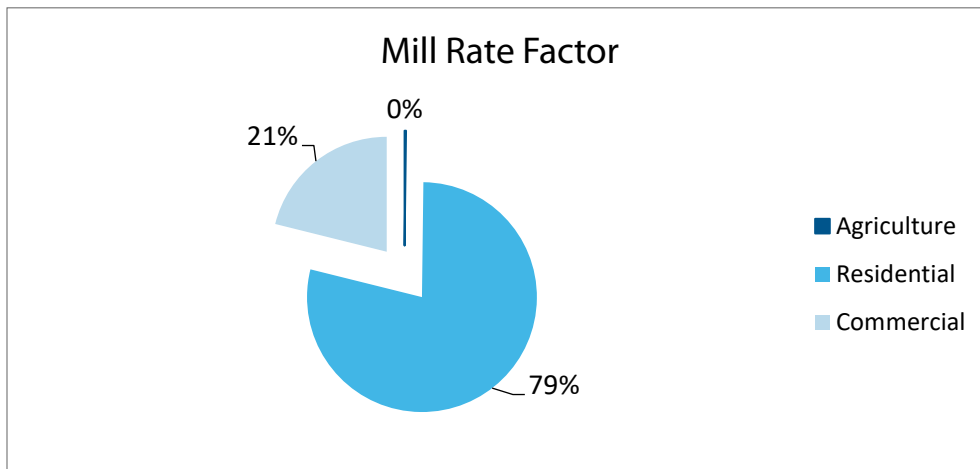
It is good practice to demonstrate how each taxation decision impacts individual properties using a cross section of unidentified taxable properties.

- Use high assessed, middle assessed, and low assessed properties;
- Include properties from each property class;
- Keep the cross section to a manageable number of properties; and
- Use the same properties for all comparisons.

Mill Rate			
Class of Property	Taxable Assessment	Mill Rate	Municipal Tax
Residential	\$360,000	18.59	\$6,692.40
Residential	\$225,000	18.59	\$4,182.75
Residential	\$140,000	18.59	\$2,602.60
Residential	\$95,000	18.59	\$1,766.05
Residential	\$50,000	18.59	\$929.50
Residential	\$25,000	18.59	\$464.75
Residential	\$17,780	18.59	\$330.53
Commercial/Industrial	\$350,000	18.59	\$6,506.50
Commercial/Industrial	\$200,000	18.59	\$3,718.00
Commercial/Industrial	\$75,000	18.59	\$1,394.25
Commercial/Industrial	\$25,400	18.59	\$472.19
Agriculture	\$30,000	18.59	\$557.70
Agriculture	\$25,000	18.59	\$464.75
Agriculture	\$15,000	18.59	\$278.85

Council policy is to adjust taxation amongst the property classes to reflect:

- Agriculture 0.2 per cent; Residential 79 per cent; Commercial 20.8 per cent.



Establish mill rate factors by dividing the desired percentage of total revenue by the current percentage of total revenue.

Class of Property	Current % of Total Revenue	Desired % of Total Revenue	Mill Rate Factor
Agriculture	0.103	0.2	1.942
Residential	88	79	0.898
Commercial	12	20.8	1.733

Determine how the mill rate factor impacts the established mill rate and make the necessary adjustment.

Class of Property	Taxable Assessment	Mill Rate Factor	Mill Rate	Adjusted Mill Rate	Levy
Agriculture	\$88,300	1.942	18.575	36.073	\$3,185.21
Residential	\$75,500,500	0.898	18.575	16.680	\$1,259,374.77
Commercial	\$10,500,250	1.733	18.575	32.190	\$338,008.04
<b>Total</b>	<b>\$86,089,050</b>				<b>\$1,600,568.02</b>

By applying the mill rate factor and new established mill rate to the same cross section of taxable properties, impact can be evaluated.

Mill Rate Factor					
Class of Property	Taxable Assessment	Mill Rate	Mill Rate Factor	Adjusted Mill Rate	Municipal Tax
Residential	\$360,000	18.575	0.898	16.680	\$6,004.93
Residential	\$225,000	18.575	0.898	16.680	\$3,753.08
Residential	\$140,000	18.575	0.898	16.680	\$2,335.25
Residential	\$95,000	18.575	0.898	16.680	\$1,584.63
Residential	\$50,000	18.575	0.898	16.680	\$834.02
Residential	\$25,000	18.575	0.898	16.680	\$417.01
Residential	\$17,780	18.575	0.898	16.680	\$296.58
Commercial/Industrial	\$350,000	18.575	1.733	32.190	\$11,266.67
Commercial/Industrial	\$200,000	18.575	1.733	32.190	\$6,438.10
Commercial/Industrial	\$75,000	18.575	1.733	32.190	\$2,414.29
Commercial/Industrial	\$25,400	18.575	1.733	32.190	\$817.64
Agriculture	\$30,000	18.575	1.942	36.073	\$1,082.18
Agriculture	\$25,000	18.575	1.942	36.073	\$901.82
Agriculture	\$15,000	18.575	1.942	36.073	\$541.09

Council chooses to ensure that specific services are paid for by every assessed property in the residential and commercial classes. Council also decides that agricultural land is not included because there is no development and use of the services included is at a minimal. Current year budget projections are for:

- Street lights;
- Policing;
- Fire protection;
- Public park maintenance; and
- Landfill.

Total municipal tax is \$382,500.00. There are 850 assessed properties within the residential and commercial classes. If the same figure is used for both classes, the minimum/base tax would equal \$450.00.

While arriving at the figure of \$450.00 was the same for minimum and base tax, the impact of choosing each tax tool is very different.

Minimum tax applies only in instances where the mill rate x assessment is less than \$450.00.

To determine the assessment threshold where the minimum tax will apply:

(minimum tax) (1,000)/Adjusted mill rate

Residential:  $(450) (1,000)/16.680 = 26,978$

The minimum tax will apply to all properties in the residential class with taxable assessment at or under 26,978.

Commercial:  $(450) (1,000)/32.190 = 13,979$

The minimum tax will apply to all properties in the commercial class with taxable assessment at or under 13,979.

Tally the number of properties affected to determine the amount of revenue that will be generated from the minimum tax.

Class of Property	Number of Properties	Minimum Tax	Revenue
Agriculture	0	\$450	\$0.00
Residential	65	\$450	\$29,250.00
Commercial	4	\$450	\$1,800.00
<b>Total</b>			<b>\$31,050.00</b>

Adjust the amount of levy required by the mill rate accordingly:

- $\$1,600,568.02 - \$31,050.00 = \$1,569,518.02$

Adjust the mill rate to reflect the difference between the amount of revenues required less the revenue generated by minimum tax.

Class of Property	Taxable Assessment	Mill Rate Factor	Mill Rate	Adjusted Mill Rate	Levy
Agriculture	\$88,300	1.942	18.215	35.374	\$3,123.48
Residential	\$75,500,500	0.898	18.215	16.357	\$1,234,966.96
Commercial	\$10,500,250	1.733	18.215	31.567	\$331,457.14
<b>Total</b>	<b>\$86,089,050</b>				<b>\$1,569,547.59</b>

Apply the minimum tax calculations to the cross section of properties.

Minimum Tax						
Class of Property	Taxable Assessment	Mill Rate	Mill Rate Factor	Adjusted Mill Rate	Minimum Tax	Municipal Tax
Residential	\$360,000	18.215	0.898	16.357		\$5,888.55
Residential	\$225,000	18.215	0.898	16.357		\$3,680.34
Residential	\$140,000	18.215	0.898	16.357		\$2,289.99
Residential	\$95,000	18.215	0.898	16.357		\$1,553.92
Residential	\$50,000	18.215	0.898	16.357		\$817.85
Residential	\$25,000	18.215	0.898	16.357	450	\$450.00
Residential	\$17,780	18.215	0.898	16.357	450	\$450.00
Commercial/Industrial	\$350,000	18.215	1.733	31.567		\$11,048.31
Commercial/Industrial	\$200,000	18.215	1.733	31.567		\$6,313.32
Commercial/Industrial	\$75,000	18.215	1.733	31.567		\$2,367.49
Commercial/Industrial	\$25,400	18.215	1.733	31.567		\$801.79
Agriculture	\$30,000	18.215	1.942	35.374		\$1,061.21
Agriculture	\$25,000	18.215	1.942	35.374		\$884.34
Agriculture	\$15,000	18.215	1.942	35.374		\$530.60

In contrast, base tax will apply to all 850 assessed properties.

Class of Property	Number of Properties	Base Tax	Revenue
Agriculture	0	450	\$0.00
Residential	800	450	\$360,000.00
Commercial	50	450	\$22,500.00
<b>Total</b>			<b>\$382,500.00</b>

Adjust the amount of levy required by the mill rate:

- $\$1,600,568.02 - \$382,500.00 = \$1,218,068.02$

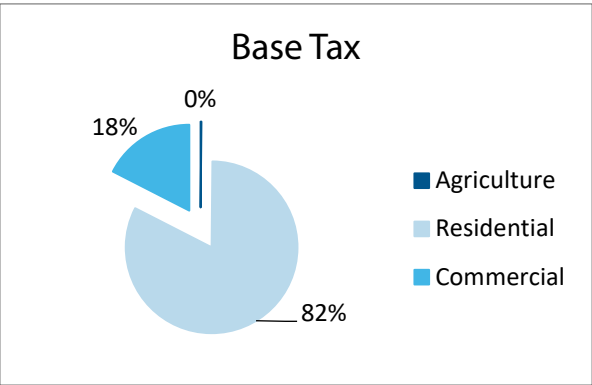
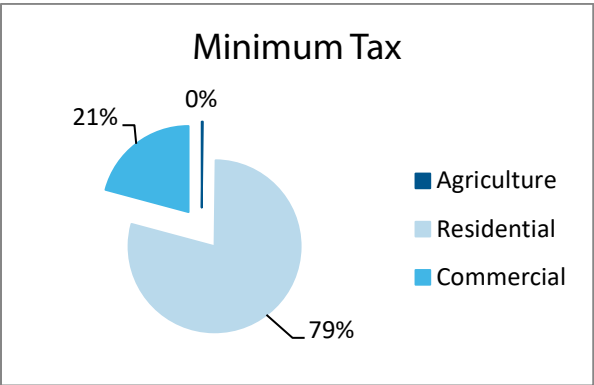
A much larger adjustment to the mill rate is required to reflect the difference between the amount of revenues required less the revenue generated by base tax.

Class of Property	Taxable Assessment	Mill Rate Factor	Mill Rate	Adjusted Mill Rate	Levy
Agriculture	\$88,300	1.942	14.136	27.452	\$2,424.02
Residential	\$75,500,500	0.898	14.136	12.694	\$958,413.01
Commercial	\$10,500,250	1.733	14.136	24.498	\$257,231.85
<b>Total</b>	<b>\$86,089,050</b>				<b>\$1,218,068.88</b>

Apply the base tax calculations to the cross section of properties.

Base Tax						
Class of Property	Taxable Assessment	Mill Rate	Mill Rate Factor	Adjusted Mill Rate	Base Tax	Municipal Tax
Residential	\$360,000	14.136	0.898	12.694	\$450	\$5,019.89
Residential	\$225,000	14.136	0.898	12.694	\$450	\$3,306.18
Residential	\$140,000	14.136	0.898	12.694	\$450	\$2,227.18
Residential	\$95,000	14.136	0.898	12.694	\$450	\$1,655.94
Residential	\$50,000	14.136	0.898	12.694	\$450	\$1,084.71
Residential	\$25,000	14.136	0.898	12.694	\$450	\$767.35
Residential	\$17,780	14.136	0.898	12.694	\$450	\$675.70
Commercial/Industrial	\$350,000	14.136	1.733	24.498	\$450	\$9,024.19
Commercial/Industrial	\$200,000	14.136	1.733	24.498	\$450	\$5,349.54
Commercial/Industrial	\$75,000	14.136	1.733	24.498	\$450	\$2,287.33
Commercial/Industrial	\$25,400	14.136	1.733	24.498	\$450	\$1,072.24
Agriculture	\$30,000	14.136	1.942	27.452	0	\$823.56
Agriculture	\$25,000	14.136	1.942	27.452	0	\$686.30
Agriculture	\$15,000	14.136	1.942	27.452	0	\$411.78

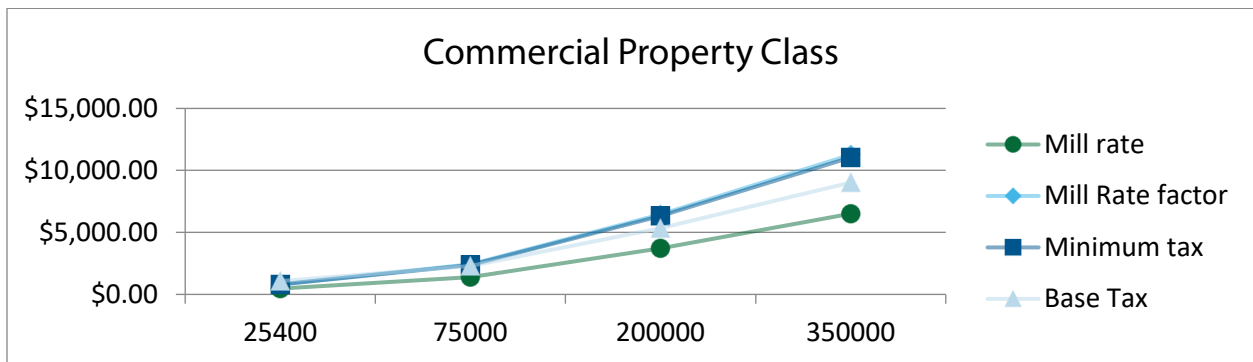
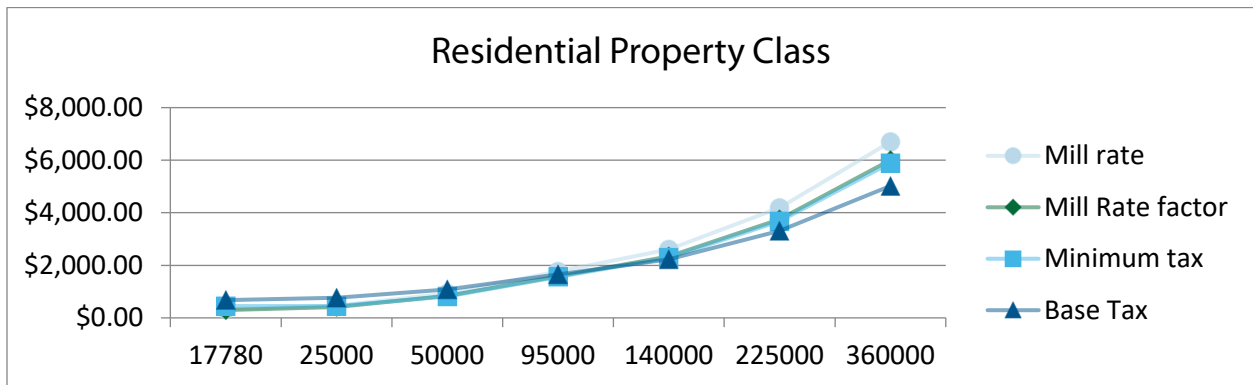
Choosing to use a minimum or base tax amount will further shift the percentage of allocation between the property classes. It is important to determine and discuss the impact.

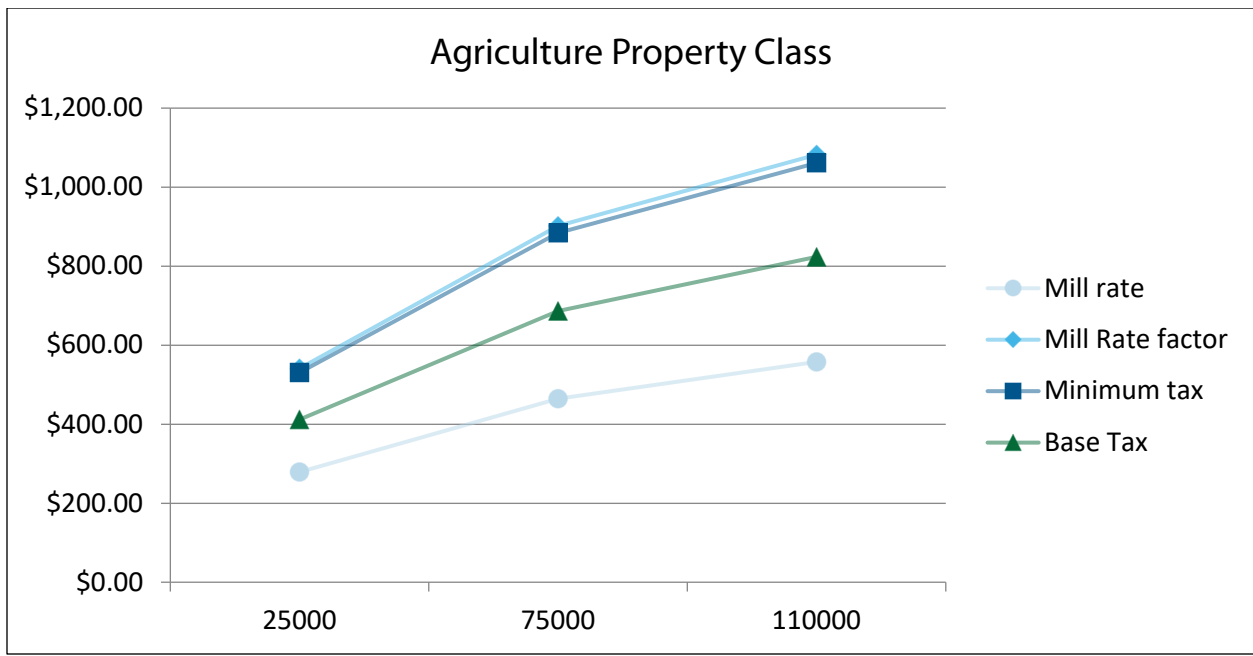


Providing a table that compares the impact that each potential decision has on a cross section of assessed properties is useful when establishing tax policy.

Comparison					
Class of Property	Taxable Assessment	Mill rate	Mill Rate Factor	Minimum tax	Base Tax
Residential	\$360,000	\$6,692.40	\$6,004.93	\$5,888.55	\$5,019.89
Residential	\$225,000	\$4,182.75	\$3,753.08	\$3,680.34	\$3,306.18
Residential	\$140,000	\$2,602.60	\$2,335.25	\$2,289.99	\$2,227.18
Residential	\$95,000	\$1,766.05	\$1,584.63	\$1,553.92	\$1,655.94
Residential	\$50,000	\$929.50	\$834.02	\$817.85	\$1,084.71
Residential	\$25,000	\$464.75	\$417.01	\$450.00	\$767.35
Residential	\$17,780	\$330.53	\$296.58	\$450.00	\$675.70
Commercial/Industrial	\$350,000	\$6,506.50	\$11,266.67	\$11,048.31	\$9,024.19
Commercial/Industrial	\$200,000	\$3,718.00	\$6,438.10	\$6,313.32	\$5,349.54
Commercial/Industrial	\$75,000	\$1,394.25	\$2,414.29	\$2,367.49	\$2,287.33
Commercial/Industrial	\$25,400	\$472.19	\$817.64	\$801.79	\$1,072.24
Agriculture	\$110,000	\$557.70	\$1,082.18	\$1,061.21	\$823.56
Agriculture	\$75,000	\$464.75	\$901.82	\$884.34	\$686.30
Agriculture	\$25,000	\$278.85	\$541.09	\$530.60	\$411.78

It may also be useful to display the table in line graph form to establish the general trend of taxation revenue across assessment for each property class.





Prior to determining the tax policy chosen:

- Compare how the preferred tax policy impacts individual properties in comparison to previous year's calculations.
- Consider how the tax policy may impact collection ability.
- Consider how the combination of options used affects the distribution of taxes:
  - Across assessment; and
  - Across property classifications.
- Refine the tax policy using other authorities such as the use of incentives and penalties.
- Proactively communicate budget decisions and the resulting tax policy with the public:
  - Discuss priorities set (short and long term);
  - Describe the level of service benchmark that can be expected;
  - Talk about planned capital projects and how they will be funded;
  - Describe the tax policy; and
  - Explain why the individual aspects of the tax policy were used.

In short, it is important to explain the choices made and why those decisions benefit the municipality.

Information may be shared:

- On a municipal website;
- At a ratepayers meeting; or
- By mail out (newsletter or question and answer).



## Appendix B

### Example: Tax Policy Decisions for the RM of Over There

Taxable Assessment:

Agriculture: 47,050,500  
(65 per cent of total taxable assessment)

Residential: 11,050,050  
(15 per cent of taxable assessment)

Commercial: 14,000,500  
(19 per cent of taxable assessment)

Total Taxable Assessment: 72,101,050

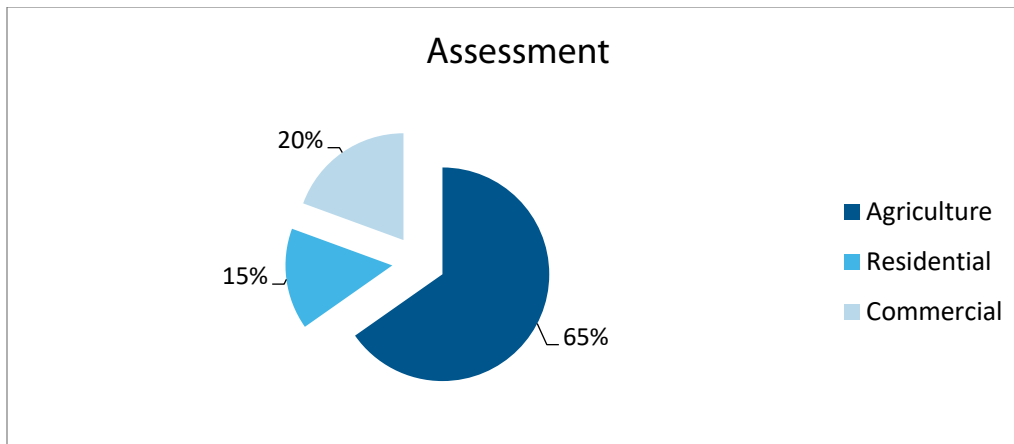
Budget:

Total Revenue Required: \$1,500,000

Revenue Share/Grants: \$175,000

Fees: \$75,000

Levy Required: \$1,250,000



Establish the mill rate (no tax tools):

- Total budget/total taxable assessment = 0.017337 or a mill rate of 17.337.

Class of Property	Taxable Assessment	Mill Rate	Levy
Agriculture	\$47,050,500	17.337	\$815,714.52
Residential	\$11,050,050	17.337	\$191,574.72
Commercial	\$14,000,500	17.337	\$242,726.67
<b>Total</b>	<b>\$72,101,050</b>	<b>17.337</b>	<b>\$1,250,015.90</b>

It is good practice to demonstrate how each taxation decision impacts individual properties using a cross section of unidentified taxable properties.

- Use high assessed, middle assessed, and low assessed properties;
- Include properties from each property class;
- Keep the cross section to a manageable number of properties; and
- Use the same properties for all comparison.

Mill Rate					
Class of Property		Taxable Assessment	Mill Rate	Municipal Tax	Total Municipal Tax
Residential	Land	\$1,120	17.337	\$19.42	\$736.65
	Improvement	\$41,370	17.337	\$717.23	
Residential	Land	\$560	17.337	\$9.71	\$1,127.43
	Improvement	\$64,470	17.337	\$1,117.72	
Residential	Land	\$630	17.337	\$10.92	\$1,037.97
	Improvement	\$59,240	17.337	\$1,027.04	
Residential	Land	\$1,820	17.337	\$31.55	\$1,256.93
	Improvement	\$70,680	17.337	\$1,225.38	
Residential	Land	\$1,560	17.337	\$27.05	\$27.05
<i>exempt</i>	Improvement	\$0	17.337	\$0.00	
Residential	Land	\$1,280	17.337	\$22.19	\$22.19
<i>exempt</i>	Improvement	\$0	17.337	\$0.00	
Commercial/Industrial	Land	\$23,500	17.337	\$407.42	\$1,092.23
	Improvement	\$39,500	17.337	\$684.81	
Commercial/Industrial	Land	\$39,100	17.337	\$677.88	\$1,423.37
	Improvement	\$43,000	17.337	\$745.49	
Commercial/Industrial	Land	\$55,000	17.337	\$953.54	\$5,287.79
	Improvement	\$250,000	17.337	\$4,334.25	
Commercial/Industrial	Land	\$75,000	17.337	\$1,300.28	\$9,968.78
	Improvement	\$500,000	17.337	\$8,668.50	
Agriculture	Land	\$16,580	17.337	\$287.45	\$287.45
Agriculture	Land	\$25,680	17.337	\$445.21	\$445.21
Agriculture	Land	\$33,220	17.337	\$575.94	\$575.94
Agriculture	Land	\$45,650	17.337	\$791.43	\$791.43
Agriculture	Land	\$59,785	17.337	\$1,036.49	\$1,036.49
Agriculture	Land	\$63,885	17.337	\$1,107.57	\$1,107.57

Council wishes to use a tax tool to generate increased revenue on residential land parcels. Council wishes to generate a minimum of 10 per cent of the total levy (\$125,000) in this manner. There are 500 residential land assessments within the RM. To raise 10 per cent of the levy from residential land, each parcel needs to pay \$250.

Council wishes to use a tax tool to generate increased revenue on commercial land parcels. Council wants to generate a minimum of 10 per cent of the total levy (\$125,000) in this manner. There are 250 commercial land assessments within the RM. To raise 10 per cent of the levy from commercial land, each parcel needs to pay \$500.

Council can employ one of two tools to obtain this result.

1. Minimum tax applies only in instances where:

- The mill rate x residential land assessment is less than \$250.00;
- The mill rate x commercial land assessment is less than \$500.00; and
- If council chooses to use minimum tax, the minimum 10 per cent of revenue desired will be generated either by minimum tax or by the ad valorem method.

To determine the assessment threshold where the minimum tax will apply:

(minimum tax) (1,000)/mill rate

Residential Land: (250) (1,000)/17.337 = 14,420

Commercial Land: (500) (1,000)/17.337 = 28,840

Tally the number of properties affected to determine the amount of revenue that will be generated from the minimum tax.

Class of Property	# of Land Parcels Affected	Minimum Tax	Revenue
Agriculture	0	0	\$0.00
Residential	489	250	\$122,250.00
Commercial	200	500	\$100,000.00
<b>Total</b>			<b>\$222,250.00</b>

Adjust the amount of levy required by the mill rate accordingly:

- \$1,250,015.90 - \$222,250 = \$1,027,765.90

Adjust the mill rate to reflect the difference between the amount of revenues required less the revenue generated by minimum tax.

Class of Property	Taxable Assessment	Mill Rate	Levy
Agriculture	\$47,050,500	14.255	\$670,704.88
Residential	\$11,050,050	14.255	\$157,518.46
Commercial	\$14,000,500	14.255	\$199,577.13
<b>Total</b>	<b>\$72,101,050</b>		<b>\$1,027,800.47</b>

Apply the minimum tax calculations to the cross section of properties.

Minimum Tax						
Class of Property		Taxable Assessment	Mill Rate	Municipal Tax	Minimum Tax	Total Municipal Tax
Residential	Land	\$1,120	14.255	\$15.97	250	\$855.69
	Improvement	\$41,370	14.255	\$589.73		
Residential	Land	\$560	14.255	\$7.98	250	\$1,177.00
	Improvement	\$64,470	14.255	\$919.02		
Residential	Land	\$630	14.255	\$8.98	250	\$1,103.45
	Improvement	\$59,240	14.255	\$844.47		
Residential	Land	\$1,820	14.255	\$25.94	250	\$1,283.49
	Improvement	\$70,680	14.255	\$1,007.54		
Residential	Land	\$1,560	14.255	\$22.24	250	\$272.24
exempt	Improvement	\$0	14.255	\$0.00		
Residential	Land	\$1,280	14.255	\$18.25	250	\$268.25
exempt	Improvement	\$0	14.255	\$0.00		
Commercial/Industrial	Land	\$23,500	14.255	\$334.99	500	\$1,398.07
	Improvement	\$39,500	14.255	\$563.07		
Commercial/Industrial	Land	\$39,100	14.255	\$557.37		\$1,170.34
	Improvement	\$43,000	14.255	\$612.97		
Commercial/Industrial	Land	\$55,000	14.255	\$784.03		\$4,347.78
	Improvement	\$250,000	14.255	\$3,563.75		
Commercial/Industrial	Land	\$75,000	14.255	\$1,069.13		\$8,196.63
	Improvement	\$500,000	14.255	\$7,127.50		
Agriculture	Land	\$16,580	14.255	\$236.35		\$236.35
Agriculture	Land	\$25,680	14.255	\$366.07		\$366.07
Agriculture	Land	\$33,220	14.255	\$473.55		\$473.55
Agriculture	Land	\$45,650	14.255	\$650.74		\$650.74
Agriculture	Land	\$59,785	14.255	\$852.24		\$852.24
Agriculture	Land	\$63,885	14.255	\$910.68		\$910.68

Choosing a minimum tax method will ensure that the land assessment generates 10 per cent either by the ad valorem method or the minimum tax.

In contrast, choosing to employ a base tax will apply the established amount to all residential and commercial land assessments. Residential and commercial land assessments would be responsible for both the base tax as well as the amount generated using the ad valorem method. Using a base tax will generate 10 per cent in addition to the amount generated using the ad valorem method.

Class of Property	Number of Land Parcels Affected	Base Tax	Revenue
Agriculture	0	0	\$0.00
Residential	500	250	\$125,000.00
Commercial	250	500	\$125,000.00
<b>Total</b>			<b>\$250,000.00</b>

Adjust the amount of levy required by the mill rate:

- $\$1,250,015.90 - \$250,000 = \$1,000,015.90$

Class of Property	Taxable Assessment	Mill Rate	Levy
Agriculture	\$47,050,500	13.872	\$652,684.54
Residential	\$11,050,050	13.872	\$153,286.29
Commercial	\$14,000,500	13.872	\$194,214.94
<b>Total</b>	<b>\$72,101,050</b>		<b>\$1,000,185.77</b>

Apply the base tax calculations to the cross section of properties.

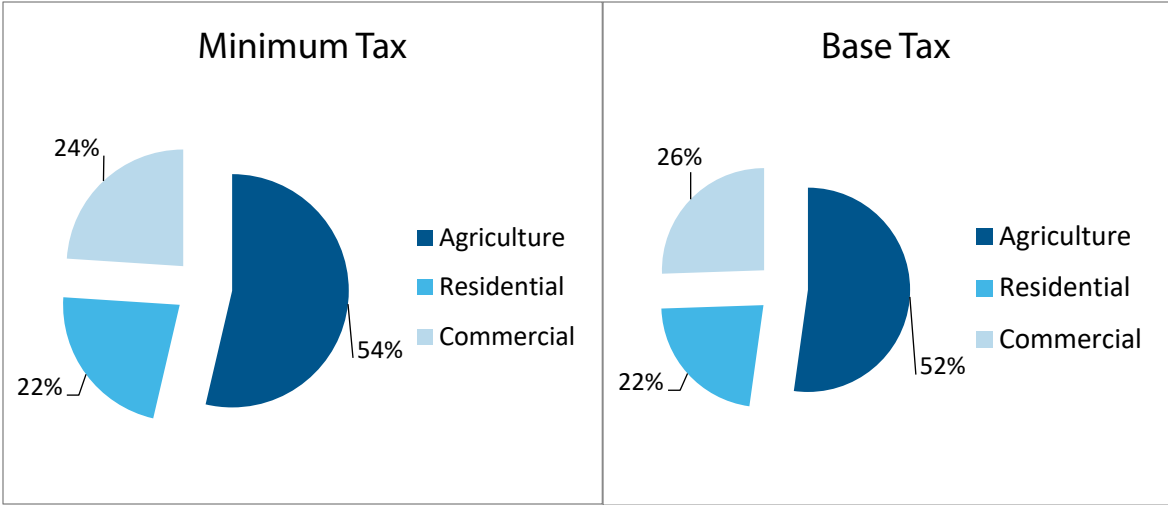
Base Tax						
Class of Property		Taxable Assessment	Mill Rate	Municipal Tax	Base Tax	Total Municipal Tax
Residential	Land	\$1,120	13.872	\$15.54	250	\$839.42
	Improvement	\$41,370	13.872	\$573.88		
Residential	Land	\$560	13.872	\$7.77	250	\$1,152.10
	Improvement	\$64,470	13.872	\$894.33		
Residential	Land	\$630	13.872	\$8.74	250	\$1,080.52
	Improvement	\$59,240	13.872	\$821.78		
Residential	Land	\$1,820	13.872	\$25.25	250	\$1,255.72
	Improvement	\$70,680	13.872	\$980.47		
Residential	Land	\$1,560	13.872	\$21.64	250	\$271.64
exempt	Improvement	\$0	13.872	\$0.00		
Residential	Land	\$1,280	13.872	\$17.76	250	\$267.76
exempt	Improvement	\$0	13.872	\$0.00		
Commercial/Industrial	Land	\$23,500	13.872	\$325.99	500	\$1,373.94
	Improvement	\$39,500	13.872	\$547.94		
Commercial/Industrial	Land	\$39,100	13.872	\$542.40	500	\$1,638.89
	Improvement	\$43,000	13.872	\$596.50		
Commercial/Industrial	Land	\$55,000	13.872	\$762.96	500	\$4,730.96
	Improvement	\$250,000	13.872	\$3,468.00		
Commercial/Industrial	Land	\$75,000	13.872	\$1,040.40	500	\$8,476.40
	Improvement	\$500,000	13.872	\$6,936.00		
Agriculture	Land	\$16,580	13.872	\$230.00		\$230.00
Agriculture	Land	\$25,680	13.872	\$356.23		\$356.23
Agriculture	Land	\$33,220	13.872	\$460.83		\$460.83
Agriculture	Land	\$45,650	13.872	\$633.26		\$633.26
Agriculture	Land	\$59,785	13.872	\$829.34		\$829.34
Agriculture	Land	\$63,885	13.872	\$886.21		\$886.21

Choosing to use a minimum or base tax amount will shift the percentage of allocation between the property classes. It is important to determine and discuss the impact.

Minimum Tax						
Class of Property	Taxable Assessment	Mill Rate	Levy	Minimum Tax	Total Levy	Percentage
Agriculture	\$47,050,500	14.255	\$670,704.88	\$0.00	\$670,704.88	54%
Residential	\$11,050,050	14.255	\$157,518.46	\$122,250.00	\$279,768.46	22%
Commercial	\$14,000,500	14.255	\$199,577.13	\$100,000.00	\$299,577.13	24%
<b>Total</b>	<b>\$72,101,050</b>	<b>14.255</b>	<b>\$1,027,800.47</b>	<b>\$222,250.00</b>	<b>\$1,250,050.47</b>	<b>100%</b>

Base Tax						
Class of Property	Taxable Assessment	Mill Rate	Levy	Base Tax	Total Levy	Percentage
Agriculture	\$47,050,500	13.872	\$652,684.54	\$0.00	\$652,684.54	52%
Residential	\$11,050,050	13.872	\$153,286.29	\$125,000.00	\$278,286.29	22%
Commercial	\$14,000,500	13.872	\$194,214.94	\$125,000.00	\$319,214.94	26%
<b>Total</b>	<b>\$72,101,050</b>	<b>13.872</b>	<b>\$1,000,185.77</b>	<b>\$250,000.00</b>	<b>\$1,250,185.77</b>	<b>100%</b>

Presenting the potential distribution of tax dollars amongst property classes in a pie chart may be useful when making tax policy decisions.

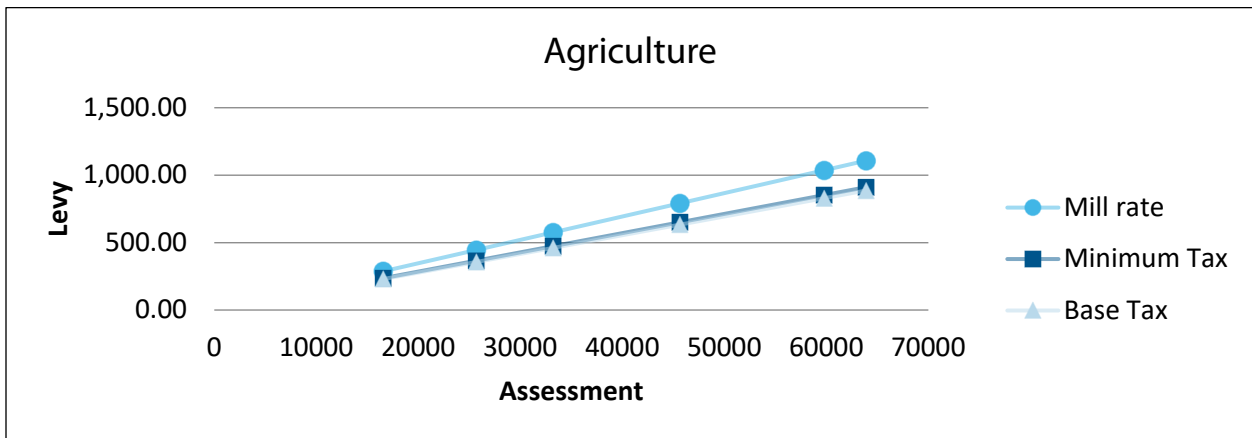
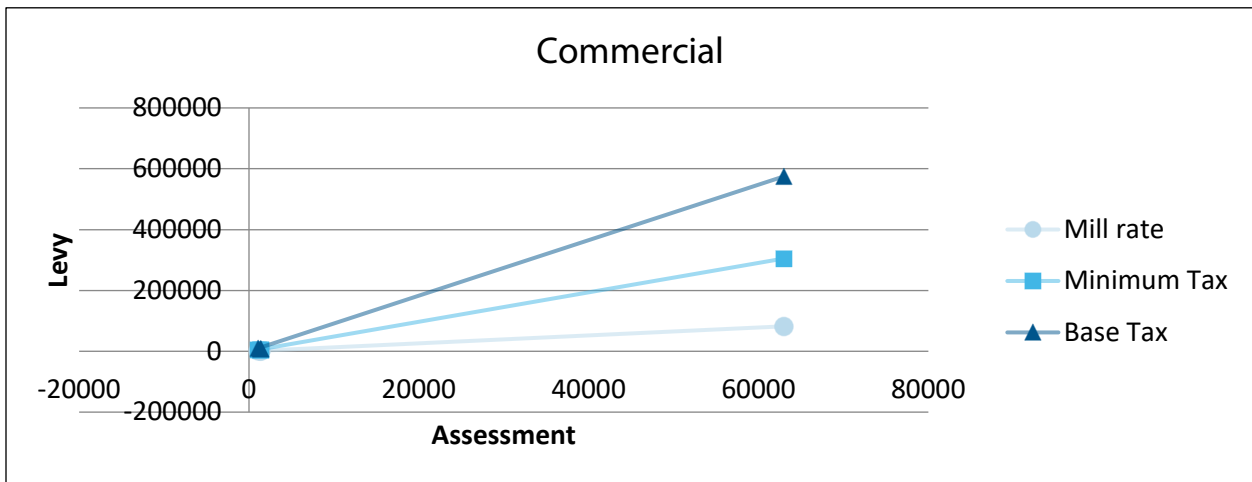
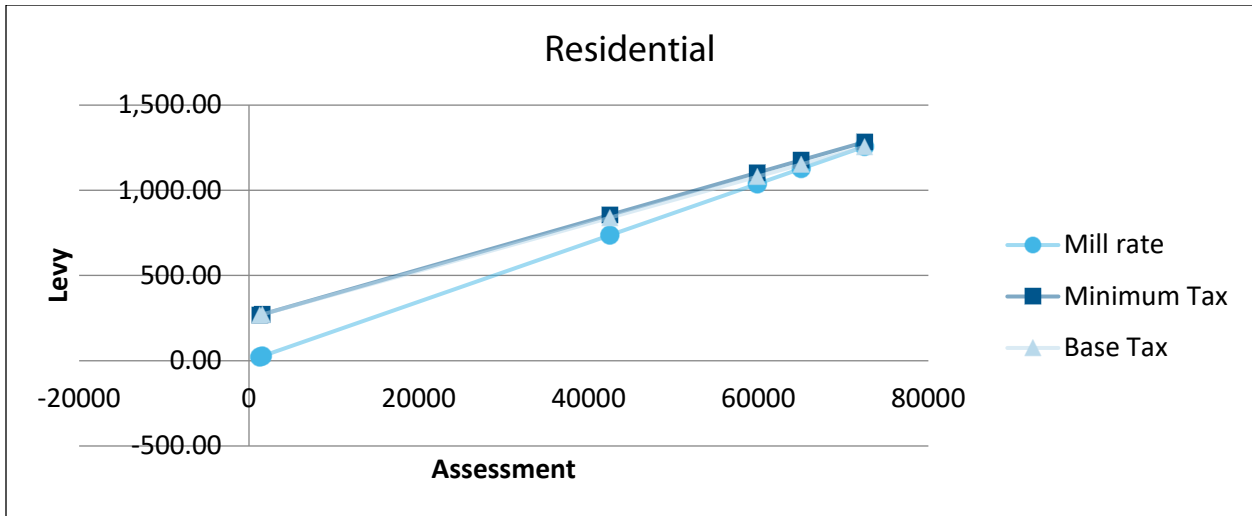


Providing a table that compares the impact that each potential decision has on a cross section of assessed properties is useful when establishing tax policy.

## Comparison

Class of Property		Taxable Assessment	Mill rate	Minimum Tax	Base Tax
Residential	Land	\$1,120	\$736.65	\$855.69	\$839.42
	Improvement	\$41,370			
Residential	Land	\$560	\$1,127.43	\$1,177.00	\$1,152.10
	Improvement	\$64,470			
Residential	Land	\$630	\$1,037.97	\$1,103.45	\$1,080.52
	Improvement	\$59,240			
Residential	Land	\$1,820	\$1,256.93	\$1,283.49	\$1,255.72
	Improvement	\$70,680			
Residential	Land	\$1,560	\$27.05	\$272.24	\$271.64
exempt	Improvement	\$-			
Residential	Land	\$1,280	\$22.19	\$268.25	\$267.76
exempt	Improvement	\$-			
Commercial/Industrial	Land	\$23,500	\$1,092.23	\$1,398.07	\$1,373.94
	Improvement	\$39,500			
Commercial/Industrial	Land	\$39,100	\$1,423.37	\$1,170.34	\$1,638.89
	Improvement	\$43,000			
Commercial/Industrial	Land	\$55,000	\$5,287.79	\$4,347.78	\$4,730.96
	Improvement	\$250,000			
Commercial/Industrial	Land	\$75,000	\$9,968.78	\$8,196.63	\$8,476.40
	Improvement	\$500,000			
Agriculture	Land	\$16,580	\$287.45	\$236.35	\$230.00
Agriculture	Land	\$25,680	\$445.21	\$366.07	\$356.23
Agriculture	Land	\$33,220	\$575.94	\$473.55	\$460.83
Agriculture	Land	\$45,650	\$791.43	\$650.74	\$633.26
Agriculture	Land	\$59,785	\$1,036.49	\$852.24	\$829.34
Agriculture	Land	\$63,885	\$1,107.57	\$910.68	\$886.21

It may also be useful to display the table in line graph form to establish the general trend of taxation revenue across assessment for each property class.



Prior to determining the tax policy chosen:

- Compare how the preferred tax policy impacts individual properties in comparison to previous years' calculations;
- Consider how the tax policy may impact collection ability; and
- Refine the tax policy using other strategies such as the use of incentives and penalties.



Proactively communicate budget decisions and the resulting tax policy with the public:

- Discuss priorities set (short and long term);
- Describe the level of service benchmark that can be expected;
- Talk about planned capital projects and how they will be funded;
- Describe the tax policy; and
- Explain why the individual aspects of the tax policy were used.

In short, it is important to explain the choices made and why those decisions benefit the municipality.

Information may be shared:

- On a municipal website;
- At a ratepayers meeting; or
- By mail (newsletter or question and answer).