

Additional 2024 Tax rate information and background

Background:

City of Airdrie property taxes are the responsibility of the registered owner. Property taxes are determined by multiplying the current assessed value of the property by the tax rate. The tax rate is calculated on an annual basis and approved through bylaw. A property's assessment value is an estimate of market value based on economic conditions as of July 1, 2023 and the physical condition of the property as of December 31.

In preparing the budget, Administration takes the municipal tax revenue from the previous year and adds the additional tax revenue that will be generated due to physical assessment growth within the city. Growth includes the increase in number of parcels, their assessed values and other physical changes to existing properties throughout the year.

If a tax increase is approved as part of the budget process, the increase is added to both existing and new parcels. This additional revenue provides the necessary resources to generate the revenue required for payment of expenditures and transfers set out in the municipality's budget.

Once the budget process is complete, the annual tax revenue is determined by adding any tax increases to the previous year's municipal tax revenue. The tax rate is calculated by dividing the budgeted tax revenue by the total assessed value of properties within the municipality. The municipal tax rate will change year to year and is dependent upon revenues required to operate the municipality and the assessment base. If the total assessed value remains constant, the municipal tax rate will remain constant as well. If the total assessed value changes, due to an increase or decrease in market value, the municipal tax rate will adjust accordingly.

Assessment:

The assessment roll has been completed and the notices were mailed out on January 15, with a final complaint deadline of March 25, 2024. The Assessment department conducted a successful non-residential pre-roll consultation period, whereby the property owner or agent was provided with the opportunity to discuss the preliminary assessed values prior to the assessment roll being finalized.

There have been 70 assessment appeals filed in 2024 which is slightly higher than last year but similar when compared to other mid-sized cities in Alberta. Of the 70 appeals received within the appeal period, 15 have been withdrawn or experienced an assessment value adjustment. It is expected more appeals will be resolved without going before the Assessment Review Board. Hearings will be booked for the remainder of the appeals. If all assessed values are reduced to the amount requested by the property owner/agents, the potential tax revenue loss is \$801,684 (municipal tax). In the previous two years, the assessment department has successfully defended all assessed values before the Assessment Review Board.

Residential Properties

For the median single family residential property, when the municipal and education tax rates are combined (due to the increase in assessment values), the total taxes paid will increase as shown in the chart below.

Property Type	Year	Assessed Value	Municipal Tax	Education Tax	Total Tax	Per month
Residential	2024	527,325	2,250	1,191	3,441	
	2023	470,000	2,103	1,040	3,144	
Increase (Decrease)		57,325	147	150	297	25

Non-Residential Properties

It is much more difficult to state the effect for the average non-residential property due to a large discrepancy between property types and values in this class. Also, there are substantially less properties compared to residential. This can greatly affect the median value in each category when a large value property is added to the pool. The chart below shows the effect to each class based on no change in assessed value year over year.

Property Type	Year	Assessed Value	Municipal Tax	Education Tax	Total Tax	Per month
Industrial	2024	733,760	6,575	2,563	9,562	
	2023	733,760	6,905	2,657	9,138	
Increase (Decrease)		0	(330)	(94)	(424)	(35)

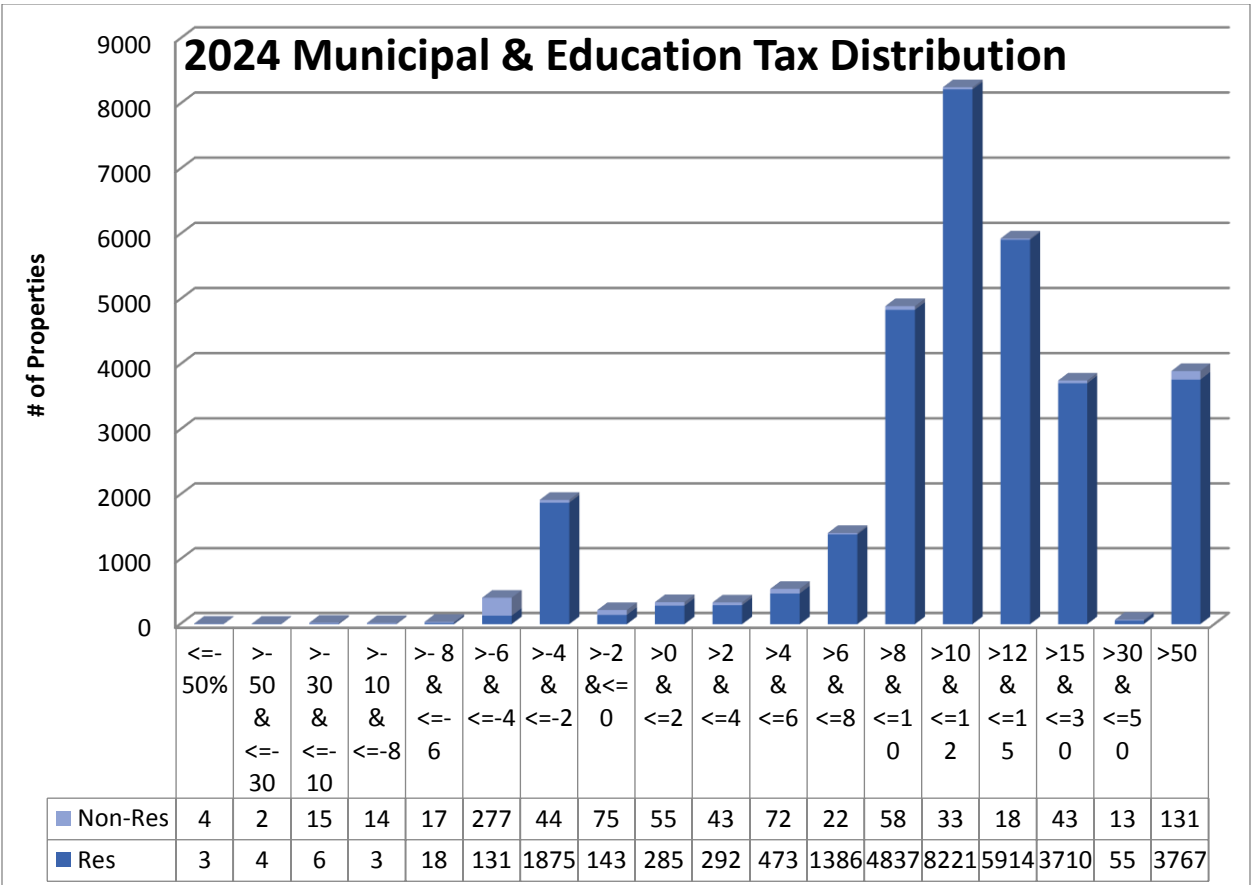
Property Type	Year	Assessed Value	Municipal Tax	Education Tax	Total Tax	Per month
Commercial	2024	941,090	8,433	3,287	11,720	
	2023	941,090	8,855	3,408	12,264	
Increase (Decrease)		0	(423)	(121)	(544)	(45)

Non-Residential to Residential

Tax Revenue Split Section 358.1(2) of the *Municipal Government Act* states “[n]o municipality other than a nonconforming municipality shall in any year have a tax ratio greater than 5:1”. The national tax ratio average for large cities across Canada is 2.65. As per the City’s Fiscal Sustainability Strategy, Airdrie’s goal was to reach a ratio of 2.5 by 2022 from the current ratio of 2.1. Due to the current economic conditions, the ratio will remain unchanged in 2024 from the previous year.

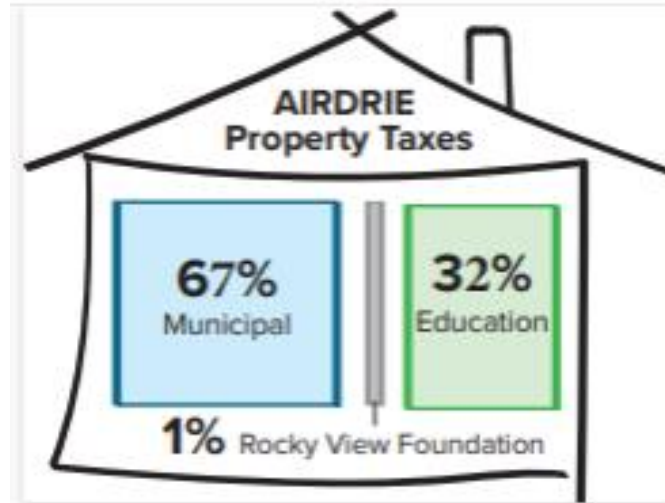
Overall effect on ALL Airdrie property owners

The graph below shows the changes in municipal and education tax combined for all residential and non-residential properties. The graph shows that the majority of property owners will experience a 10-12% increase in overall property taxes. Even though the overall combined increase is 22.99% (municipal and education), year over year growth has helped spread this burden over more properties so the effect is significantly less. A majority of the non-residential properties will see a decrease between (-4%) and (-6%) in their property taxes if there is no change in assessed value.



Property Tax Distribution

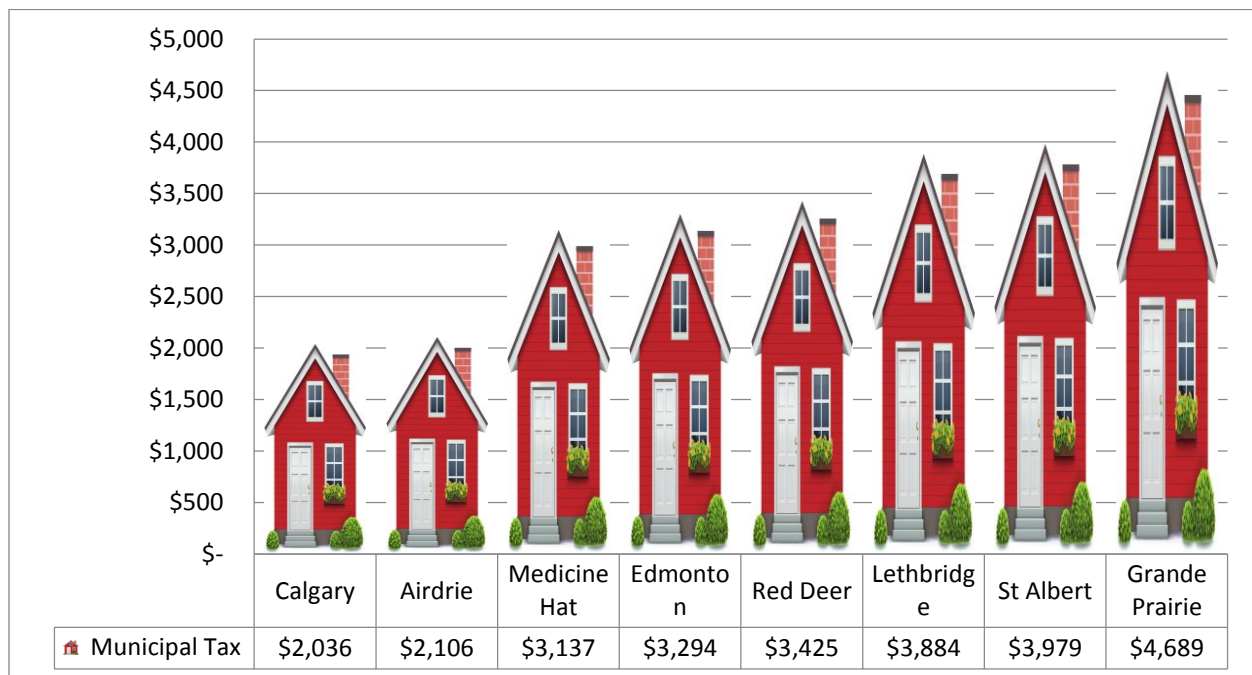
The image below shows the distribution of residential taxes: 67% of property taxes are for municipal purposes, 32% goes to the Province for education taxes and 1% goes to Rocky View Foundation.



How does Airdrie compare to other Cities in Alberta?

Residential

The chart below compares the municipal taxes a resident would pay in each mid to large sized city for a property with an assessed value of \$470,000. The chart will be included with the annual tax brochure to help demonstrate value for money compared to other cities of similar size in Alberta.

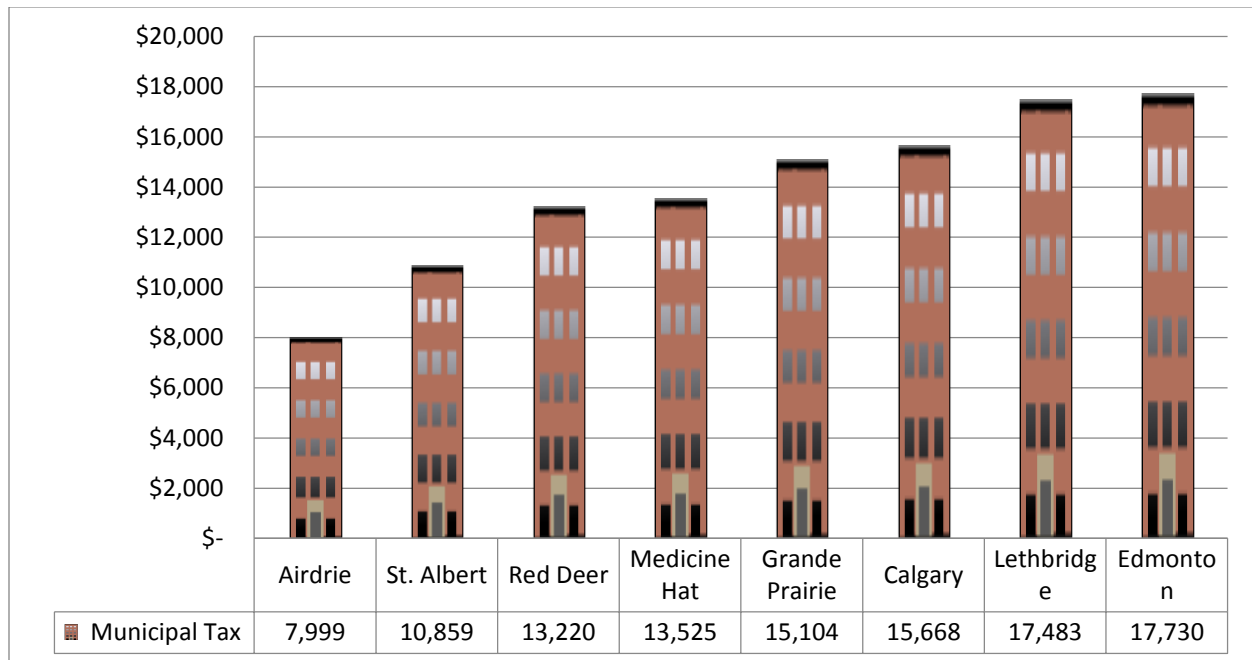


These rates are based on 2023 mill rates for each city.

Non-Residential

The chart below compares the municipal taxes a business would pay in each mid to large sized city for a property with an assessed value of \$850,000. The chart will also be included

with the annual tax brochure to help demonstrate the tax advantage of having a business located in Airdrie.



This demonstrates how municipalities fund services and what portion of tax revenue is contributed by homeowners and businesses. The non-residential rate in Calgary is significantly higher than that of Airdrie, which is why Calgary's residential tax rate is lower.

5 Year Historical Trends:

The following is a summary of the tax rates, assessed values and resulting taxation for the past five years.

Combined Tax Rates	2020	2021	2022	2023	2024
Residential	0.00738744	7.49801	7.1927	6.69777	6.52484
Non-residential	0.01357404	13.76905	13.75788	13.03124	12.45326

Municipal Tax Rates	2020	2021	2022	2023	2024
Residential	0.00478468	4.84559	4.72588	4.48106	4.26697
Non-Residential	0.01004809	10.17584	9.92508	9.41019	8.96063

Live Assessed Values	2020	2021	2022	2023	2024
Residential	\$9,494,793,900	\$9,637,949,900	\$10,718,153,550	\$12,630,446,770	\$14,975,539,740
% of total	83.90%	84.23%	85.03%	86.25%	87.10%

Non-Residential	\$1,822,060,620	\$1,803,815,990	\$1,887,530,930	\$2,014,347,830	\$2,218,688,660
% of total	16.10%	15.77%	14.97%	13.75%	12.90%
Total Assessed Values	\$11,316,854,520	\$11,441,765,890	\$12,605,684,480	\$14,644,794,600	\$117,194,228,400

Municipal Tax Levies	2020	2021	2022	2023	2024
Residential	\$45,033,138	\$46,292,339	\$50,240,389	\$56,172,602	\$63,451,813
% of Mun.	71.16%	71.67%	72.91%	74.83%	75.87%
Non-Residential	\$18,251,685	\$18,296,469	\$18,670,805	\$18,897,191	\$19,835,501
% of Mun.	28.84%	28.33%	27.09%	25.17%	23.72%
Total Municipal Taxes	\$63,284,823	\$64,588,808	\$68,911,194	\$75,069,793	\$75,069,793

Requisition Tax Levies	2020	2021	2022	2023	2024
Residential	\$24,712,670	\$25,563,891	\$26,439,756	\$27,998,038	\$33,812,822
Non-Residential	\$6,379,043	\$6,435,391	\$7,185,159	\$7,247,220	\$7,701,472
Total Requisitions	\$31,091,713	\$31,999,282	\$33,624,915	\$35,245,258	\$41,514,294

Total ALL Taxes	\$94,376,536	\$96,588,090	\$102,536,109	\$110,315,051	\$125,285,323
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Airdrie is trending to a higher residential over the last five years, with non-residential properties comprising about 13% of the City's total assessment value and generating 23.7% of the municipal tax levy.