



Council Policy C48

TAXATION POLICY

Approved by Council Resolution # 21/06/13

1. PURPOSE

The purpose of this Policy is to maintain consistent standards and guidelines for taxation and to ensure principles are in place for the appropriate oversight of taxation that aim to provide the financial resources needed to maintain a viable, sustainable community.

2. POLICY STATEMENT

This Policy provides objectives and guidelines for how the City of Beaumont will administer taxation. The City provides various services and infrastructure that produce broad benefits to the community. The City recognizes that the municipal operating costs for these services and infrastructure must be shared amongst the tax base and benefiting parties, and seeks to equitably distribute these costs.

3. OBJECTIVES

Distributive Fairness and Equity

The City shall distribute the costs of tax funded municipal services based on the *ad valorem* principle meaning that taxes paid are based on the value of the property. This approach ensures taxes are distributed fairly and equitably throughout the community and promotes transparency, predictability, and stability for the City and taxpayers.

Revenue Neutrality

The City's municipal property tax revenues shall not increase or decrease due to market assessment value increases or decreases. This approach protects both the City and taxpayers from large shifts in property taxation resulting from market value fluctuations.

Appropriate Utilization of Growth Revenue

The City shall utilize budget and taxation practices that seek to align tax revenue generated from growth with growth related expenditures. This policy will guide Administration decisions when determining the appropriate use of real assessment growth revenue, as well as the funding source of growth related expenditures.

4. GUIDELINES

Tax Levy Revenue

The City shall determine the amount of expenditures required to operate the municipality through the annual budget process. This amount is reduced by budgeted operating revenues including but not limited to licenses, investment income, operating grants, permits, fees, and transfers from reserves. The remainder is the revenue requirement to be raised through property taxation to provide municipal operating services for the year.

Municipal Tax Rates

The City shall utilize the revenue requirement to calculate the municipal tax rate. The revenue requirement is divided by the assessment base (the total value of all assessed properties in the municipality). The tax rate calculation is expressed in the following formula:

Tax revenue requirement / Assessment base = Tax rate

The City shall set the municipal tax rates annually through the Property Tax Rate Bylaw. The City may set a different tax rate for each assessment class so long as the rates are within the ratios described in the *Municipal Government Act*.

Individual Tax Levy

The City shall multiply the municipal tax rate by the assessed value of each property on the tax roll to determine the tax levy for each property. The tax rate is applied to each individual property assessment using the following formula:

Property Assessment x Tax rate = Tax Levy

General Municipal Tax Ratio

The City shall maintain a general municipal tax ratio between non-residential and residential tax rates of approximately 1.4 to 1. The City may, on an annual basis, review this ratio. To maintain fairness, equity, and transparency to ratepayers in different assessment classes, this review may take place after approval of the property tax rate bylaw for the current year and prior to approval of the municipal operating budget for the upcoming budget year.

Comparative tax rates and municipal tax splits of other municipalities will be taken into consideration. Any such adjustment may result in higher average municipal tax increases for the non-residential property class as compared to the residential property class. The City shall not have a general municipal tax ratio greater than 5 to 1, as per the *Municipal Government Act*.

New Assessment Growth

The City shall estimate an amount of future property tax revenue for new building construction for the following budget year. This amount may be utilized to either fund new growth related initiatives or respond to growth related pressures.

Upon receipt of the final assessment roll, the City shall validate the actual amount of new assessment growth prior to approval of the property tax bylaw. Should this amount exceed the budgeted estimate, Administration will recommend the most appropriate use of the additional dollars. Should this amount be less than the budgeted estimate, Administration will recommend a funding source to cover the shortfall.

Property Tax Relief

The City may utilize tax relief options as allowed under the *Municipal Government Act*. These include, but are not limited, to cancellation, reduction, refund, or deferral of taxes, and tax agreements. Administration will present any property relief initiative for Council approval.

Other Guidelines

The City may choose to utilize other taxation options as allowed under the *Municipal Government Act*. These include, but are not limited to, business tax, business improvement area tax, community aggregate payment levy, local improvement tax, special tax, well drilling

equipment tax, and grants in place of taxes. Administration will present any other tax option for Council approval.

5. SCOPE/APPLICATION

The Director of Finance must adhere to this policy when providing budget recommendations, calculating property tax rates, and preparing & distributing tax notices.

6. AUTHORITY/RESPONSIBILITY TO IMPLEMENT

The Chief Administrative Officer is ultimately responsible and accountable for the control, management, and administration of the City's taxation in accordance with the taxation policy approved by Council. The Chief Administrative Officer may delegate this responsibility.

The Director of Finance must ensure that the policy requirements are met and updated as required.

Policy Record

Adopted by Council: June 2021

Cross Reference: *Municipal Government Act*

Administrative Responsibility: Director, Finance

Next Review Date: 2024