

April 2007

Information about
the 2007 education
property tax process

Education Property Tax BULLETIN

Assessment Services Branch
Local Government Services Division
Alberta Municipal Affairs and Housing

Alberta's 2007 Education Property Tax Requisition

Special points of interest:

- The education requisition is increasing in line with assessment growth.
- As new development brings with it new taxpayers, the education requisition will be spread across a broader assessment tax base.
- Provincial education property tax rates have been reduced by about 5.8 percent for the 2007 tax year.

The provincial education requisition is \$1.556 billion for the 2007-08 fiscal year. This is an increase of about 5.5 percent from 2006-07.

Requisitions have been calculated on a calendar year basis to coincide with the municipal budget process. Therefore, the province will collect \$1.536 billion during the 2007 tax year.

See next page for 2007 requisition formula.



The province captures real, new construction growth to support the provincial education system.

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2007 Provincial Uniform Education Property Tax Rates

As a result of strong overall growth in assessment and the limited requisition increase, the province has been able to reduce its uniform education property tax rates by about 5.8 percent for the 2007 tax year.

Property Class	2006 Tax Rates	2007 Tax Rates
Residential/farm land	4.80 mills	4.52 mills
Non-residential	7.05 mills	6.64 mills
Machinery & equipment	0.00 mills	0.00 mills

Cont'd from front page— Alberta's 2007 Education Property Tax Requisition

2007 Requisition Formula

Each municipality's 2007 education requisition will be based **on the least of:**

- A 12 percent increase from the 2006 requisition, by assessment class
- A four-year average of the municipality's equalized assessments, by assessment class, or
- The 2007 equalized assessment.

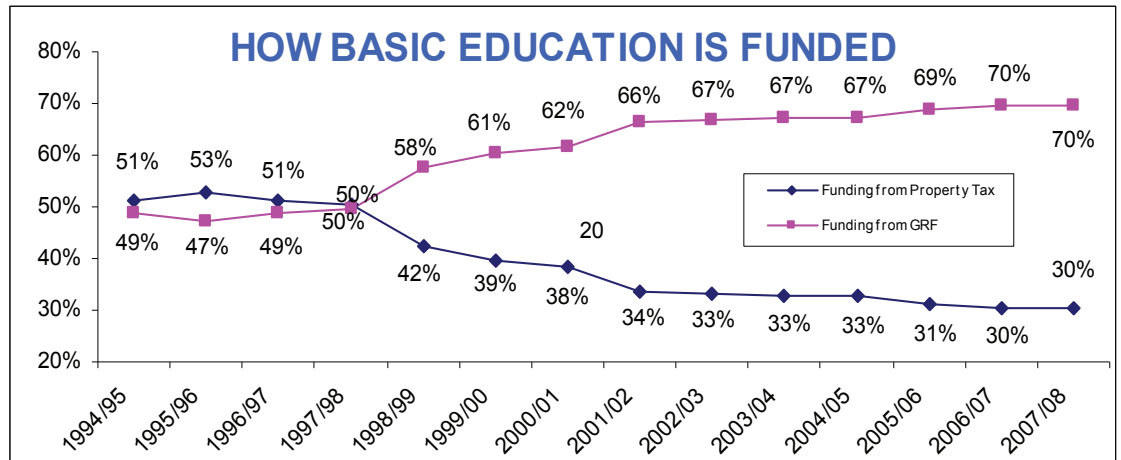
Did you know?

- Each year, education property tax requisitions are calculated using a requisition formula and the provincial uniform education property tax rates.
- The provincial uniform education tax rates are approved annually by Order in Council. The requisition formula is approved by Treasury Board each year.
- The provincial government mitigates increases in the education tax requisitions in high-growth municipalities by using a formula that averages equalized assessments over time, or by capping the requisition.



Pat Chelen, of the Assessment Services Branch, works on preparing the equalized assessment.

“Education property tax accounts for about 30 percent of provincial funding for the basic education system .”



Update: Minister's Council on Municipal Sustainability

For the past year, the Minister's Council on Municipal Sustainability has been examining options for strengthening the partnership between the provincial government and Alberta's municipalities, and for enhancing the long-term sustainability of municipal governments in the province.

Through the Minister's Council, the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities Association, and the Cities of Edmonton and Calgary have worked with

Municipal Affairs and Housing to investigate options, and discuss issues.

The Minister's Council on Municipal Sustainability recently released a final report.

Among other items, the Minister's Council on Municipal Sustainability investigated revenue options; including recommending some additional new revenue sources for municipalities and also recommending that additional funding be provided to municipalities (approximately \$1.4 billion).

The provincial government believes that the current system for funding education is the best option available as it provides:

- A stable source of revenue for the basic education system, and
- Equitable funding for students no matter where they live.

The province's commitment for an additional \$1.4 billion in annual funding will help municipalities address local needs over the long term.

Getting Ready: The Requisitioning Process

Alberta Municipal Affairs and Housing is responsible for municipal governance in Alberta, which includes the property assessment and taxation systems, and the education property tax.

The education property tax requisitioning process is a cross-ministry initiative. The Education Tax and Assessment Advisory Unit works with other ministries to ensure provincial objectives are met in calculating each municipality's education property tax requisition.

In addition, the Unit works with municipalities by providing technical support that helps to ensure that the equalized assessment data is correct.

The provincial education property tax requisitioning process

goes through four main stages:

1. Preparation of education property tax requisition options.

This stage is primarily a responsibility of the Education Tax and Assessment Advisory Unit using preliminary policy directions from Alberta Finance.

2. Decision making to choose the policy for the education property tax requisition.

This stage involves policy choices made at the provincial Treasury Board level. All ministries involved in the process develop plans and budgets, which include the decisions that are reached regarding the education property tax requisition.

3. Implementation of the education property tax by each municipality.

At this stage, the Education Tax and Assessment Advisory Unit

offers advice and assistance to municipal administrators ensuring that the proper methodology is being applied for the collection of the education requisitions.

4. Requisition collections and contingencies.

This final stage involves the collection of requisitioned funds (by municipalities) and addressing any funding contingencies that may have arisen from appeal decisions or hardship cases. The Education Tax and Assessment Advisory Unit calculates the refunds that may result from these decisions.

When a municipality is requisitioned for education property taxes, the Education Tax and Assessment Advisory Unit provides information and assistance to administrators.

This assistance includes the calculation of blended tax rates for public and separate school supporters, applications for hardship relief, and providing advice to help resolve issues such as the under or over payment of requisitions.



***Did you know?**

- Alberta has more than 590,000 Kindergarten through Grade 12 students, an increase of approximately 4.3 percent over the last decade, mostly in high growth areas.
- Alberta spends \$26.5 million on the Kindergarten to Grade 12 learning system for each day that students are in school.

**Information current as of April 2006 (from Alberta Education website: www.education.gov.ab.ca)*

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Details of the Alberta School Foundation Fund are published in the Alberta Education Annual Report, available online at:
www.education.gov.ab.ca/annualreport

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Education Property Tax Rebate program for seniors continues

Alberta Seniors and Community Supports is continuing to provide an annual rebate to assist senior homeowners with any year-to-year increases in the education portion of their property taxes.

*Did you know?

- The number of seniors in Alberta as of March 2005 was approximately 339,000.
- Seniors currently make up 10 percent of Alberta's total population.
- The senior population is growing at a faster rate than the general population.

*Information obtained from Alberta Seniors and Community Supports

Seniors remain responsible for paying the full amount of the education property taxes by the due date indicated on the municipality's property tax notice.

Senior homeowners are eligible for a rebate to cover any increase over the education property tax paid on their residence since 2004, or beginning in the year after the citizen reaches the age of 65.

Questions about the education property tax rebate for seniors, including eligibility and how to apply, can be directed to:

Alberta Seniors Information Line at 1-800-642-3853 (in Edmonton, 427-7876).

Questions and Answers

Q. Why did the government approve the requisition increase to \$1.556 billion?

The revenue requirement was revised to maintain Alberta's accessible, quality education system.

Assessment growth in the province will help minimize the impact of the requisition increases on taxpayers as new businesses and homeowners contribute to the costs of education.

The province requires revenue from the education property tax to help ensure that Alberta's basic education system continues to be among the best in the world.

Q. How are education property taxes calculated?

Each year, the province sets a provincial uniform education property tax rate. The rate is determined by dividing the revenue required through education property taxes by the province's varied equalized assessment.

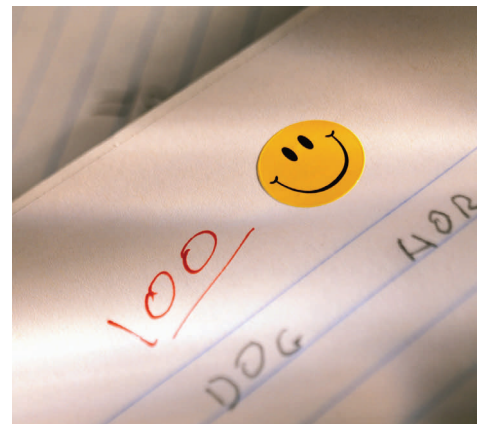
This tax rate is applied to a municipality's varied equalized assessment (which is based on the municipality's prior years' taxable assessments) or a requisition cap to come up with that municipality's education requisition.

Through the education requisition, the province informs a municipality of how much it is required to contribute

in education property taxes are based on the current year's taxable assessment.

The municipality then sets a local education tax rate, by dividing the requisition by the municipality's current year's taxable assessment.

The local education tax rate appears on individual tax notices. The education property tax that a property owner pays is based on the local education tax rate and the assessed value of his or her property.



For further information, please contact the Education Tax and Assessment Advisory Unit.