

Education Property Tax Bulletin

A bulletin on the 1997 education taxation process

March 1997

1997 Highlights

- The province is continuing with the third year of the phase-in of uniform education tax rates. The basic uniform provincial education tax rate for 1997 has been set at 7.02 equalized mills, the fourth consecutive reduction in this rate.
- Except for a few municipalities still in transition, education property taxes for property of the same equalized value will be comparable, no matter where in the province the property is located.

Education Requisition Calculation Form Regulation

The Education Requisition Calculation Form Regulation came into force on January 1, 1997, and expires on December 31, 1997. The regulation was established to address concern over the accuracy of education tax rates in some municipalities and to ensure that municipalities calculate education tax rates according to the current provisions in the *Municipal Government Act* (MGA) and the *School Act*.

Municipalities are required to calculate live education tax rates based on the amounts requisitioned for each assessment class. Section 297 of the MGA defines the assessment classes and section 158 of the *School Act* establishes the method used to calculate the education tax rates. The use of a regulated form ensures that municipalities calculate their live tax rates according to the legislation, and that levies against each assessment class correspond to the requisition for the specific class.

When the property tax rate bylaw is approved, the completed form should be returned to the Education Taxation Transition Team at the address listed.

Tax Rate Bylaws

A review of 1996 tax rate bylaws indicated a number of outstanding issues related to bylaw preparation. Municipalities are required to comply with the following provisions of the MGA:

- Section 354 provides that tax rates imposed to raise revenue to be used towards the payment of requisitions should be shown separately in the annual property tax bylaw. A tax rate must be set for each assessment class or sub-class referred to in section 297. This should also include the amount of the live assessment that is subject to each tax rate.
- Section 359.1(7) requires that tax rates set for the Alberta School Foundation Fund (ASFF) requisition must **not** include an allowance for non-collection of taxes levied pursuant to section 359(2). Such an allowance must be separate from the ASFF tax rate in the bylaw and on the tax notice.
- Municipalities should no longer apply a "basic" and an "additional" ASFF tax rate. Property tax bylaws must have only one education tax rate for each assessment class.

Contact the Education Taxation Transition Team for assistance with these or other education issues.

The logo for the Government of Alberta, featuring the word "Alberta" in a stylized, bold, sans-serif font. The letter "A" is significantly larger and more prominent than the other letters.

MUNICIPAL AFFAIRS

Supplementary Property Taxes

The *School Act* was amended to ensure that, for the purposes of both the ASFF and opted-out boards, excess funds resulting from supplementary assessments will be used for two purposes. The first requirement is to cover adjustments in the ASFF resulting from reductions arising from equalized assessment appeals. Any remaining funds are to be used to reduce the subsequent year's provincial requisition.

Section 158 of the *School Act* (as amended) states that municipalities with supplementary assessment bylaws are required to remit the ASFF portion of the supplementary tax levy by February 28 of the following year.

1997 Equalized Assessment

The 1997 Alberta Equalized Assessment Report was distributed to all municipalities on January 31, 1997. The transition to market based values in calculating the equalized assessment has had an impact on some municipalities' 1997 equalized assessment. Please refer to the report or contact the Assessment Services Branch at 422-8405 or 422-8409 for further details.

Manufacturing and Processing Machinery and Equipment Phase-out

In accordance with the Province's phase-out initiative, the education tax rate on manufacturing and processing machinery and equipment (M&E) assessment is being reduced again. The 1997 M&E education tax rate is 40 percent less than the rate for non-residential property.

1996 amendments to the MGA provide for a separate M&E assessment class. Municipalities must establish a separate education tax rate for the M&E assessment class.

For further information contact:

**Education Taxation Transition Team
Local Government Services
Alberta Municipal Affairs
17th Floor, Commerce Place
10155 - 102 Street
Edmonton AB T5J 4L4
(403) 427-2523
or fax
(403) 420-1016**

**To contact the Alberta Government outside
Edmonton or Calgary call toll-free
310-0000 and ask to be connected.**

**Education Tax Transition
Phase-in Plan**

Percentage of Change Required to Bring 1994 Rate to the Provincial Uniform Rate	Phase in Pattern
Increase or decrease of 0% to 10%	1995 - total change - completed
Increase or decrease of 10% to 25%	1995 - 10% - completed 1996 - balance - completed
Increase or decrease of 25% to 40%	1995 - 10% - completed 1996 - 15% of 1995's tax rate - completed 1997 - balance
Decrease of greater than 40%	1995 - 10% - completed 1996 - 15% of 1995's tax rate - completed 1997 - balance
Increase of greater than 40%	Equal percentage phase-in BUT Not less than 10% in 1995 - completed 15% of 1995's tax rate in 1996 - completed 15% of 1996's tax rate in 1997 AND Not more than 25% of the previous year's tax rate