

Education Property Tax Bulletin

A bulletin on the 2005 education property tax process

Spring 2005

Alberta's 2005 education property tax requisition

The provincial education requisition is \$1.45 billion for the 2005-06 fiscal year. This is an increase of 3.3 percent from 2004-05.

The 3.3 percent increase corresponds with the average amount of growth in assessment that occurred as a result of new development across the province in the past year.



Requisitions have been calculated on a calendar year basis to coincide with the municipal budget process. Therefore, the province will collect \$1.439 billion during the 2005 tax year.

2005 uniform education property tax rates

As a result of strong overall growth in assessment, the province has been able to reduce its uniform education property tax rates by five percent for the 2005 tax year.

Property Class	2004 Tax Rates	2005 Tax Rates
Residential/farm land	5.44 mills	5.17 mills
Non-residential	7.99 mills	7.59 mills
Machinery & equipment	0.00 mills	0.00 mills

2005 requisition formula

Each municipality's 2005 education requisition will be based on the **least of**:

- A 10 percent increase from the 2004 requisition,
- A four-year average of the municipality's equalized assessments, or
- The 2005 equalized assessment.

Requisition News

Linking the requisition increase to real growth

For the 2005-06 fiscal year, the province has linked its education requisition increase to correspond with the average growth in new development that has occurred throughout the province in the last year. In addition, the province has lifted its requisition cap from eight to 10 percent.



Since growth occurs at different rates in Alberta's municipalities, the province's formula for calculating requisitions (the least of a 10 percent requisition cap; a four-year average; or the 2005 equalized assessment) will correspond, in general, to municipal increases in real growth as follows:

10 percent cap: If a municipality has experienced a great deal of growth (new development and market value increases), its requisition is calculated using the 10 percent cap. In these cases, requisition capping will capture some of the growth this year, with the remainder being captured in subsequent years.

Four-year average: If a municipality has experienced average levels of growth, its requisition is calculated using a four-year average of its equalized assessments. In these cases, the averaging formula will likely capture real growth while spreading the impact of market value increases over a longer period of time.

2005 equalized assessment: If a municipality has experienced minimal growth or losses in assessment, its requisition is calculated using its 2005 equalized assessment. In these cases, the 2005 education requisition will be based on all of the existing assessment.

Calculating local education property tax rates – over and under levies

On occasion, municipalities may collect too much or too little revenue to pay their requisitions. These over or under collections can occur as a result of Municipal Government Board decisions or other assessment changes after local tax rates are set.

Section 359(3) of the Municipal Government Act directs a municipality that collects either too much or too little revenue to pay the requisitions to adjust for the differences when calculating the next year's tax rate.

The following calculation illustrates how to ensure that local education tax rates are sufficient to raise the revenue required and to address an over or under levy.

2005 residential/farm land requisition	+/-	2004 over or under levy (section 359(3) MGA)*	/	2005 local live residential/farm land assessment	=	2005 residential/farm land tax rate
2005 non-residential requisition	+/-	2004 over or under levy (section 359(3) MGA)*	/	2005 local live non-residential assessment	=	2005 non-residential tax rate

* add in under levies from last year; subtract over levies from last year; and subtract any education tax refunds from the province from last year.



Calculating local education property tax rates - tax (franchise) agreements

Municipalities that receive revenues through franchise agreements, made under the authority of section 360 of the Municipal Government Act, are required to include the assessments of these properties in the calculation of their local education property tax rates. If this is not done, responsibility for the education property tax would be shifted to the remaining non-residential ratepayers in the municipality.

Through franchise agreements, municipalities collect revenues based on a fixed percentage of the annual gross revenues of the utility. The revenues are collected in place of the municipal and school property taxes and other fees and charges payable to the municipality. As such, the education property tax attributed to the assessments of properties with franchise agreements must be remitted to the Alberta School Foundation Fund or to an opted-out separate school board.

If you have questions regarding the calculation of your municipality's local education property tax rates, please contact the Education Tax and Assessment Advisory Unit at (780) 422-7125 for assistance.

Education property tax rebate for seniors

Beginning in the 2005 tax year, Alberta Seniors and Community Supports will provide an annual rebate to assist senior homeowners with any year-to-year increases in the education portion of their property taxes.

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 will be eligible for a rebate to cover any increase over the 2004 education property tax.

With assistance from some municipalities, senior homeowners living in Calgary, Camrose, Edmonton, Grande Prairie, Lethbridge, Medicine Hat, Red Deer and St. Albert should receive cheques before the end of July 2005 if there has been an increase over their 2004 education property tax. Seniors that have not received a rebate by the end of July can be directed to the number below.

Senior homeowners who live outside of these cities and have experienced an increase in the education portion of their property taxes over 2004 can apply directly to the program.

Questions about the education property tax rebate for seniors, including eligibility and how to apply, can be directed to the **Alberta Seniors Information Line at 1-800-642-3853 (in Edmonton, 427-7876).**

Interesting Fact:

Since assuming responsibility for education property taxes in 1994, the province has reduced the proportion of basic education costs supported by property taxes. In fact, the proportion of funding for basic education from education property taxes has decreased from 57 percent in 1994-95 to 34 percent in 2005-06.

Contact us for more information on the 2005 education requisition:

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Edmonton, Alberta T5J 4L4



Education Tax Information Line: For toll-free access, call 310-0000, then dial (780) 422-7125.