

EDMONTON PUBLIC SCHOOLS

January 25, 2000

TO: Board of Trustees
FROM: Trustee T. Sulyma
SUBJECT: Motion Re Capping of Property Taxes

RECOMMENDATION

That the chairman forward a letter to the Minister of Municipal Affairs and the Minister of Learning urging them to reconsider the capping of property taxes at 5% and 10% respectively for residential and non-residential assessment.

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Notice of the above motion was served at the January 11, 2000 board meeting.

Background Information

The provincial government is reviewing the property tax system to address concerns about significant increases in education property taxes that some communities are facing. The provincial government has received complaints that due to the shift to a market-based assessment system significant increases in property taxes have occurred for some property owners. In order to minimize the issues arising from this, the provincial government has implemented the following interim measures:

- the 2000 mill rate will be the same as 1999
- a municipality's assessment will be averaged over two years, to lessen the impact of large assessment increases
- property tax increases will be capped at 5% and 10% respectively for residential and non-residential assessment.

Without the cap imposed by the provincial government, education property taxes in some communities could have increased by 30 to 40%. Property values in Edmonton have not increased as much as other urban centers in Alberta, such as Calgary.

The provincial government provides grants to school jurisdictions from revenue they receive from general revenue of the province and education property taxes. Each year the provincial government decides how much revenue they require from each source before the education mill rate is set. Note: the freezing of the mill rate and establishing caps has not impacted the amount of revenue they require from property taxes. To date, there is no indication that this change will impact the funding school districts receive.

Taxpayers in Edmonton will pay more in property taxes since the education tax requisition has been reduced in rapid market growth areas. The City of Edmonton estimates that it will cost Edmonton taxpayers \$11.9 million to subsidize municipalities with higher economic growth.

Edmonton taxpayers should not be paying higher education taxes to subsidize other municipalities who are experiencing strong economic growth. The cap does not reflect our local situation and, in fact, penalizes those municipalities who are expanding at a lesser rate.

This educational tax increase will not bring any benefits to Edmonton Public Schools' 80,000 students and 206 schools. Local educational issues/concerns are best identified and addressed at the local level.

We would welcome the opportunity to work with the government to find a more equitable, long-term approach to funding public education in this province.

TS:mmf