



May 11, 2021

News Release

### **2021 Tax Rate Bylaw**

At the May 11, 2021 Council Meeting, Kneehill County Council passed Tax Rate Bylaw 1834.

Under the Bylaw, changes to residential, farmland, and non-residential tax rates remain modest and competitive with other rural municipalities, despite the continued financial challenges Kneehill County faces in 2021.

- The average **hamlet** home will see an approximate increase of \$20 and an **acreage** will see an approximate increase of \$60 (per \$100,000 assessment, an increase of \$20.) The 2021 County rate will be approximately 36% below the provincial average rate.
- The average **farm quarter** will see an approximate increase of \$37 (assessed at \$30,000). The 2021 County rate will be approximately 36% below the provincial average rate.
- Local commercial and **non-residential** entities will see an approximate increase of \$77 per \$100,000 in assessment. The County's 2021 rate is within 10% of the provincial average.

There are several factors that contributed to the slight increase in tax rates. At the onset of the 2021 budget process, the County was facing \$1,900,000 in new pressures, including:

- **Changes to Oil and Gas Assessment Model:** Changes to linear assessment have resulted in a loss of \$650,000 in property tax revenues, and a decrease of \$400,000 annually with the elimination of the well drilling tax. The budget pressures resulting from the assessment model changes are anticipated to grow in 2022 and beyond.
- **Policing Costs:** Starting in 2020 a portion of the costs related to RCMP policing were downloaded to the municipality. The funding has increased from \$160,000 in 2020 to \$240,000 in 2021 and will continue increasing until 2023 where the total funding paid to the province will be \$480,000 annually.
- **Operating Grants:** An unanticipated decrease of \$94,000 in Provincial Operating Grants occurred in 2020 and will continue in 2021 and in future years.
- **Shallow Gas Tax:** The County lost \$1,925,000 in shallow gas tax revenues in 2020, which continues to impact the overall budget.

To mitigate the shortfall in 2021, Council implemented several cost-cutting measures within the 2021 budget, reducing expenses and increasing the efficiency of program delivery. Some of these measures include:

- Reducing permanent positions and seasonal positions, saving \$240,000 annually.
- Amending benefit plans and carrier contracts, saving \$140,000 annually.
- Reducing Council compensation by more than \$52,000, incorporated within the 2021 budget.
- Focusing on preventive maintenance, energy management and planned maintenance related to water and sewer plants, buildings, and other infrastructure, reducing expenditures by more than \$340,000 in 2021 compared to 2020.
- Optimizing grader beats to insource work, reducing external contracts to save over \$200,000. This includes a reduction of full-time positions, three contract graders, and seasonal staffing.
- Optimizing fleet replacement based on life cycle models, saving \$225,000 annually.

“Throughout budget deliberations, Council and administration’s focus was on financial constraint without impacting service levels for our residents,” said Kneehill County Reeve, Jerry Wittstock. “The modest change to tax rates, combined with the operating reductions Council and staff have implemented this year, will help the County transition through these difficult times.”

It is important to note that a large portion of the tax bills being sent to taxpayers is requisitions sent to other governments. For a typical residential property, of every \$100 of tax receivable, \$54 stays with the municipality and \$46 is sent to the Provincial Government to fund education. The County retains approximately \$78 related to farmland, commercial or linear property, with \$22 going to the Provincial Government.

As in previous years, a minimum tax of \$100 per parcel will be assessed for the municipal levy. Kneehill County’s combined assessment/taxation notices will be mailed out to ratepayers on June 15<sup>th</sup>, 2021. Taxes will be due October 31, 2021.