

## Annual Municipal Property Tax Increase

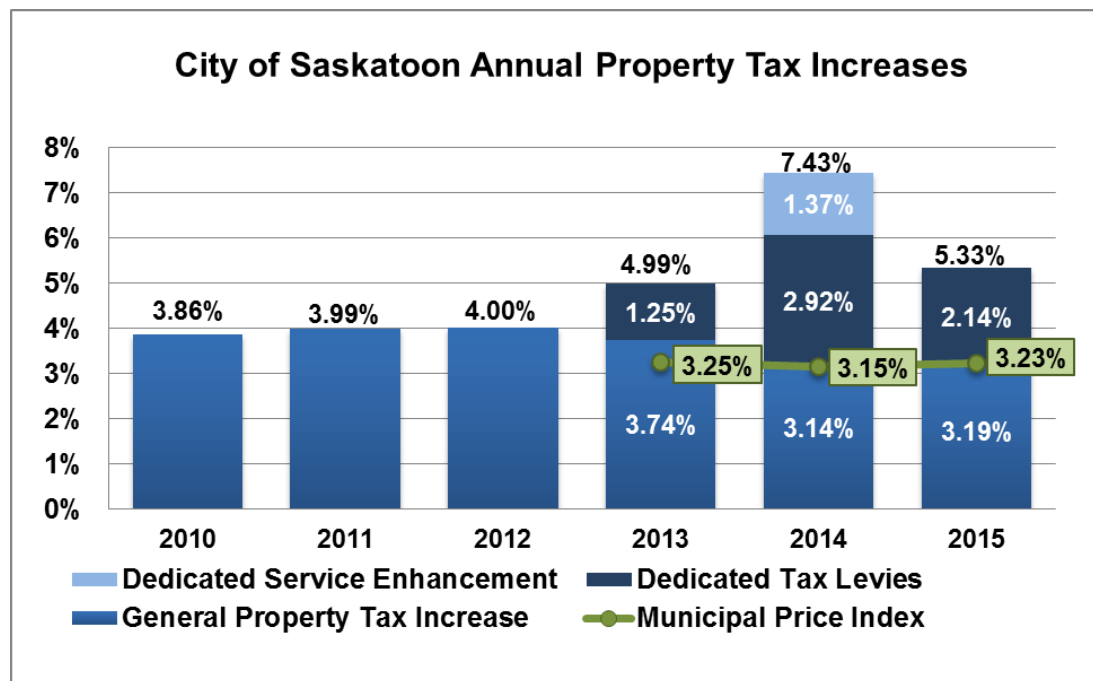
**Proposed 10-Year Target:** Annual municipal property tax increase equal to or less than the Municipal Price Index (MPI)

**Description:** The proposed target is to keep annual municipal property tax increases less than the annual inflation rate for City costs (MPI) and measures success in controlling costs. Setting a target for a maximum municipal property tax increase provides specific direction to City Council and the Administration during the budget preparation and budget deliberations.

The MPI is calculated annually based on the inflation rate for municipal costs such as labour and fuel.

### How are we doing?

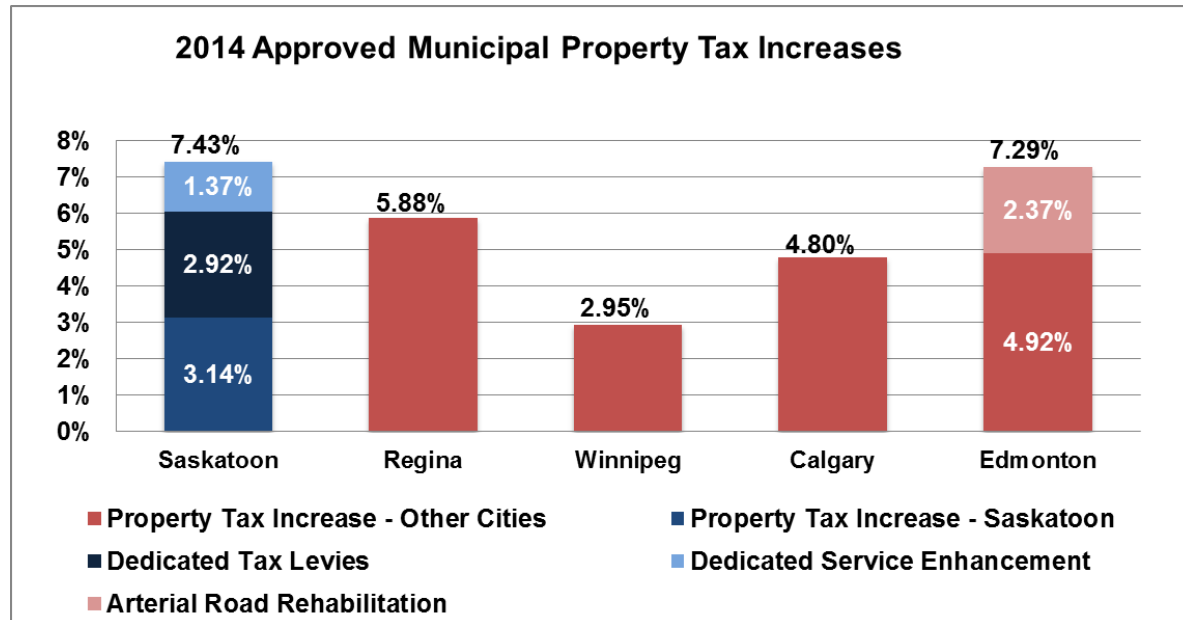
Saskatoon's 2014 municipal property tax increase included an inflationary increase of 3.14% and two dedicated taxes: one for roads (2.92%) and one for dedicated service enhancements related to snow removal, street sweeping, and sidewalks (1.37%) for a total increase of 7.43%. The 2015 total property tax increase was 5.33% including a general increase of 3.19% and a 2.14% increase in dedicated levies for roads (1.94%) and sound attenuation (0.20%). Saskatoon's expected MPI for 2015 is 3.23%.



Source: City of Saskatoon

## How are other cities doing?

Other Western Canadian cities had 2014 municipal property tax increases ranging from 2.95% to 7.29%.



Sources: Cities of Saskatoon, Regina, Winnipeg, Calgary, Edmonton

Note: The City of Edmonton increased their municipal property tax by 4.92% and allocated an additional 2.37% in provincial education property “tax room” to arterial road rehabilitation.

## What do we need to do to achieve this target?

- The City is undertaking continuous improvement to identify and implement efficiencies and cost savings without reducing the level of service for citizens.

## What are the benefits of achieving the target?

- A target based on inflation ensures the annual property tax increases remain affordable to citizens.

## What are the risks?

- The City will need to fund growth-related expenses which occur prior to receiving related revenue. Limiting property tax increases to inflation means that the City will need to diversify its revenue streams.
- Increases in service levels or fully funding approved service levels for core civic services may require a tax increase in excess of the MPI.