# MILL RATE POLICY

### Governance and Priorities Committee May 26, 2025



# Agenda

- Background Information
- Mill Rate Policy
- Vacant Lands and Derelict Buildings
- High Density Parking
- Questions





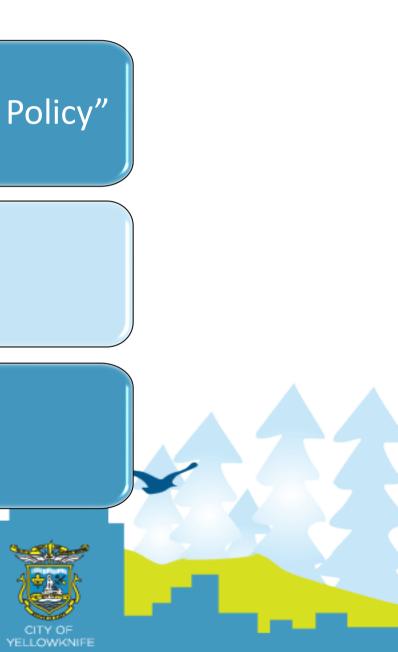
## **Background Information**

• Motion #0181-22 "Council to direct Administration to draft a Mill Rate Policy"

• Higher Taxes for Vacant Land and Derelict Properties

• Is having a special Mill Rate for the High-Density Parking still relevant?





### Tax Administration By-law No.4207

**Class 1: Residential** 

**Class 2: Multi-Residential** 

**Class 3: Commercial and Industrial** 

**Class 4: Mining and Quarrying** 

Class 5: High-Density Parking

**Class 6: Agricultural** 



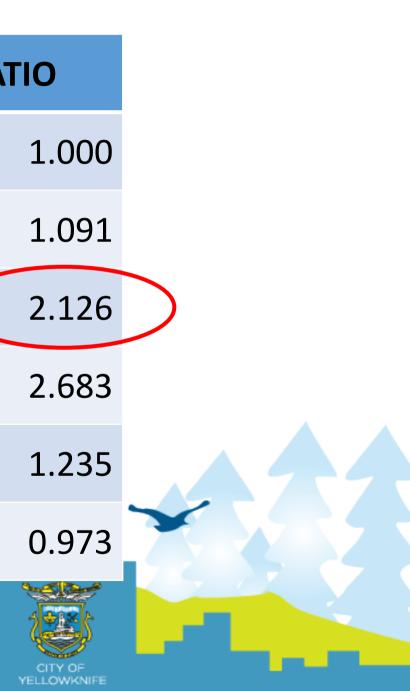




## Mill Rate Policy

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	PROPERTY CLASS	MILL RATES	MILL RATE RAT
	Residential	6.60	
	Multi-Residential	7.20	
	<b>Commercial &amp; Industrial</b>	14.03	
	Mining and Quarrying	17.71	
	High-Density Parking	8.15	
	Agricultural	6.42	
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## Mill Rate Policy

"Intended to set the philosophical approach that Council and Administration can use as a guide to set property taxes, including the strategy behind mill rate ratios and the way the property tax burden is distributed."

### How does it fit into the big picture?

What Level of Service the City wants to provide and are they financially feasible and sustainable?





## **Taxation Policy Considerations**

Tax Fairness or Equity

Stability and Predictability

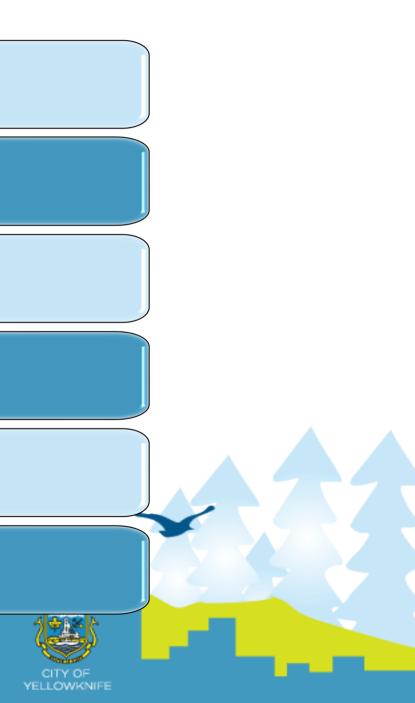
**Practices of other Municipalities** 

Simplicity

Accountability

**Council Priorities** 





### **Examples of Taxation Policies**

Tax Ratio Approach

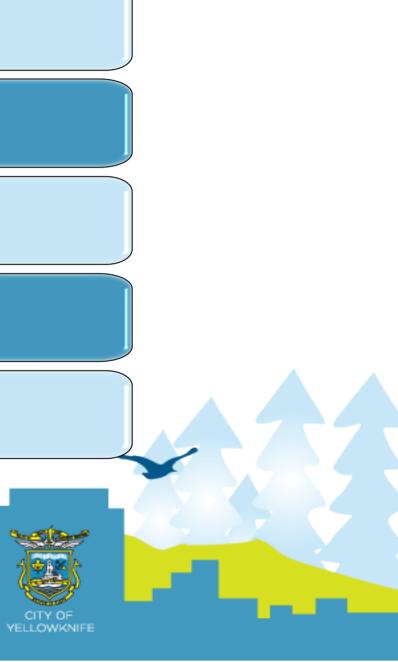
Budget Based or Fixed Shares Approach

**Revenue-Neutral Approach** 

**Base Services Approach** 

Consumer Price Index Approach





### Tax Ratio Approach

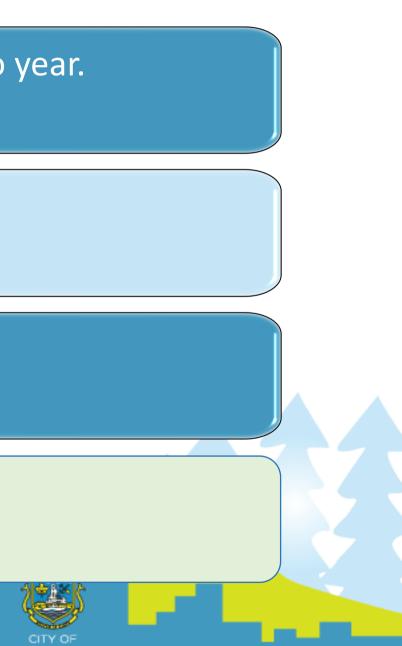
A set tax ratio between residential and non-residential properties year to year.

Tax Ratio limits in Alberta is 1:5

Tax Ratio limits in Saskatchewan is 1:7

**Current Tax Ratio in the City of Yellowknife is 1:2** 





## Fixed Shares Approach

A set fixed share of tax distribution between Residential and non-residential properties

City of Yellowknife can choose the proportion of sharing based on priorities and vision

Cities of Vancouver, Nelson and Trail in British Columbia use this approach



### Revenue-Neutral Approach

When Property Assessments increase, there is a corresponding decrease in tax rates.

Might be tricky in this volatile market environment and slow growth in tax base

City of Regina, Saskatchewan uses this method





### Base Services Approach

Based on notion that all properties should pay a basic amount of tax towards provision of services

A strong approach to address the fairness and equity question to a certain extent

### Linked to Levels of Service





### Consumer Price Index Approach

CPI represents changes in prices as experienced by Canadian consumers

Intent is to ensure tax increases are predictable and shared by all sectors of the tax base

### City of Waterloo, Ontario uses a modified version of CPI; Province of Nova Scotia uses CPI







### Legal Authority of Council

Every calendar year the council of a municipal taxing authority shall, by bylaw, establish a municipal mill rate for each property class in the municipal taxation area, for the purpose of raising a property tax for municipal or local purposes. (S.76(1) of the Property Assessment and Taxation Act)

A municipal mill rate established for a property class under subsection (1) must be applied uniformly in respect of the assessed property liable to taxation to which that property class has been assigned. (S.76(2) of the Property Assessment and Taxation Act)

**Property Assessment and Taxation Act does not require any particular distribution of** the tax burden.





### Vacant Lands

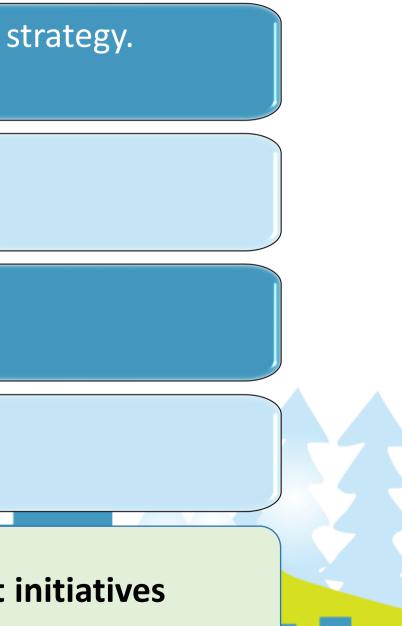
The need to have a higher mill rate for vacant lands as a discouragement strategy.

What is a "Vacant Land"? No definition in PATA.

City by-laws defines Land Development and Use.

More in-depth review and discussion is required to proceed confidently

Incentives are available to encourage development and redevelopment initiatives



### **Derelict Buildings**

What would be considered "Derelict"?

Is it better to fined owners large sums that create a separate property class?

Are we able to then enforce these fines?

No current data is available

City of Edmonton implemented a subclass for derelict residential properties in 2024

# High Density Parking

Class 5: High-Density Parking – Made up of any parcel which is predominantly used for parking vehicles, on which an improvement exists which enables the parcel to accommodate at least two times the number of vehicles that could be placed on the parcel without an improvement".

Is there still a need for a special mill rate or should it be reclassified and taxed under the Commercial and Industrial class?

No obvious legal and financial concerns noted if the high-density parking class were to be eliminated and the referenced properties were to be taxed under the Commercial and Industrial class.

Recommended to give adequate notice to the owner(s) and adopt a phase-in approach.



### 5022, 49<sup>th</sup> Street – Unit 1 & 2



## High-Density Parking

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	Year	Tax Collected under current property class	Potential tax revenue under the Commercial and Industrial Property Class	( Inc E	
	2024	\$38,291	\$65,917		
	2023	\$36,459	\$62,770		
	2022	\$35,050	\$60,326		
	2021	\$33,358	\$58,729		
	2020	\$32,559	\$57,272		
	Total	\$175,717	\$305,014		
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### For comparatives & information only

Tax revenue differential: **Commercial &** dustrial v/s High-**Density Parking** 

> \$27,626 \$26,311

- \$25,277
- \$25,371
- \$24,713

### \$129,298



### What Next?.....

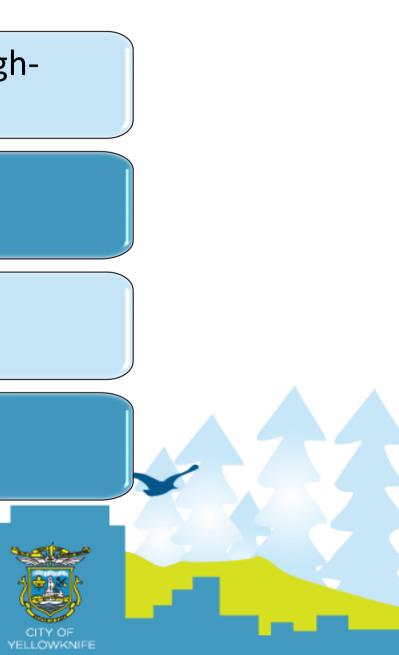
Discussion on Mill Rate Policy, Vacant Lands & Derelict Buildings, and High-Density Parking

Determine goals and objectives

More clarity and specific direction to Administration

Memo from Administration with recommendations around Budget 2026 deliberations





# Thank you

