

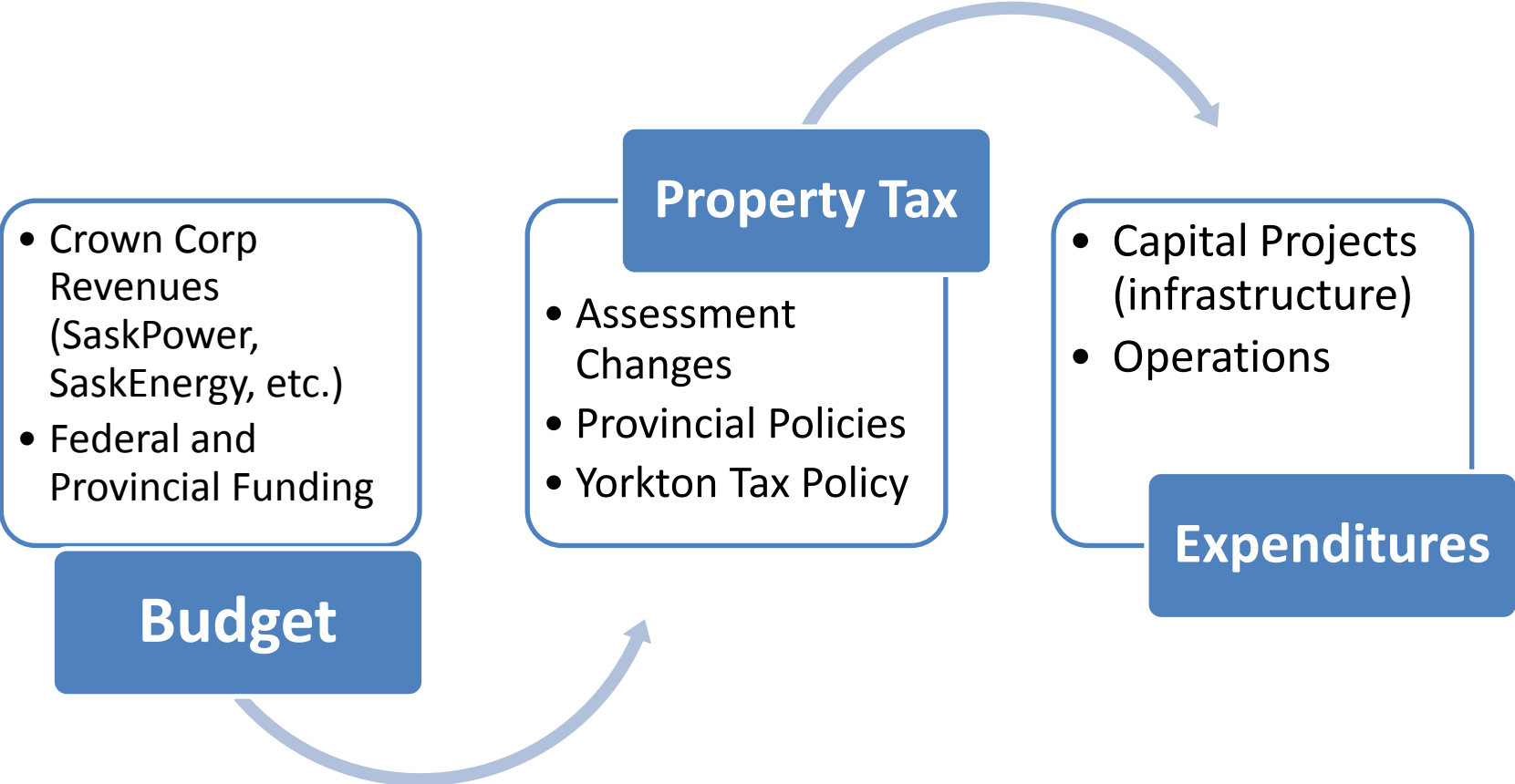


Where Good Things Happen!

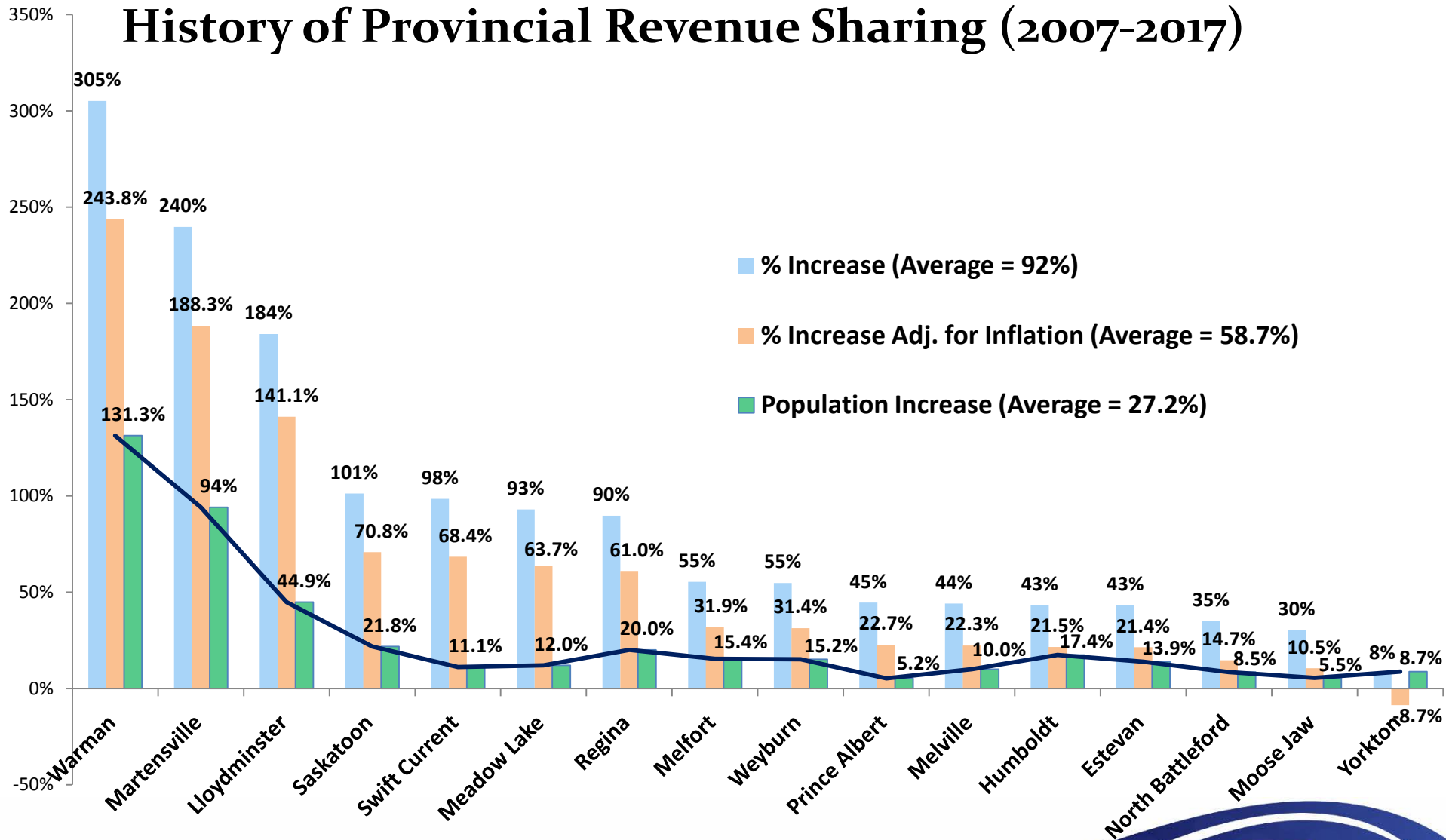
Chamber of Commerce 2017 Budget and Tax Policy

June 28, 2017

City's Financial Cycle



History of Provincial Revenue Sharing (2007-2017)



Yorkton is receiving 8.7% LESS than it was 10 years ago.

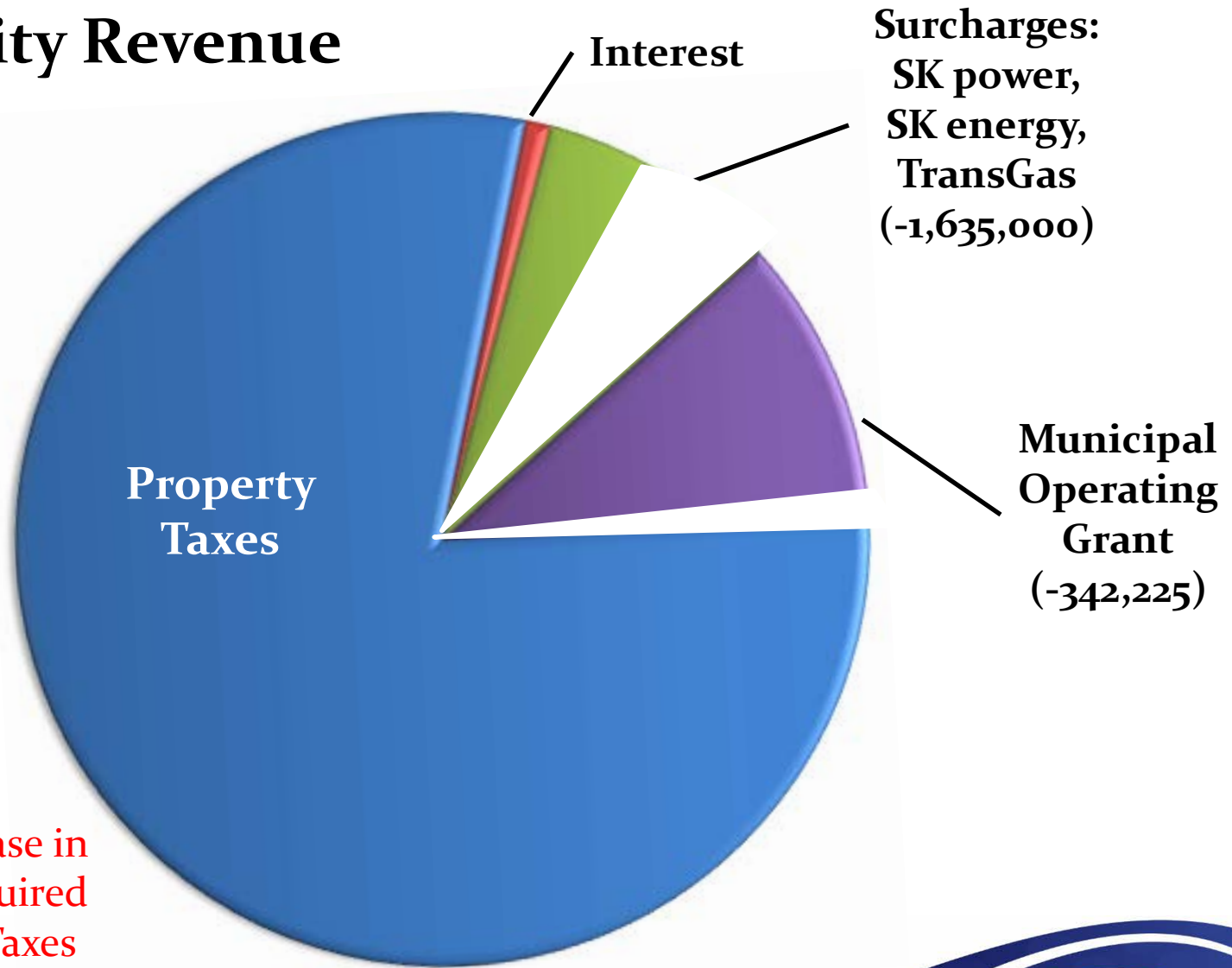
2017 Reduction in Revenue

City	Original Budget	Actual Budget (Removed GILT)	Removed GILT % of Revenue	Reduction from 2016 (Prior Year)	% Change from Prior Year
Saskatoon	46,427,797	35,766,075	-22.96%	(12,757,031)	-26.29%
Regina	40,535,189	29,873,467	-26.30%	(12,296,991)	-29.16%
Yorkton	3,079,722	1,421,820	-53.83%	(2,000,080)	-58.45%



- The Province capped the maximum decrease at 30% for the 2017 year
- Yorkton's loss in 2017 will be (923,917)
- 2018 will likely see the loss of the additional (733,985)
- Yorkton saw the highest % decrease in funding for all Saskatchewan Cities

Loss in City Revenue



Decrease in one revenue source, means an increase in the revenue required from Property Taxes

Breakdown of City Revenue BEFORE Provincial Budget




Source	2017 Budget
Property Taxes	21,645,035
Interest	268,504
Surcharges:	
5% SaskPower/Energy (1950's utility agreements)	1,635,000
10% SaskPower (municipal surcharge on power bill)	1,775,000
Municipal Operating Grant	3,247,300
Total	\$28,570,839

This equated to a 6.68% increase in tax revenue, with:

- 2.94% for capital
- 2.50% for police and fire
- 1.24% for general operations

Breakdown of City Revenue

IMPACT of Provincial Budget

Source	2017 Budget	
Property Taxes	23,607,078	
Interest	268,504	
Surcharges:		
5% SaskPower/Energy (1950's utility agreements)	0	
10% SaskPower (municipal surcharge on power bill)	1,775,000	
Municipal Operating Grant	3,079,722	
Total	\$28,730,304	Minimal Change

This equated to a 16.29% increase in tax revenue, with:

2.94% for capital

10.29% due to loss in funding

3.06% for general operations

(including \$171,000 increase due to PST)

Breakdown of City Revenue

FINAL

Source	2017 Budget	
Property Taxes	22,213,478	↓
Interest	268,504	
Surcharges:		↗
5% SaskPower/Energy (1950's utility agreements)	734,000	
10% SaskPower (municipal surcharge on power bill)	1,849,000	
Municipal Operating Grant	3,079,722	↑
Total	\$28,144,704	↑

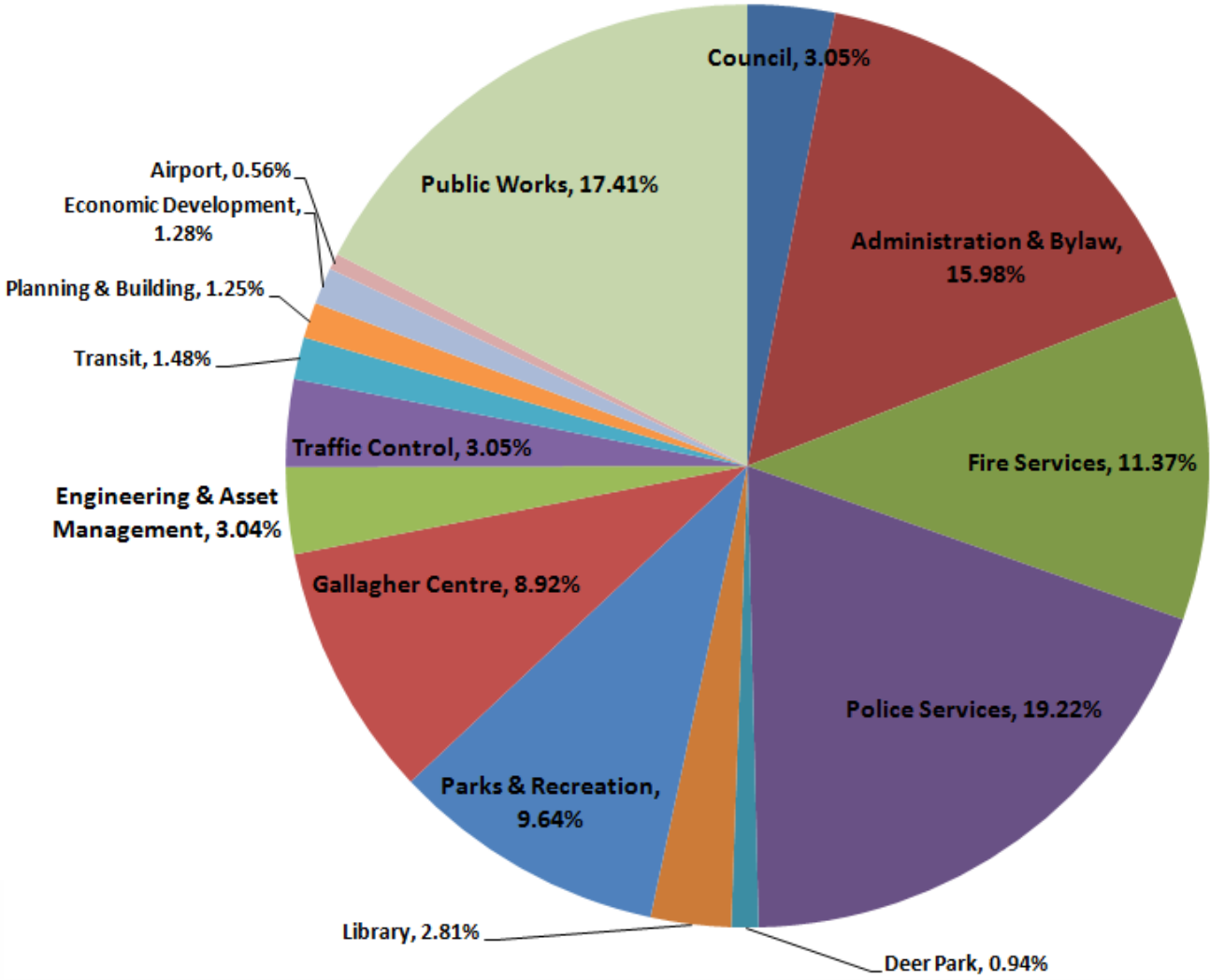
Gov't capped the loss in 2017, 734,000 will be lost in 2018.

Minimal Change

This equated to a 9.46% increase in tax revenue, with:

- 3.00% for capital
- 6.25% due to loss in funding
- 0.21% for general operations
(including \$171,000 due to PST increase)

Breakdown of Net City Expenditures



Net
Departmental
Expenses
\$21,305,738
Operating

Total City
Expenses =
\$49,114,743



Breakdown of the Property Tax Bill

2017 Property Taxes	
School Levy (assessment x mill rate)	\$ X
Commercial Levy (assessment x mill rate)	\$ X
Total Due (remitted to City of Yorkton)	\$ X

School Levy is based on:

- Provincial average assessment values
- Provincial policy changes


Commercial Levy is based on:

- Yorkton average assessment values per subclass
- Any changes in local tax policy (ie. modifying rates for subclasses, vacant land, shifts to/from residential, shifts to/from other subclasses)

Education Tax Rates

- Rates are set by the province, based off average assessments province-wide
- If Yorkton's assessments increase more than provincial average, education taxes can see a substantial increase

(Includes a 10% increase in taxable assessment)



	2016 School Tax Rates	Average % Increase in Assessment		Revenue Neutral Rates		2017 School Tax Rates		Education Tax Increase	
		Province	Yorkton	Province	Yorkton	Province	Yorkton	Province	Yorkton
Residential	4.40	15%	25%	3.827	3.521	4.12	4.12	8%	17%
Commercial/Industrial	8.28	33%	43%	6.226	5.79	6.27	6.27	1%	8%
Agricultural	2.67	115%	110%	1.242	1.271	1.43	1.43	15%	12%

Province-wide (across all subclasses), total education tax increase = **9.8%**

Commercial Property Taxes

Different effects within each sector

				OLD	NEW
• Warehouses:	Assessments	↑ 98%	Tax Rate	↓ 43%	25.20 14.33
• Industrial:	Assessments	↑ 93%	Tax Rate	↓ 36%	25.20 16.24
• General Comm:	Assessments	↑ 26%	Tax Rate	↓ 24%	25.20 19.10
• Hotels:	Assessments	↓ 1%	Tax Rate	↓ 24%	25.20 19.10
• Vacant Land:	Assessments	↑ 29%	Tax Rate	↑ 52%*	25.20 38.20

*(policy change)

City Council also decided to shift more taxes to the residential sector, decreasing the commercial to residential ratio down from 2.93 to 2.37 times.

Impact of Assessment

General Commercial - Real Examples

1) Assessment Increased Similar to Provincial Average (33%)	2) Assessment Increased Less than Provincial Average (33%)	3) Assessment Increased More than Provincial Average (33%)
2016 - \$495,100 2017 - \$653,800 = 32%	2016 - \$1,081,200 2017 - \$1,242,300 = 15%	2016 - \$2,063,300 2017 - \$3,421,900 = 66%
2017 Taxes: City \$12,487.58 (0.09%) School <u>\$4,099.33</u> (0.0%) Total Tax \$16,586.91 (0.07%)	2017 Taxes: City \$23,727.93 (-13%) School <u>\$7,789.22</u> (-13%) Total Tax \$31,517.15 (-13%)	2017 Taxes: City \$65,358.29 (26%) School <u>\$21,455.31</u> (26%) Total Tax \$86,813.60 (26%)
2016 Taxes: City \$12,476.52 School <u>\$4,099.43</u> Total Tax \$16,575.95	2016 Taxes: City \$27,246.24 School <u>\$8,952.34</u> Total Tax \$36,198.58	2016 Taxes: City \$51,995.16 School <u>\$17,084.12</u> Total Tax \$69,079.28

Each property will be impacted differently depending on the change in assessment as well as any change in tax policy.

Historical Increases – Real Property Examples

1) Downtown Commercial Property

Over 16 years, a 53% increase equals about 3% increase per year!



Revaluation Year	Assessment	Taxes Paid	Theoretical 3% Tax Increase per Year
2001	274,000	\$13,134.85	
2005	285,600	\$14,103.00	\$14,783.39
2009	289,800	\$12,428.13	\$16,638.84
2013	364,600	\$11,021.33	\$18,727.16
2017	773,800	\$20,078.93	\$21,077.58
% Increase 2001-2017	182%	53%	

Fact: in 1995, this property's tax bill was \$21,258.99 (prior to change in assessment to income approach).

Historical Increases – Real Property Examples

2) Downtown Commercial Property

Over 16 years, a 55% increase equals about 3% increase per year!



Revaluation Year	Assessment	Taxes Paid	Theoretical 3% Tax Increase per Year
2001	82,900	\$3,825.53	
2005	84,500	\$4,288.77	\$4,305.67
2009	91,100	\$4,112.54	\$4,846.07
2013	120,000	\$3,761.60	\$5,454.29
2017	223,100	\$5,931.44	\$6,138.85
% Increase 2001-2017	169%	55%	

Fact: in 1995, this property's tax bill was \$4,887.33 (prior to change in assessment to income approach).

Commercial to Residential Comparisons

	2016	2017	% change
# of Commercial Properties	591	571	
# of Residential Properties	5,882	5,790	
# of Multi-Family Properties	219	240	
Revenue from Commercial	8,453,103	9,166,031	8.43%
Revenue from Residential	8,986,806	10,727,216	19.37%
Revenue from Multi-Family	<u>1,441,386</u>	<u>1,727,201</u>	<u>19.83%</u>
Total	\$18,881,295	\$21,620,448	14.51%
Commercial Share	44.77%	42.40%	-2.37%
Residential Share	47.60%	49.62%	2.02%
Multi-Family Share	7.63%	7.99%	0.35%

Commercial to Residential Ratio 2.93 2.37
 (Decreased by 19% in 2017)

Shift from Commercial to Residential

NO SHIFT - Example:

Property assessed at 1,000,000 in 2016:

- City Tax \$25,200
- School Tax \$8,280
- Total Taxes \$33,480

Assessments in Yorkton increased on average 44%;
therefore,

Property assessed at 1,440,000 in 2017:

- City Tax \$28,872
- School Tax \$9,029
- Total Taxes \$37,901

**Average
Increase
= 13.21%**



Shift from Commercial to Residential

WITH SHIFT - Example:

Property assessed at 1,000,000 in 2016:

- City Tax \$25,200
- School Tax \$8,280
- Total Taxes \$33,480

Assessments in Yorkton increased on average 44%;
therefore,

Property assessed at 1,440,000 in 2017:

- City Tax \$27,504
- School Tax \$9,029
- Total Taxes \$36,533

**Average
Increase
= 9.12%**

The change in 2017 policy to shift 2% from commercial to residential saved this property \$1,368 or 4.09%.

Top 15 Tax Payers (Consolidated by Ownership)

	Property Owner	2017 Tax Levy
1	Louis Dreyfus Company	\$1,070,758.87
2	Parkland Mall	\$631,683.27
3	Wal-Mart	\$407,444.73
4	Kahkewistahaw First Nation (Casino/Home Inn/Gas Bar) *Urban Reserve - Service Agreement	\$399,488.79
5	Yorkton Co-op	\$322,856.40
6	Superstore	\$280,380.27
7	Maple Farm Equipment	\$270,634.53
8	Harvest Meats Company Ltd.	\$251,159.83
9	Harvard Developments Inc.	\$251,119.88
10	Royal Ford/Royal Honda	\$215,989.25
11	Cornerstone Credit Union	\$214,500.37
12	Holiday Inn Express	\$206,621.72
13	Giant Tiger/Wendy's Mall	\$205,277.75
14	Morris Industries	\$198,941.40
15	Quality Inn and Suites	<u>\$191,974.80</u>
	Total	\$5,118,831.86

These top 15 tax payers contribute to approximately 40% of the total commercial property taxes.

Residential

- Based on the total property tax required to operate the City, allocated via total City assessment, the **average** residential property (assessment = \$250,000) would pay:

City Levy	\$2,606
School Levy	<u>\$824</u>
Total	\$3,430

- However, a residence assessed at \$250,000 actually pays:

City Levy	\$1,835
School Levy	<u>\$824</u>
Total	\$2,659

- Commercial sector therefore, helps subsidize these costs; saving on average **\$771 per residence.**

Summary

- There are 571 commercial properties in Yorkton, each one will see the impacts of tax policy and budget differently.
- Averages are used as a basis to determine rates for entire classes.
- Provincial budget impacts Yorkton's budget, which impacts taxes.
- Taxes are the necessary component to help sustain and grow the City.

Thank you