

# MILL RATE RATIO FACT SHEET



Lac La Biche County  
welcoming by nature.

## What is the 5:1 mill rate ratio, and how does it affect property taxes in Lac La Biche County?

- Recent amendments to the Municipal Government Act require municipalities to have a maximum ratio between the highest (usually non-residential/business) and the lowest (usually farm/residential) mill rates of no more than 5:1.
- In 2017, Lac La Biche County was one of 19 municipalities that exceeded this ratio; the mill rate ratio was 7.35:1.

The province will be adopting a regulation in 2018 which specifies the number of years a municipality has to get its mill rate ratio to 5:1. Lac La Biche County does not know the number of years it has at this time. However, both the County and the provincial government want to move to 5:1 without adversely affecting communities in the process. County Council and Administration regularly consult with the Minister and Department of Municipal Affairs on this topic.

## OTHER QUICK FACTS

- In 2019 and 2020, there is expected to be significant real assessment growth in rural non-residential property. This means that that mill rate ratio can be reduced without significantly losing tax revenue.
- Also in 2019 and 2020, the Bold Center debenture will be fully paid, resulting in expenditure savings of nearly \$6 million per year. In other words,

## How will Lac La Biche County meet the 5:1 ratio?

There are essentially two ways to reach the 5:1 mill rate ratio:

### 1. Reduce the highest mill rate (non-residential).

- If there is little or no real assessment growth (new construction, for example), the result is that there will be reduced tax revenues for the County, which will ultimately result in a long-term reduction in budgeted expenditures and service levels.
- If there is significant real assessment growth, the mill rate can be reduced without reducing budgeted expenditures and service levels as much.

### 2. Increase the lowest mill rate (farm/residential).

- This will allow the County to collect more revenue from these property owners (usually farm/residential), but taxes for these properties will increase.

In 2018, Council reduced the ratio to 6.12:1 by doing both things. They increased farm/residential mill rates from 2.5259 to 3.0000, and reduced the rural non-residential mill rate from 18.5585 to 18.3647. Council will have to make more decisions on taxation and mill rates in the coming years to bring Lac La Biche County into compliance with the 5:1 ratio.

budgeted expenditures can be reduced without potentially affecting service levels.

- Lac La Biche County has one of the lowest farm/residential mill rates in Alberta. This mill rate has not significantly changed since 2013.