



Revenue and Taxation

Authority: Council

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Future Review Date: 2025

Responsibility: Corporate Services

References: N/A

Replaces: Revenue & Taxation C-FS-026 (2017)

1.0 Purpose: To outline the Town of Stony Plain’s policy in regard to revenue generation and property taxation. This policy will be used to guide budgeting and rate setting for user fees and property taxation within the Town.

2.0 Scope: This policy covers revenue and taxation for all Town operations.

3.0 Definitions:

Direct Cost – a cost that is directly related to producing a specific good or performing a specific service. Direct costs include staff time to perform a service.

Fees – the various fees, charges and/or rates that are set for various Town programs, services, goods and requirements.

Indirect Cost – a cost that is not directly related to the production of a specific good or service but which should be reflected in pricing to ensure that costs are adequately recovered.

Tax Split – the practice of using different tax rates for different revenue classes and the opportunity of assigning different rate increases to each class.

4.0 Objectives: The objectives of this policy are:

- To establish the framework by which Fees relating to programs, facilities, services and goods are determined for Town operations.
- To establish guidelines for property tax rate setting in the Town of Stony Plain.
- To provide guidance to the budget process regarding the various forms of revenue accessible by the Town.

5.0 Statement:

The Town of Stony Plain shall seek to maintain a diversified and stable revenue system as a protection from short term fluctuations. One time revenues will be used to fund one time expenditures or capital expenditures. Services having a town wide benefit shall be financed with revenue sources generated from a broad base, such as property taxes or grants. Services where the customer determines the use shall be financed with user Fees related to the level of service they provide.

In budgeting and long term planning, revenues should be estimated conservatively, using an objective and analytical approach. Projections will be based on actual historic trends supplemented with additional knowledge of future expectations.

6.0 Standards:

6.1 User Fees

The Town supports a user fee philosophy such that wherever possible the user of a particular program or service shall pay the cost of delivering or providing that program or service. The Town Manager shall develop Fees considering both Direct and Indirect costs of service and/or the costs of similar services in comparable organizations. Full cost charges shall be imposed unless it is determined that policy, legal, social or market factors require lower Fees. In certain circumstances, Fees may remain flexible to ensure that the Town maximizes revenue opportunities, partnerships and cost savings. Fee stability shall be sought where possible.

Fees shall be calculated considering both Direct and Indirect costs and market comparators and will reflect a balance between recovery of Direct cost and affordability and accessibility for all residents.

Where appropriate, Fees for like components within different town facilities shall be similarly priced to ensure consistency, fairness and equitability.

User Fees will be reviewed by management at least once annually to coincide with the preparation of Town budgets. The Town Manager will then present the proposed Fees and charges bylaw to Council during the budget process.

Council will approve Fees and charges in the annual Corporate Plan process and related Fees and Charges bylaw.

6.2 Water, Wastewater, Stormwater and Waste Management Fees

Utility user charges are levied under a full cost utility rate model designed to cover current Direct and Indirect costs as well as providing for a return on investment to produce a utility which is self-funding. There will be no cross subsidization between the utilities and the tax base.

Waste Management Fees are levied based on the Direct costs of providing waste management pick up to residents. All waste management costs should be covered by the waste management rates and there should be no cross-subsidization between waste management and the tax base.

6.3 Fines and Penalties

Fines and penalties shall be set high enough to encourage compliance with regulations without being so high as to discourage residence within the community. Fines and penalties shall be approved within bylaws set by Council and reviewed as required to ensure ongoing effectiveness.

6.4 Off Site Levies

Offsite levies shall be determined in compliance with provincial legislation and reviewed through offsite levy infrastructure studies and planning to be approved by Council through bylaw.

6.5 Property Taxation

6.5.1 Market Value

The Town shall maintain a position of revenue neutrality in relation to shifts in market value assessment fluctuation. For clarity, the municipal revenue property tax total budget will not be adjusted for market value fluctuation, whether increasing or decreasing. Increases in assessment, derived from actual physical growth, will serve to increase tax revenues.

6.5.2 Tax split

The Town shall employ a split tax rate, having different tax rates for the residential and non-residential classes.

Non-residential properties shall bear a higher rate of taxation than single-family residential properties as these properties represent an adventure in the nature of trade.

The split tax rate may result in a different tax increase percentage for each property class based on the tax burden assigned to that class.

The Tax split shall move to not greater than a 1.40 split (calculated as residential tax rate/non-residential tax rate) between residential and non-residential tax rates. The intent is the Town move toward the average Tax split of the urban Edmonton Metropolitan Region Board members. Implementation of this split will be staged in taxation years 2021 through 2024.

7.0 Policy Review: This Council policy shall be reviewed by Administration within four years of being implemented, with any changes being submitted to Council for approval.