

Supplementary Budget – Briefing Note

2022 Budget

Tax revenue – Assessment Growth

Briefing Note required for:

- items +/- \$50,000 or more
- changes in FTE
- Council Priority requests

Dept	Division	Item	Base Supp	Amount	FTE Impact
Non	Corp	Tax Revenue - Assessment Growth	B	(\$2,128,141)	
Non	Corp	Funds transferred to Assessment Growth Reserve - 17269 as per Assessment Growth Policy	B	\$776,141	

Background:

Assessment Growth is the sum of all changes that happen to Chatham-Kent's tax base during the year including:

- New Construction
- Major Renovation
- Demolitions
- Property Value Appeals

In 2020, Council adopted an assessment growth policy where the first 0.8% of assessment growth is applied to the base budget the following year with the balance being allocated to growth initiatives.

Comment:

Chatham-Kent's estimated assessment growth is \$2,128,141. Based on the Council adopted policy 0.8% or \$1,352,000 is brought into the 2022 base budget to offset operating costs with the remaining \$776,141 transferred to the Assessment Growth Reserve.

Chatham-Kent Assessment Growth Policy

Assessment Growth Policy

1.0 **Policy Statement and Purpose**

A policy to assist in formalizing a defined and transparent process for providing sustainable funding by establishing a priority framework for the allocation of assessment growth funds.

2.0 **Scope**

This policy applies to the annual operating budget for the Property Tax Supported Budget.

3.0 **Objectives**

3.1 Principals

- 3.1.1 Municipal departments that incur costs to provide existing core services to new growth areas are required to submit business cases to the Treasurer or designate.
- 3.1.2 The first available assessment growth funds, in the amount of 0.8% of total assessment, are applied to the operating budget in the year following the growth.
- 3.1.3 The next available assessment growth funds, if any, are applied to business cases approved by the Treasurer or designate and the Executive Management Team.
- 3.1.4 If business cases submitted by municipal departments exceed available assessment growth funding, then:
 - 3.1.4.1 Approved business cases will be allocated funding according to the following priority order, it being noted that funding allocations to municipal departments for costs due to a growth and expansion may be either one-time or permanent in nature:
 - 3.1.4.1.1 Unfunded costs for business cases approved from assessment growth in the prior year where full funding was not available;
 - 3.1.4.1.2 Business cases will be evaluated as to whether the service and/or funding could be deferred to the following year and whether significant service disruptions would occur if the service did not receive the current year growth funding.
 - 3.1.4.2 Unfunded business cases will be resubmitted for consideration in the following year.

Chatham-Kent Assessment Growth Policy

3.1.5 If assessment growth funding exceeds the accumulated growth costs of municipal departments in any one budget year, the balance available will be applied in the current year as follows:

3.1.5.1 100% to the Capital Infrastructure Reserve Fund on a permanent basis to mitigate growth in the infrastructure gap.

3.2 Budgeting for Assessment Growth

3.2.1 For forecast purposes, assessment growth will be assumed to be fully allocated to the operating budget. Assessment growth and its allocation will be reported annually after the assessment roll is finalized.

4.0 **Responsibilities**

The Treasurer has overall responsibility for the development and recommendations of any annual assessment growth funding allocation.

5.0 **Glossary of Terms**

Assessment

The dollar value assigned to a property by Municipal Property Assessment Corporation (MPAC) for purposes of measuring applicable taxes. It is the price placed on a home by the corresponding government local municipality to calculate property taxes.

Assessment Growth

The increased assessed property value as determined by MPAC. MPAC is the organization that provides province-wide property assessment system using current value assessment.

Property Tax Supported Budget

A budget that includes property taxes as a primary source of revenue used to fund municipal programs and services.

Treasurer

The individual appointed by the municipality as treasurer and/or deputy treasurer(s).

