

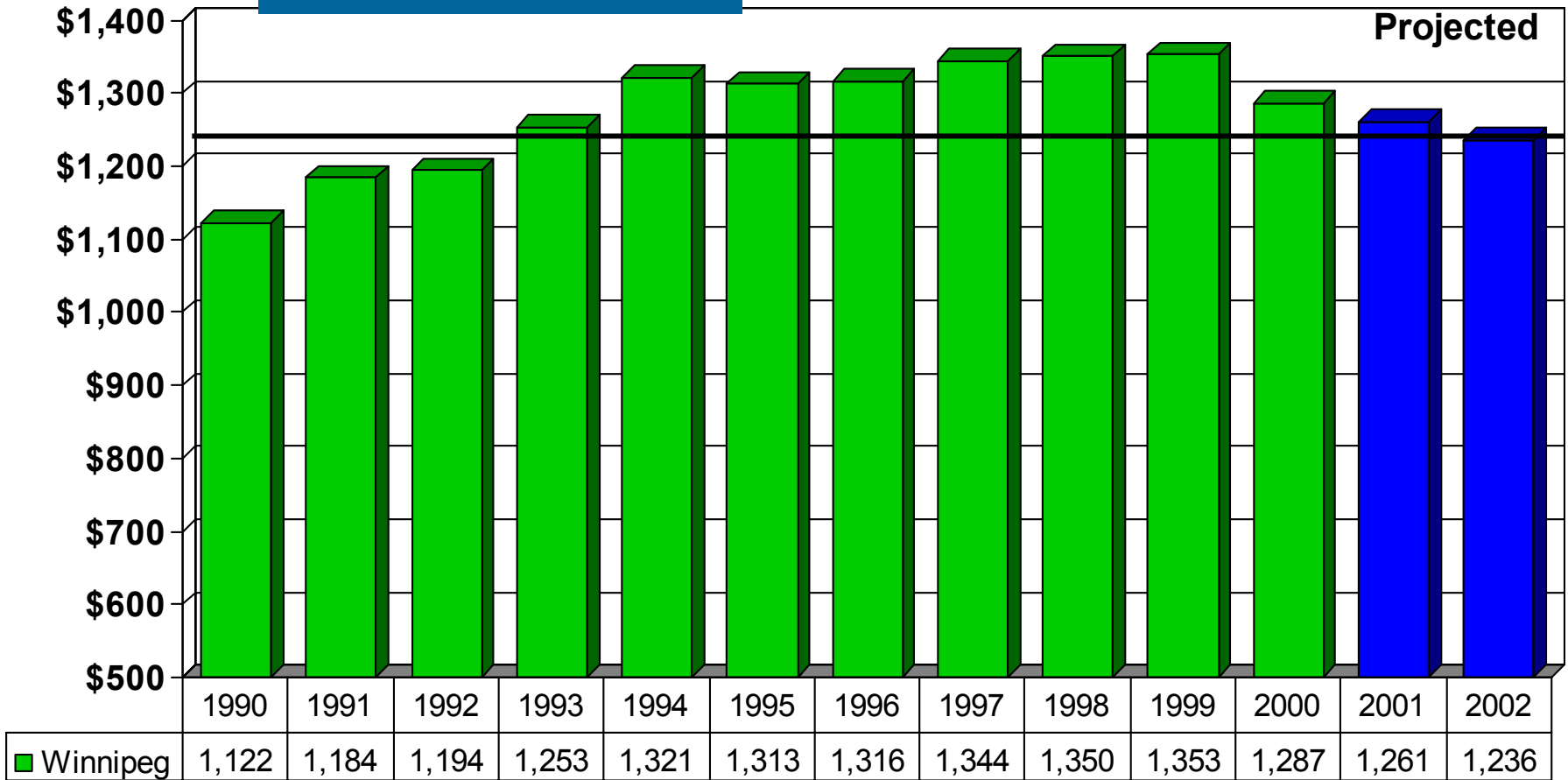
# Cities Are Not Created Equal

**A look at differences in how cities tax residents and businesses.**

**Prepared by: CAO Secretariat and Corporate Finance  
Updated September 2002**

# Winnipeg Residential Municipal Property Tax (1990 to 2002)

10 to 15 yr old  
3 bedroom bungalow

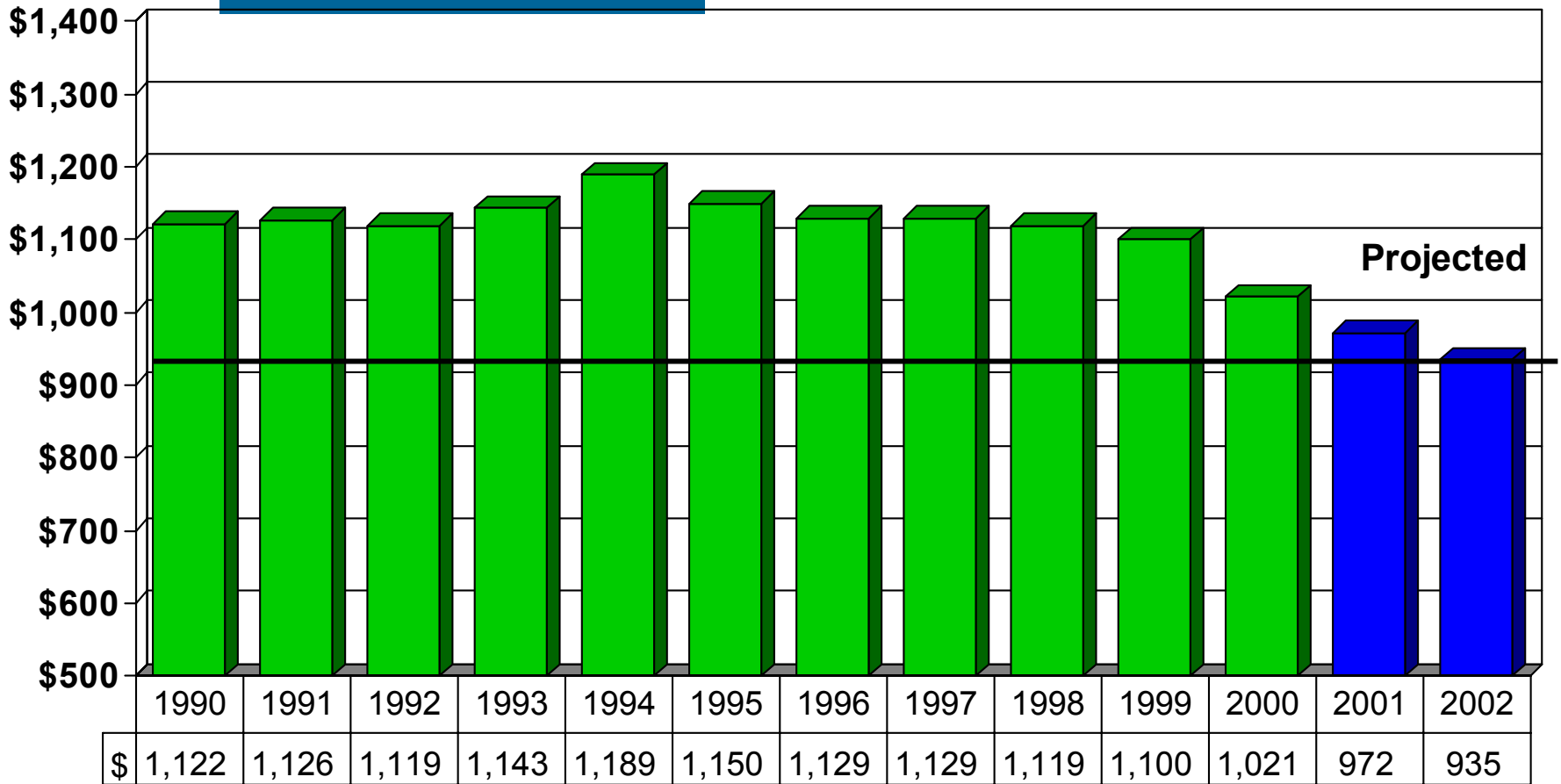


Source: 1990 to 2000 data from City of Edmonton Property Tax Survey  
2001 & 2002 calculated by City of Winnipeg using known 2% decreases

# Winnipeg Residential Municipal Property Tax (1990 to 2002)

10 to 15 yr old  
3 bedroom bungalow

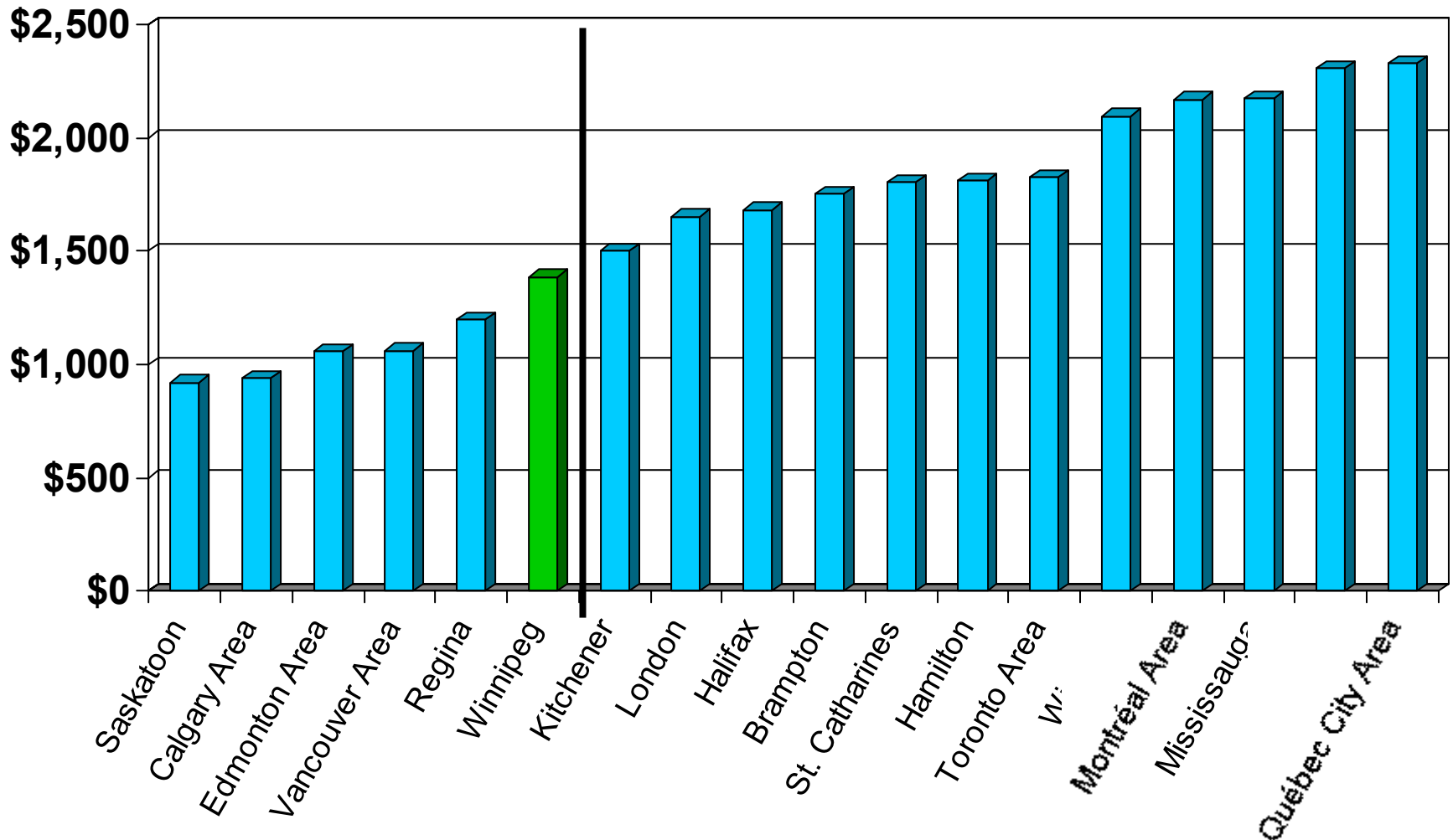
Adjusted to 1990 constant dollars  
(factored out inflation)



Source: 1990 to 2000 data from City of Edmonton Property Tax Survey  
2001 & 2002 calculated by City of Winnipeg using known 2% decreases

# Municipal Property Tax - 2001

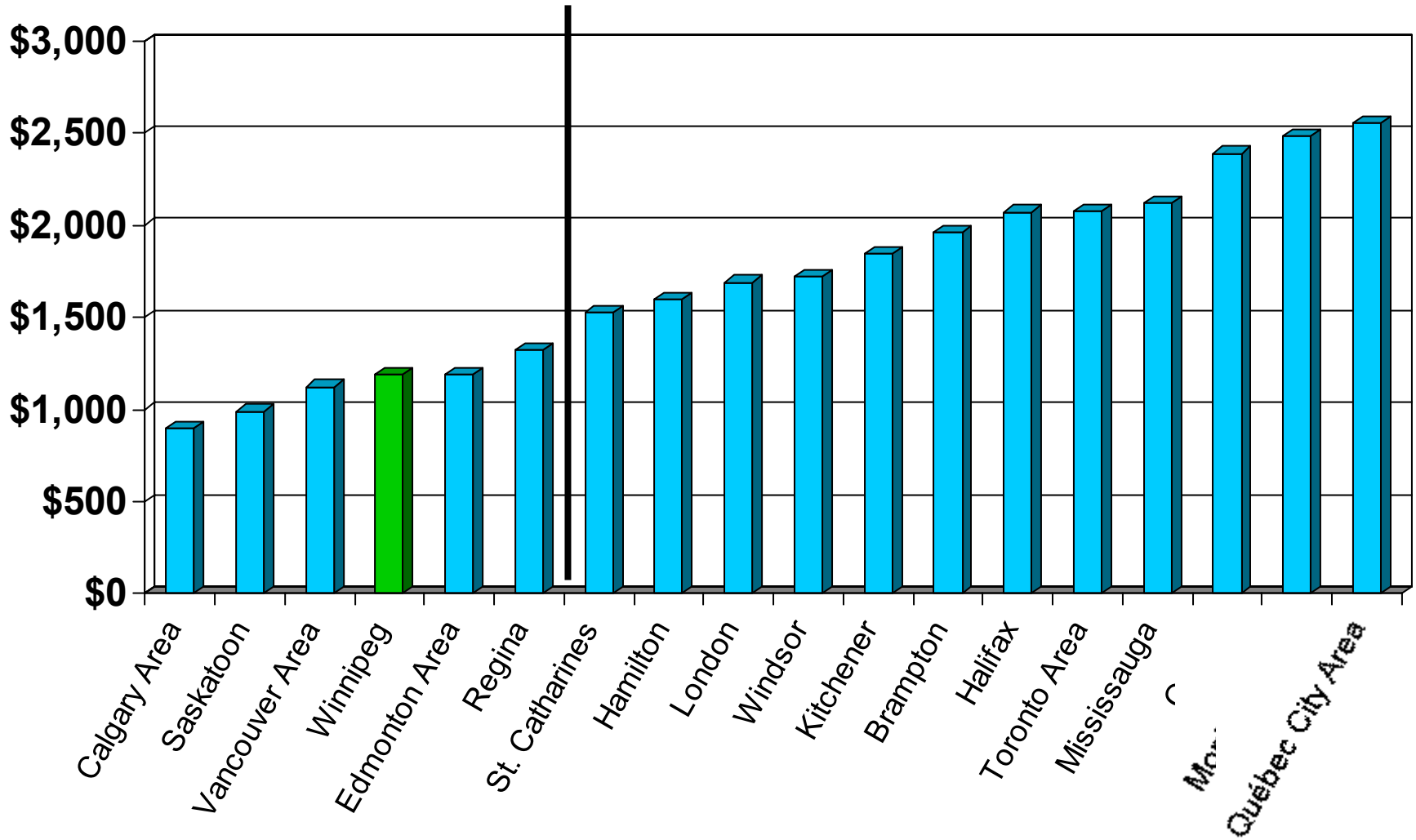
## Bungalow – 1,200 sq ft, 3 bedroom



Source: City of Winnipeg, CAO Secretariat, January 2002  
 Derived from Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001

# Municipal Property Tax - 2001

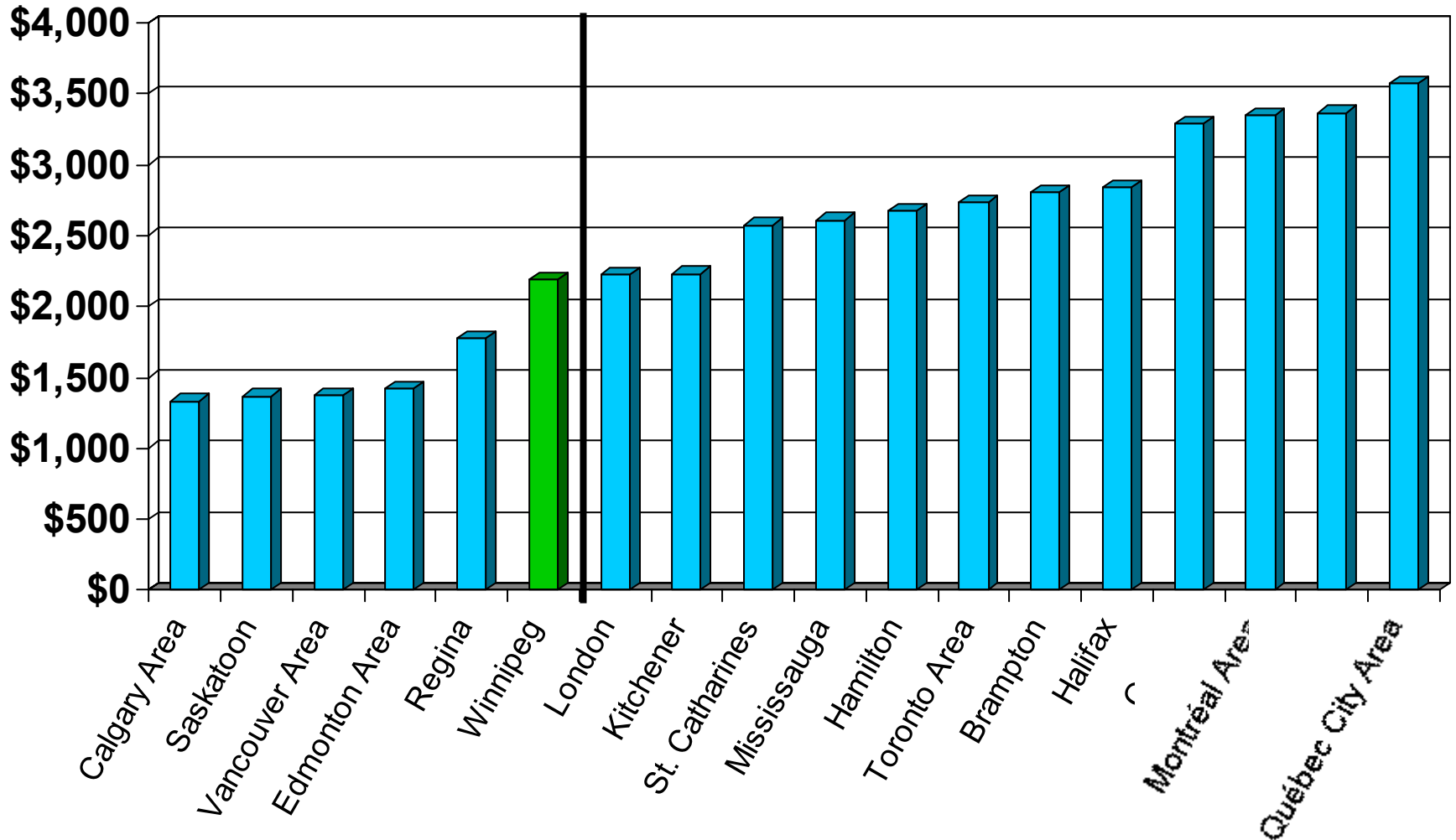
## Standard Two-Storey – 1,500 sq ft, 3 bedroom



Source: City of Winnipeg, CAO Secretariat, January 2002  
 Derived from Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001

# Municipal Property Tax - 2001

## Executive Two-Storey – 2,000 sq ft, 4 bedroom



Source: City of Winnipeg, CAO Secretariat, January 2002  
 Derived from Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001

## Winnipeg–Edmonton–Calgary 1999 to 2002 Budgets

**For 2002:  
Edmonton & Calgary  
preliminary budgets**

**January 2002**



# Introduction – Budget Comparison

## Cities & Population:

	Winnipeg	Edmonton	Calgary
1999	628,000	648,000	842,000
2000	629,700	658,000	861,000
2001	631,700	663,000	877,000
2002	633,000	670,000	894,000

**Challenge:** High level comparison of sources of revenue and principal service expenditures.

Attempts to compare basket of similar services.

**Limitations:** Service levels and scope of activities within services may differ between cities.

**Basket of Public Service Areas:** Police; Fire; Ambulance; Libraries; Community Services including parks & rec; Planning, Development & Real Estate; Transit; Roads; land drainage; Solid Waste (col & disp).

**Services not included:** Water Utility; Sewer Utility; Electric Utility; social services & health contribution to Province.

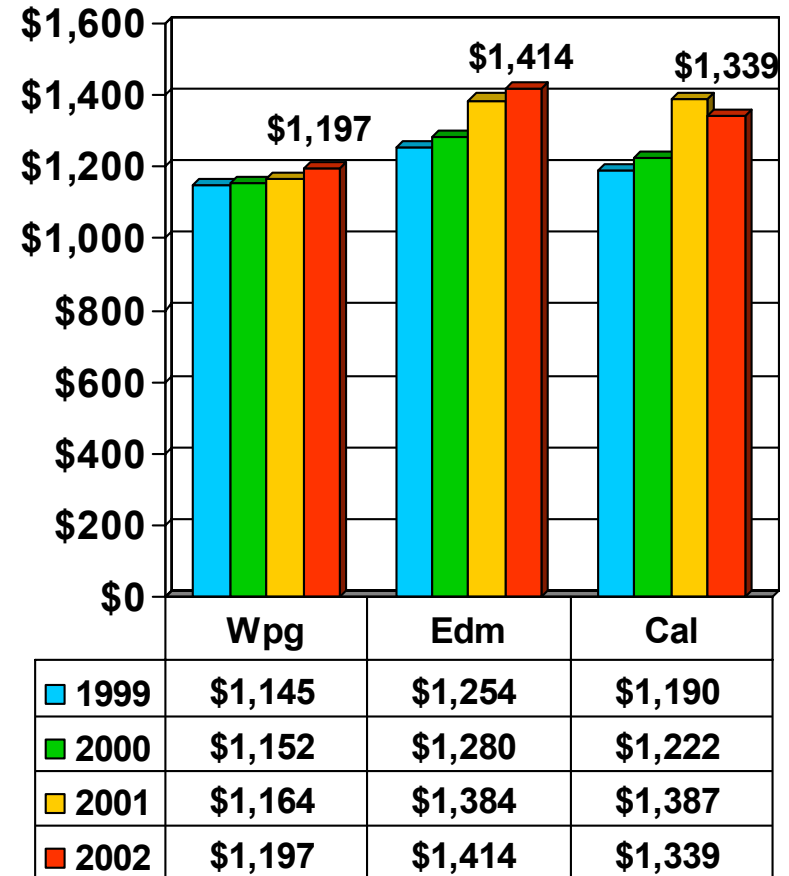
**Restated Budget:** Winnipeg budget was significantly restated in order to match Calgary and Edmonton budgets.

# Total Revenue per Capita

**Winnipeg collects less total revenue on a per capita basis than Edmonton and Calgary.**



As Dollars Per Capita



Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

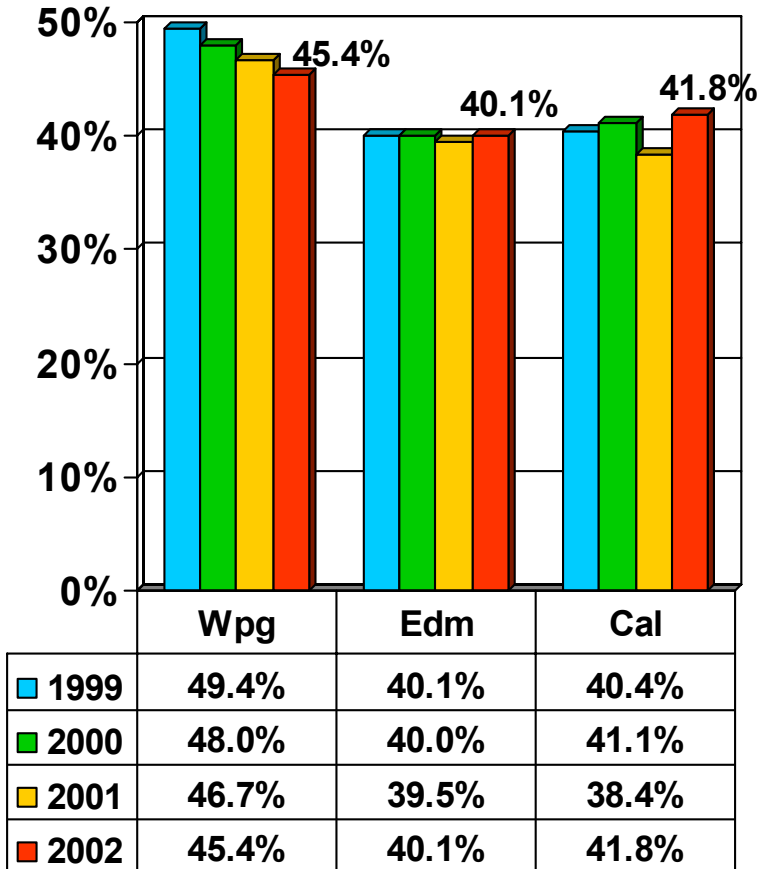
# Property Tax

**With property tax reductions  
over the last several years,  
on a per capita basis,**

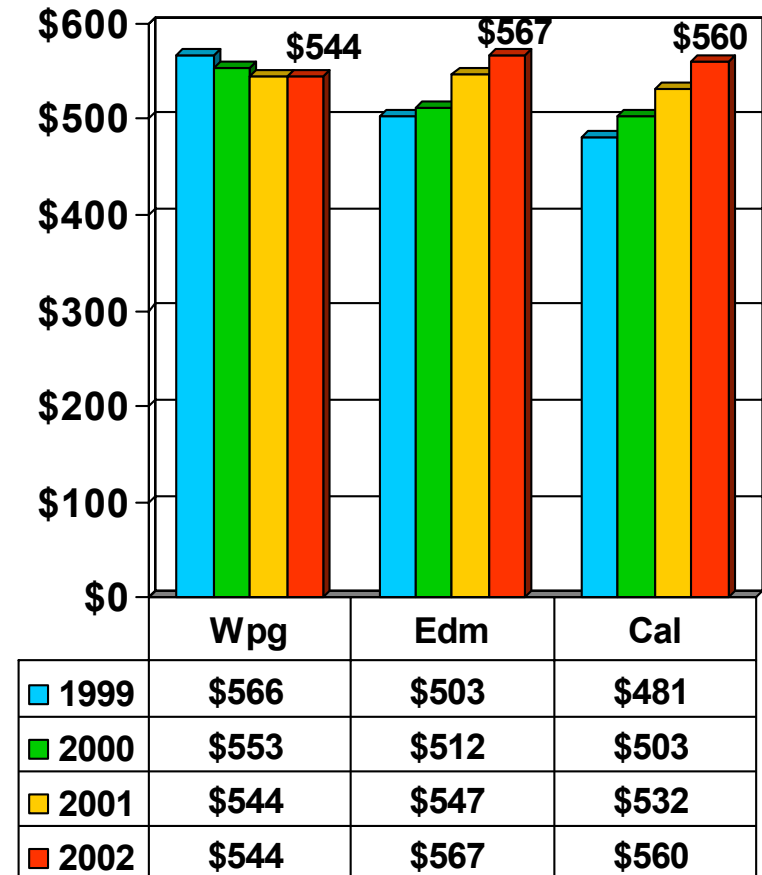
**Winnipeg now collects less  
total property tax revenue  
than Edmonton and Calgary.**

# Reliance on Property Tax

As % of Total Budget



As Dollars Per Capita

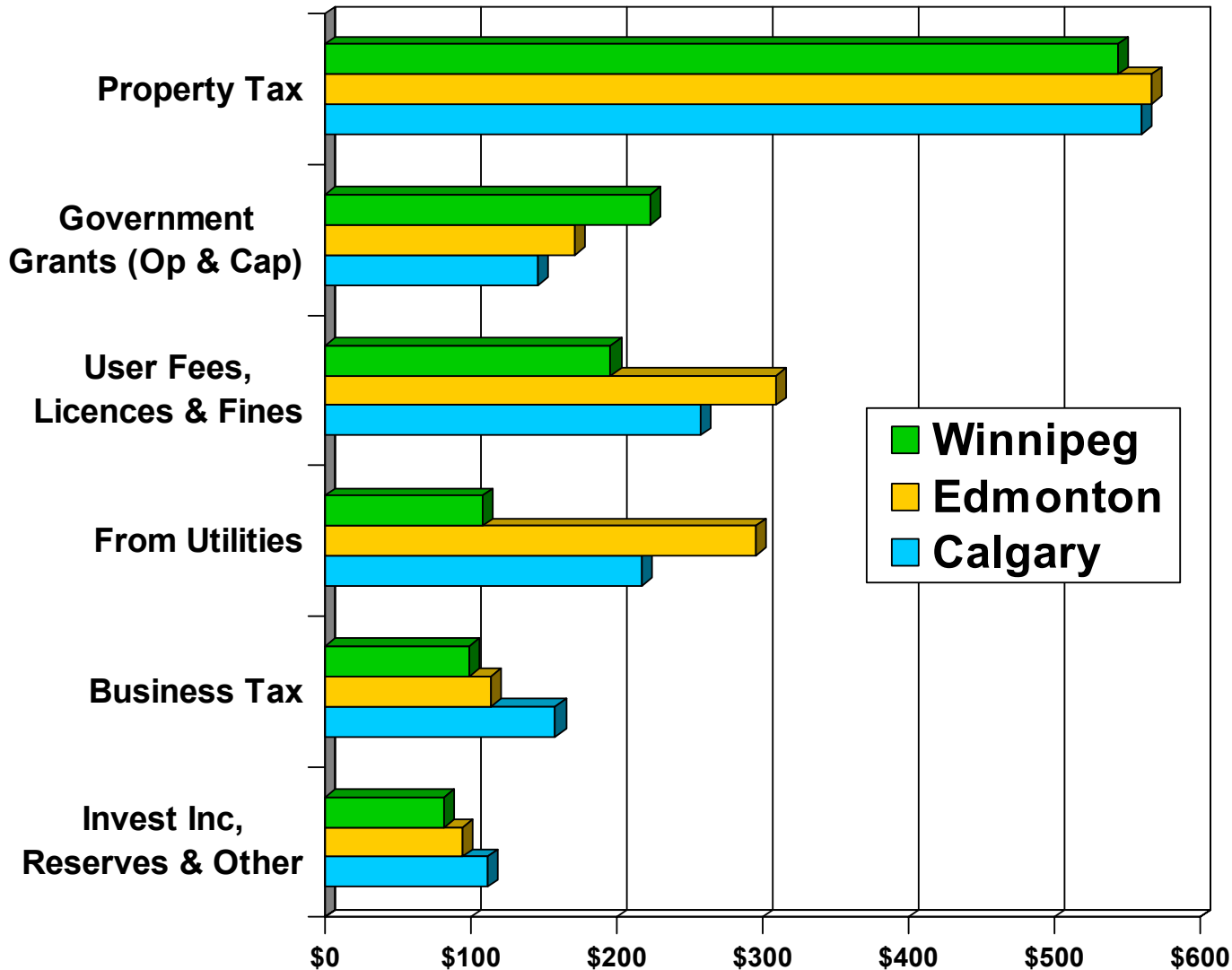


Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

**NOTE:** Winnipeg, change in accounting practice, 2002 budget estimates for property taxes from homes built during year. In previous years, not budgeted for, revenue went directly into reserve. Thus 2% cut does not show up clearly.

# Revenue per capita -- 2002



**Winnipeg collects slightly less amounts in property taxation.**

**Big difference in revenue from user fees and utilities (private & city owned)**

**utilities:**

**Wpg \$69 M**  
**Edm \$198 M**  
**Cal \$194 M**

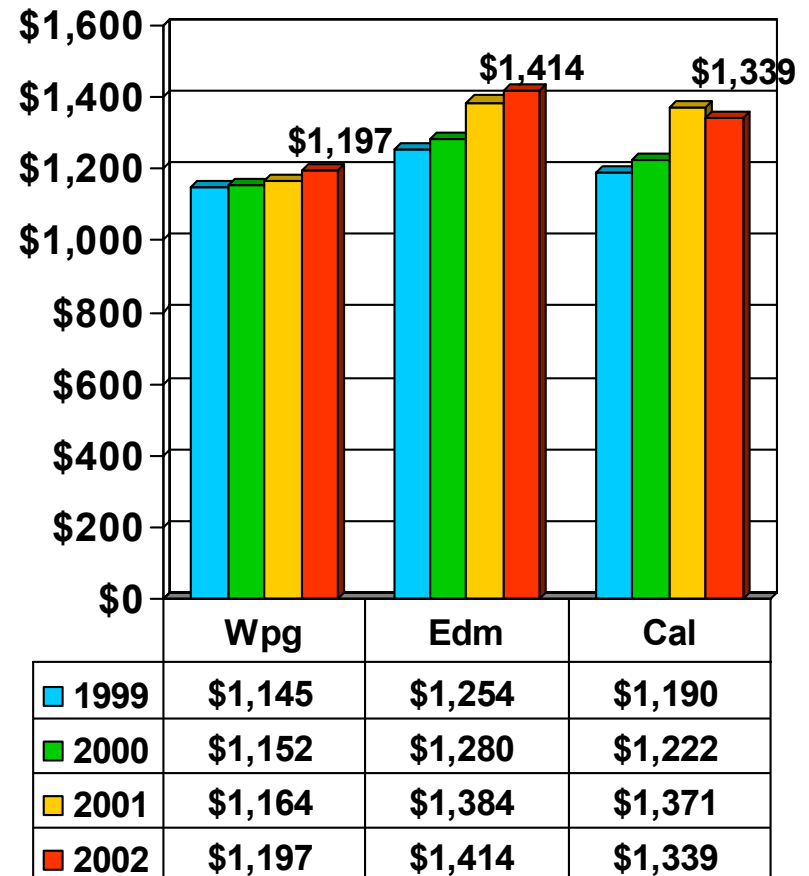
# Total Expenditures

**Winnipeg spends the least on a per capita basis.**

**In 2002,  
Edmonton: 18% more  
Calgary: 12% more.**

**Significant change from 1999,  
Edmonton: 10% more  
Calgary: 4% more.**

As Dollars Per Capita



Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

# Expenditures on Principal Public Services

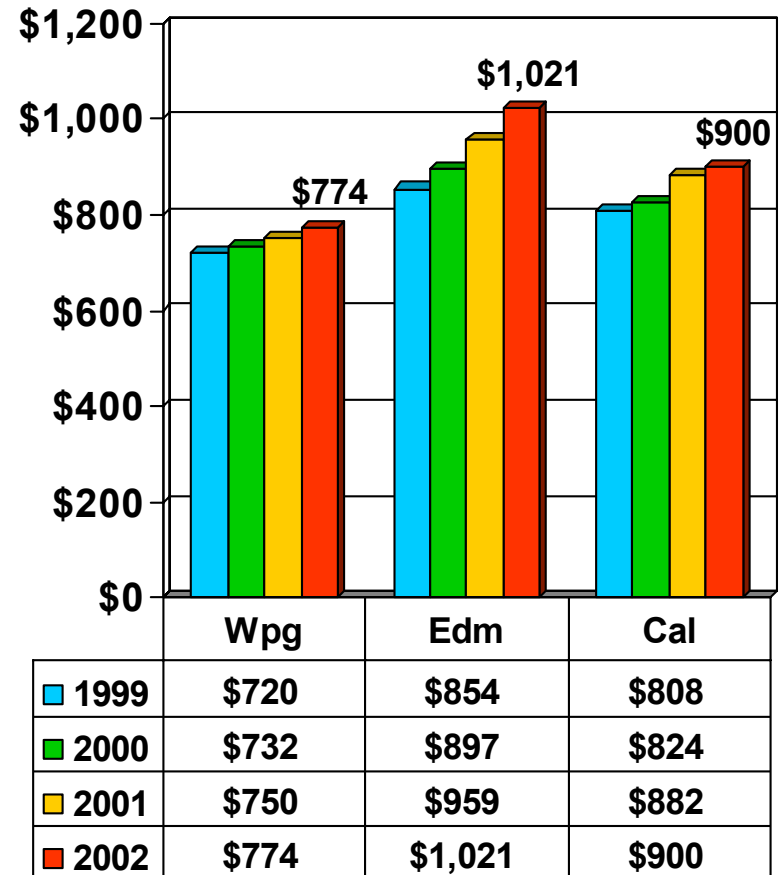
**For direct expenditures on principal public services, Winnipeg spends the least on a per capita basis.**

**In 2002,  
Edmonton: 32% more  
Calgary: 16% more.**

**Significant change from 1999,  
Edmonton: 19% more  
Calgary: 12% more.**

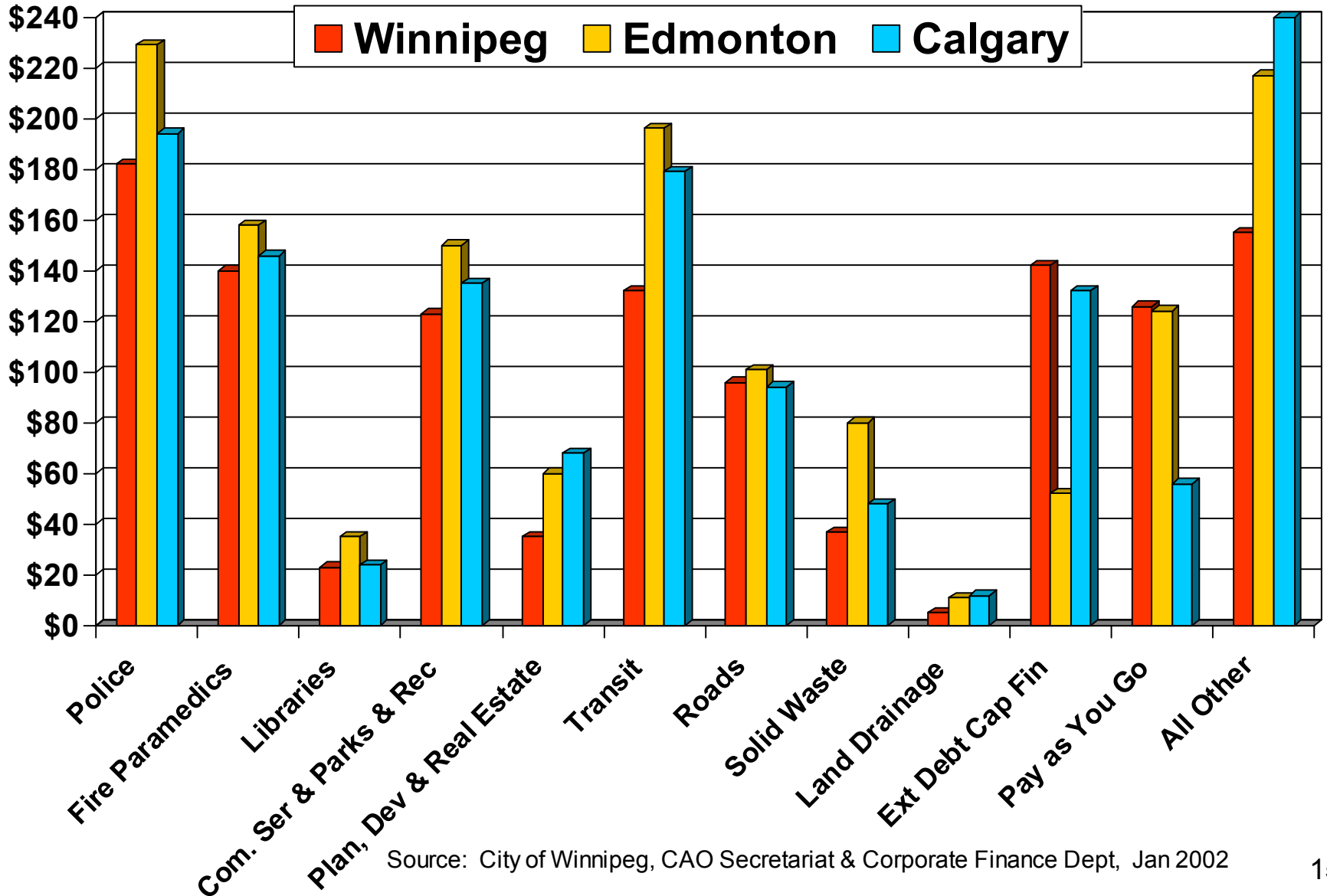
Police; Fire; Ambulance; Libraries; Community Services including parks & rec; Planning, Development & Real Estate; Transit; Roads; Solid Waste; and Land Drainage.

As Dollars Per Capita



Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

# Gross Expenditures per capita - 2002



Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002



# **Residential vs Commercial Taxation**

## **How other cities tax business**

**Updated July 2002**

**Compiled by:  
City of Winnipeg - CAO Secretariat**

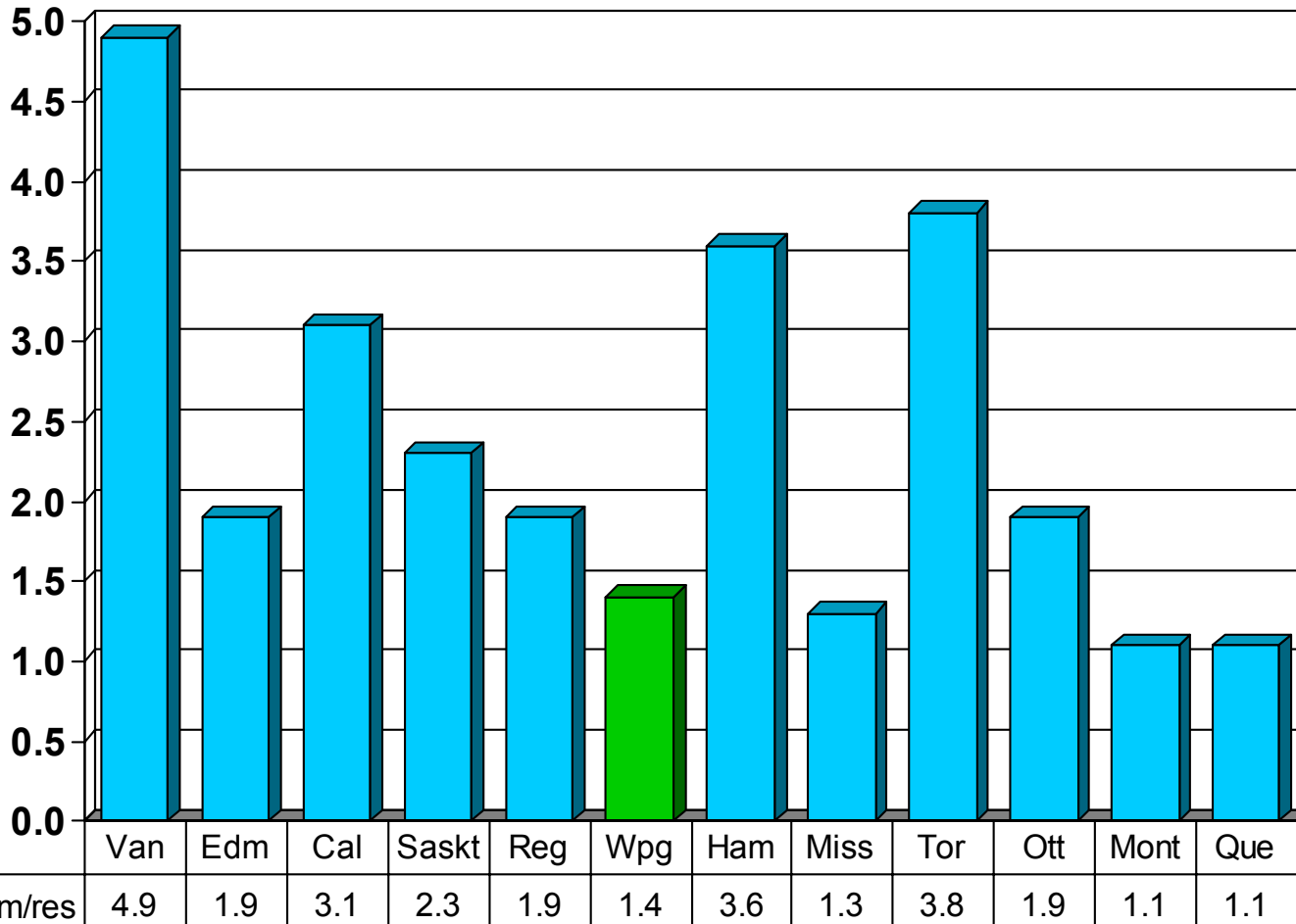
# Which Large City has a Business Tax

	<u>Business Tax</u>
Vancouver	No
Edmonton	Yes
Calgary	Yes
Saskatoon	No
Regina	No
Winnipeg	Yes
Hamilton	No
Mississauga	No
Toronto	No
Ottawa	No
Montreal	Yes

**Several cities have recently replaced their business tax with additional commercial property taxation.**

In 1998 the Ontario government introduced legislation which resulted in cities replacing their business tax revenue with harmonized non-residential property tax mill rates.

# Ratio of Property Tax Rates Commercial to Residential



**Other cities have differential mill rates.**

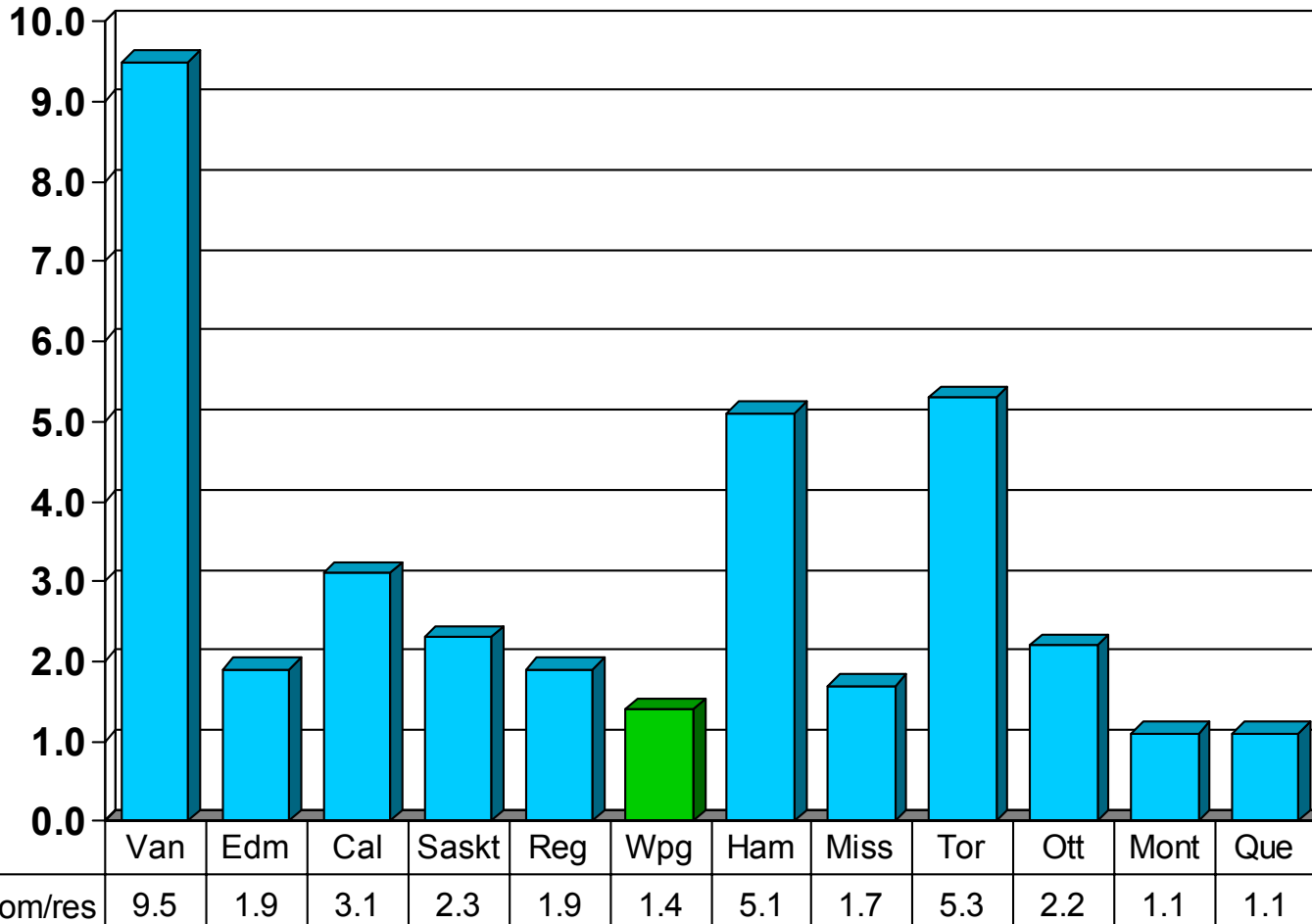
**Calgary taxes its commercial properties at a rate 3.1 times more than its residential prop.**

**Vancouver: 4.9 times more.**

**Winnipeg: 1.4 times more.**

Source: City of Winnipeg, CAO Secretariat, July 2002

# Ratio of Property Tax Rates Industrial to Residential



**Some cities have a higher differential tax rate for industrial properties.**

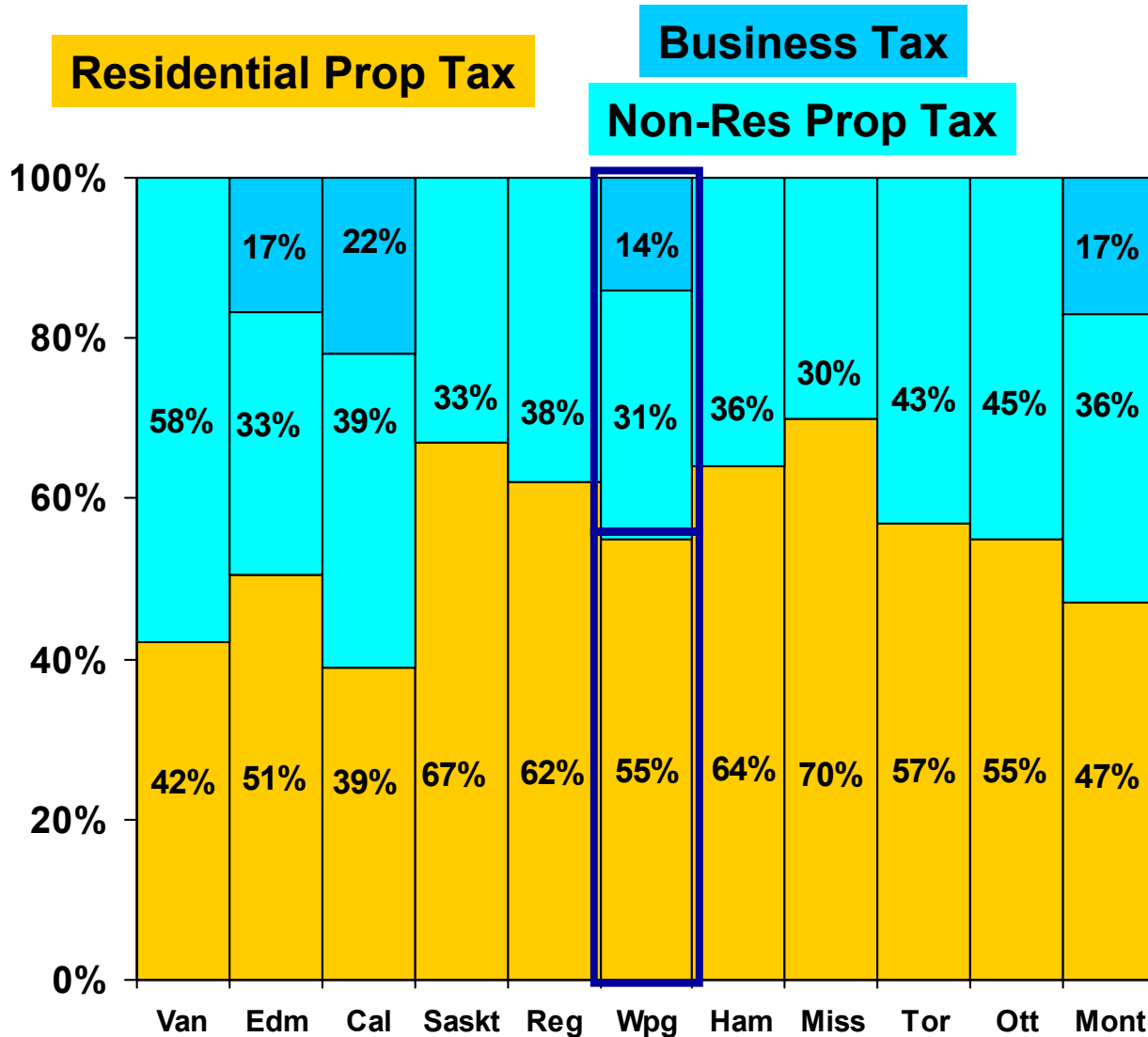
**Ind to Res Ratio:**

**Vancouver:  
9.5 times more.**

**Ontario cities:  
1.7 to 5.3  
times more.**

Source: City of Winnipeg, CAO Secretariat, July 2002

# % Distribution of Property & Business Tax Revenues for Residential and Non-Residential

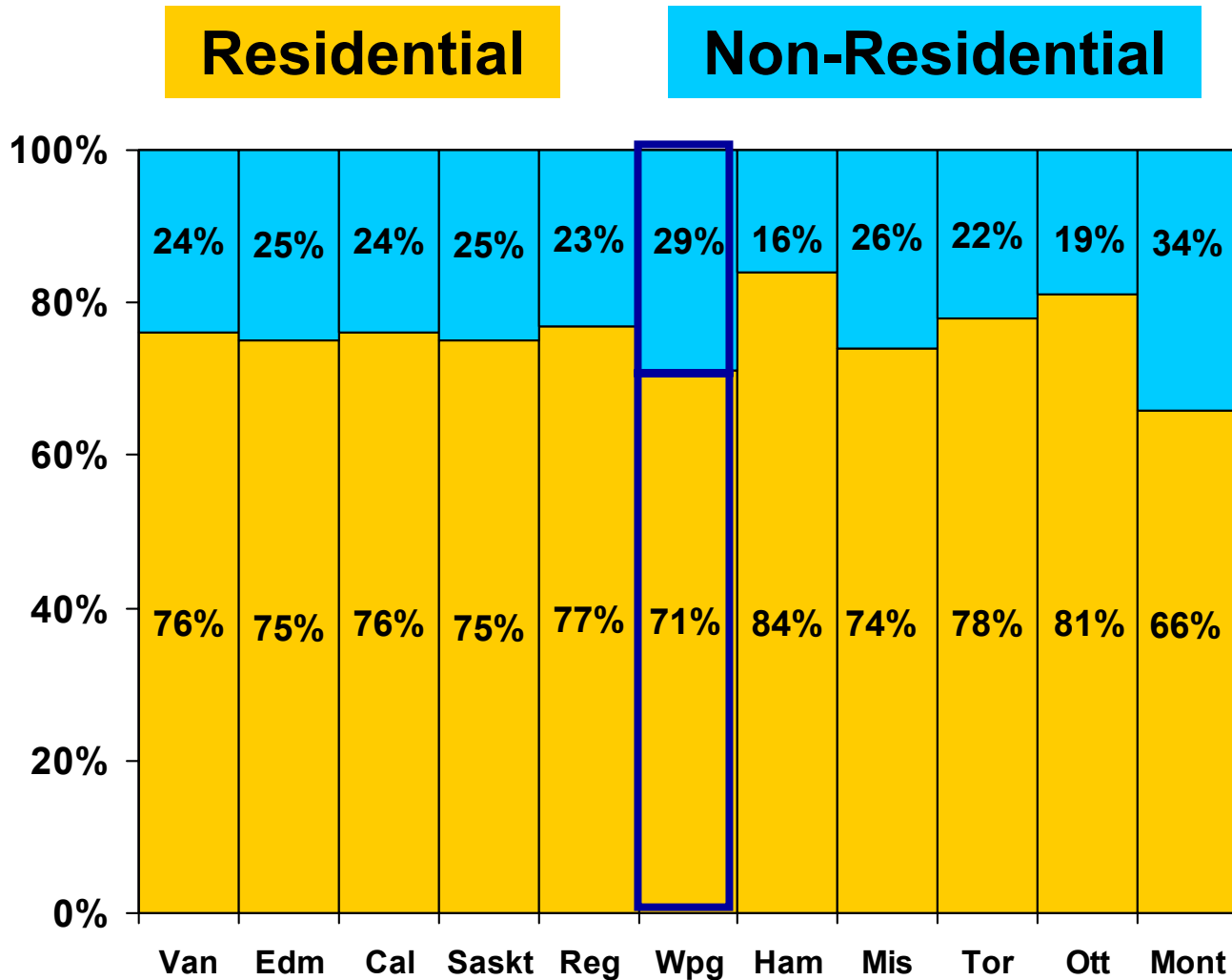


Winnipeg has a lower reliance on commercial /business taxation as compared to the other large western cities.

Vancouver & Calgary rely on 58% and 61% of their tax revenues coming from businesses.  
 -- Winnipeg is at 45%.

This results in Winnipeg having lower taxes for business but higher residential property taxes than some other cities.

# Distribution of Assessment Valuation for Residential and Non-Residential



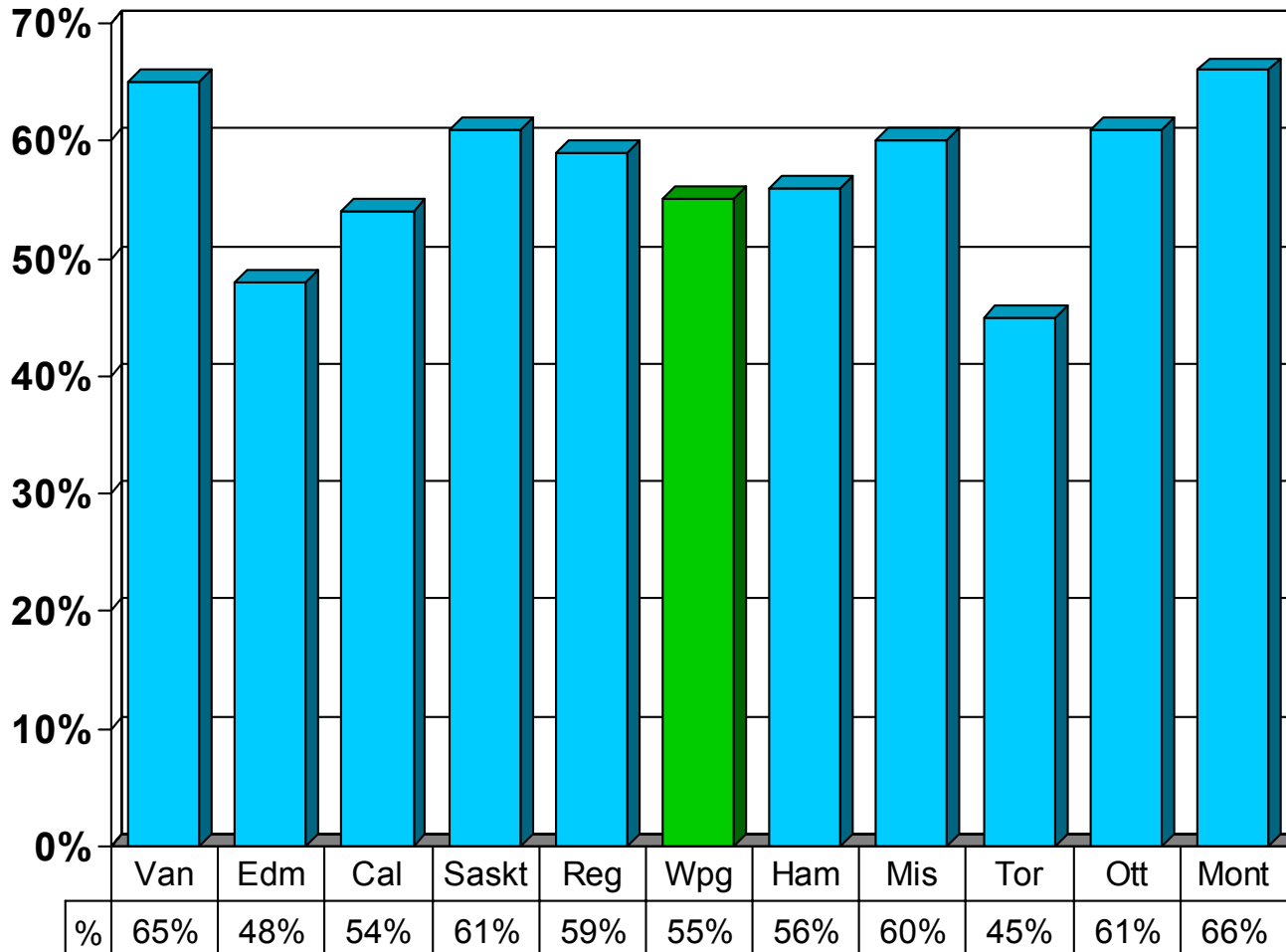
**The mix of residential to non-residential property value is similar in most Canadian cities.**

**In other words the mix of our tax bases are nearly identical!**

**The average of these 11 cities:  
res 76%  
non-res 24%**

Source: City of Winnipeg, CAO Secretariat, July 2002

# Total Property & Business Tax Revenues Combined as % of Total Budget



**With property tax reductions over the last several years, in 2002, Winnipeg at 55% no longer overly relies on taxation as compared to other cities.**

**Note: Services provided by cities vary.**

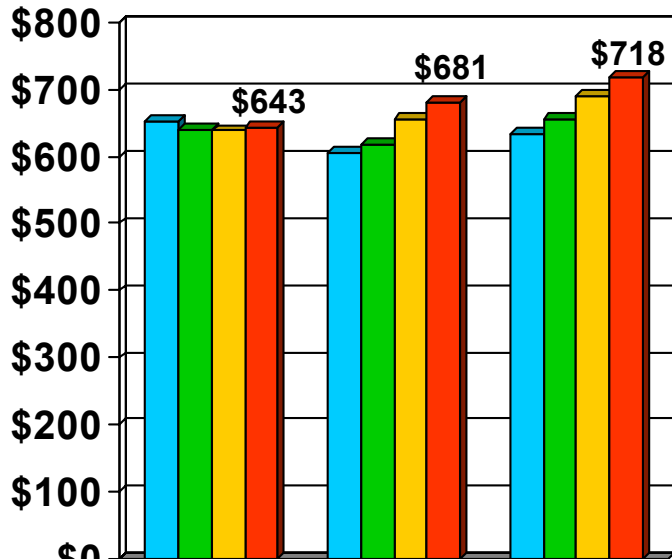
**Many Eastern cities provide many social needs services such as welfare, daycares, shelters etc.**

Source: City of Winnipeg, CAO Secretariat, July 2002  
 Budget data for Cal, Edm, and Wpg are from City Budget Comparison study which restated financial data for comparison purposes.

# Tax Revenues & Total Revenues

## Total Prop & Bus Tax Revenue

As Dollars Per Capita



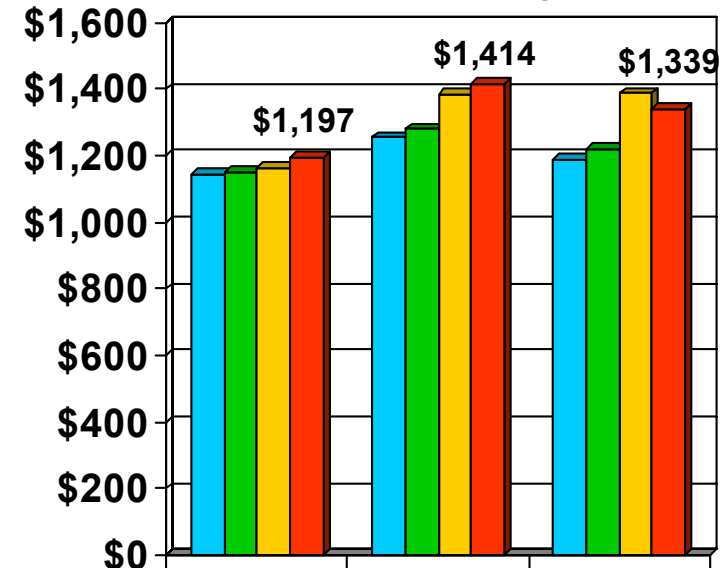
	Wpg	Edm	Cal
1999	\$652	\$606	\$633
2000	\$640	\$617	\$656
2001	\$638	\$655	\$690
2002	\$643	\$681	\$718

Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

**On a per capita basis, Winnipeg has both lower tax revenues as well as lower total revenues than **Edmonton & Calgary.****

## Total Revenue

As Dollars Per Capita



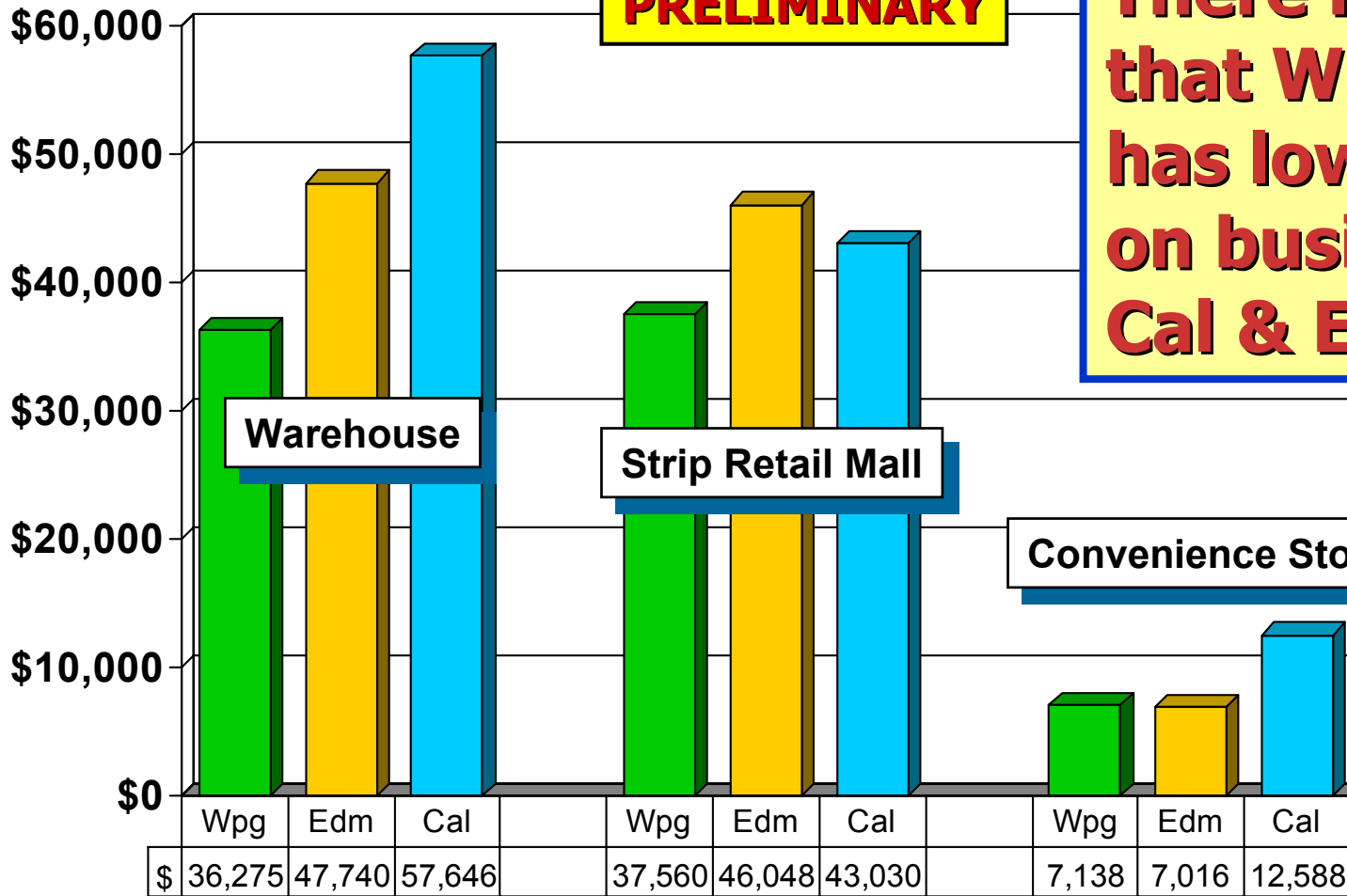
	Wpg	Edm	Cal
1999	\$1,145	\$1,254	\$1,190
2000	\$1,152	\$1,280	\$1,222
2001	\$1,164	\$1,384	\$1,387
2002	\$1,197	\$1,414	\$1,339

Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2002

# Combined Commercial & Business Tax Bills

**PRELIMINARY**

**There is evidence that Winnipeg has lower taxes on business than Cal & Edm.**



Source: City of Winnipeg, CAO Secretariat & Corporate Finance Dept, Jan 2001.  
 Sample properties & tax amounts provided by the Cities of Edmonton and Calgary.  
 For Edmonton used average of range provided.

# What If.....

**Cities have different revenue structures and thus have different reliance on the various sources of revenue:**

- **Property tax**
- **Business tax**
- **User fees, licenses and fines**
- **Revenue from utilities**
- **Provincial government grants**

**The following slides examines what would happen to Winnipeg's residential property taxes if we had a similar revenue structure as the City of Calgary.**

**The slides are meant to illustrate that Winnipeg has a significantly different revenue structure when compared to Calgary.**

**Royal LePage house price and property tax survey is used for comparative purposes.**

# WHAT IF Winnipeg had the same commercial to residential tax rate ratio as Calgary?

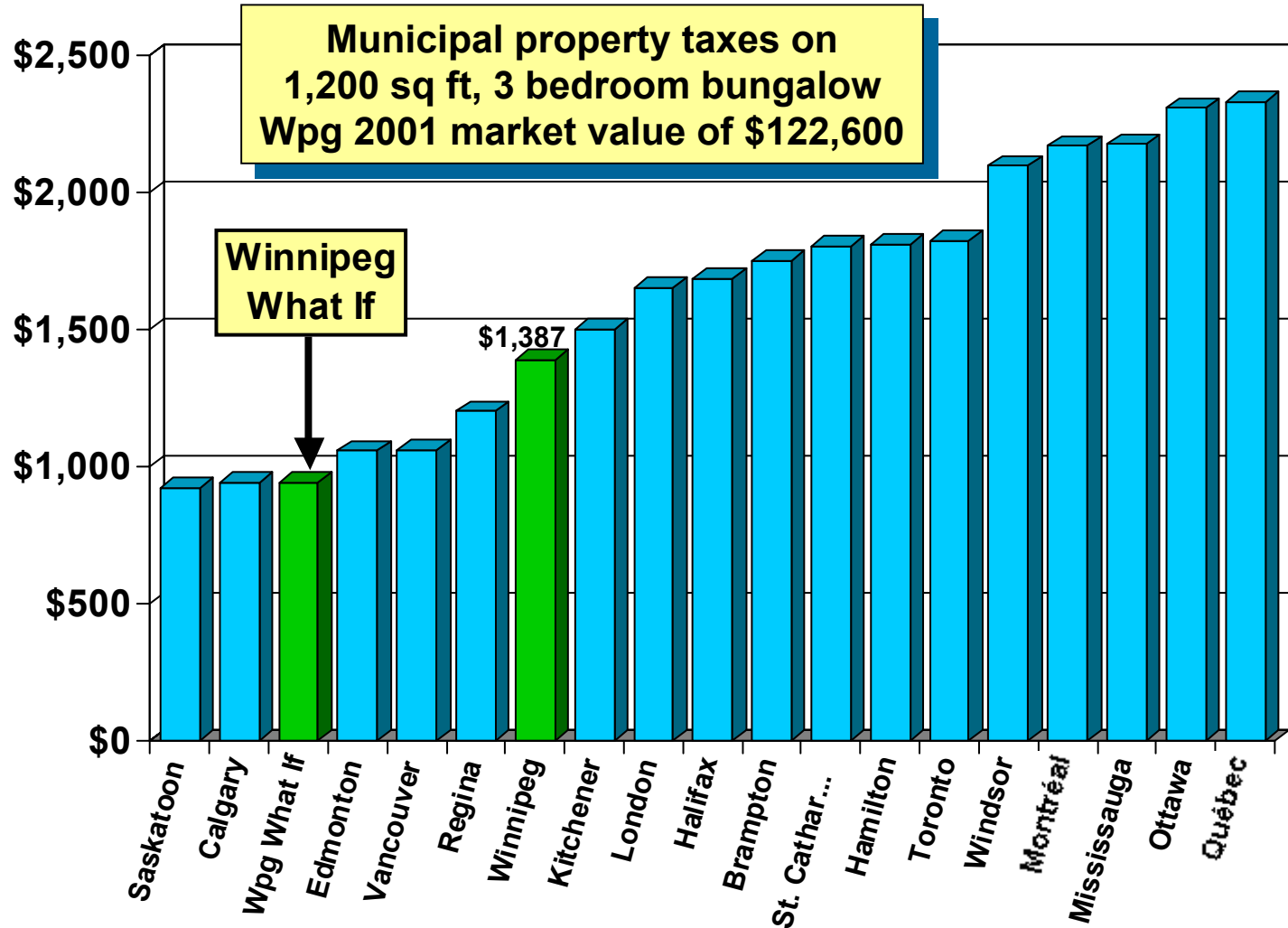
**3.1 : 1 ratio  
com to res**

**Wpg property  
taxes (city):**

**For 2002**

**3 bedroom  
bungalow:  
\$940**

**Wpg median  
residential  
home: \$655**



Source: Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001, City of Winnipeg, CAO Secretariat derived city averages for house prices and total property taxes, as well as, the split in Municipal/Education property taxes. "What if" calculated by the City of Winnipeg using 2002 budget information. July 2002

# WHAT IF Winnipeg had the same user fees, licenses & fines revenues per capita as Calgary?

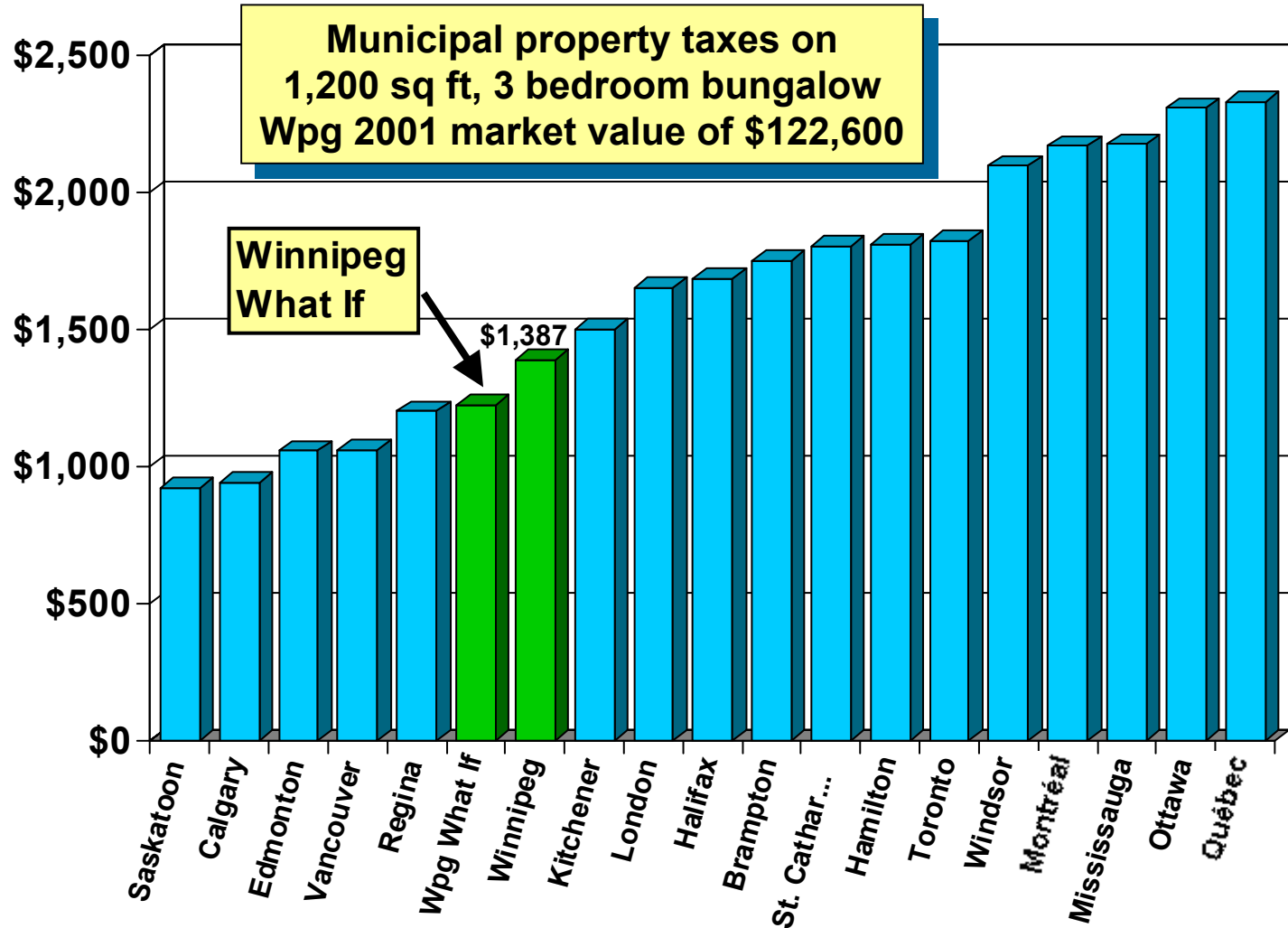
**City would acquire an additional \$39 million in user fees.**

**Wpg property taxes (city):**

**For 2002**

**3 bedroom bungalow: \$1,225**

**Wpg median residential home: \$859**



Source: Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001, City of Winnipeg, CAO Secretariat derived city averages for house prices and total property taxes, as well as, the split in Municipal/Education property taxes. "What if" calculated by the City of Winnipeg using 2002 budget information. July 2002

# WHAT IF Winnipeg had the same utilities revenue per capita as Calgary? (city & non-city owned)

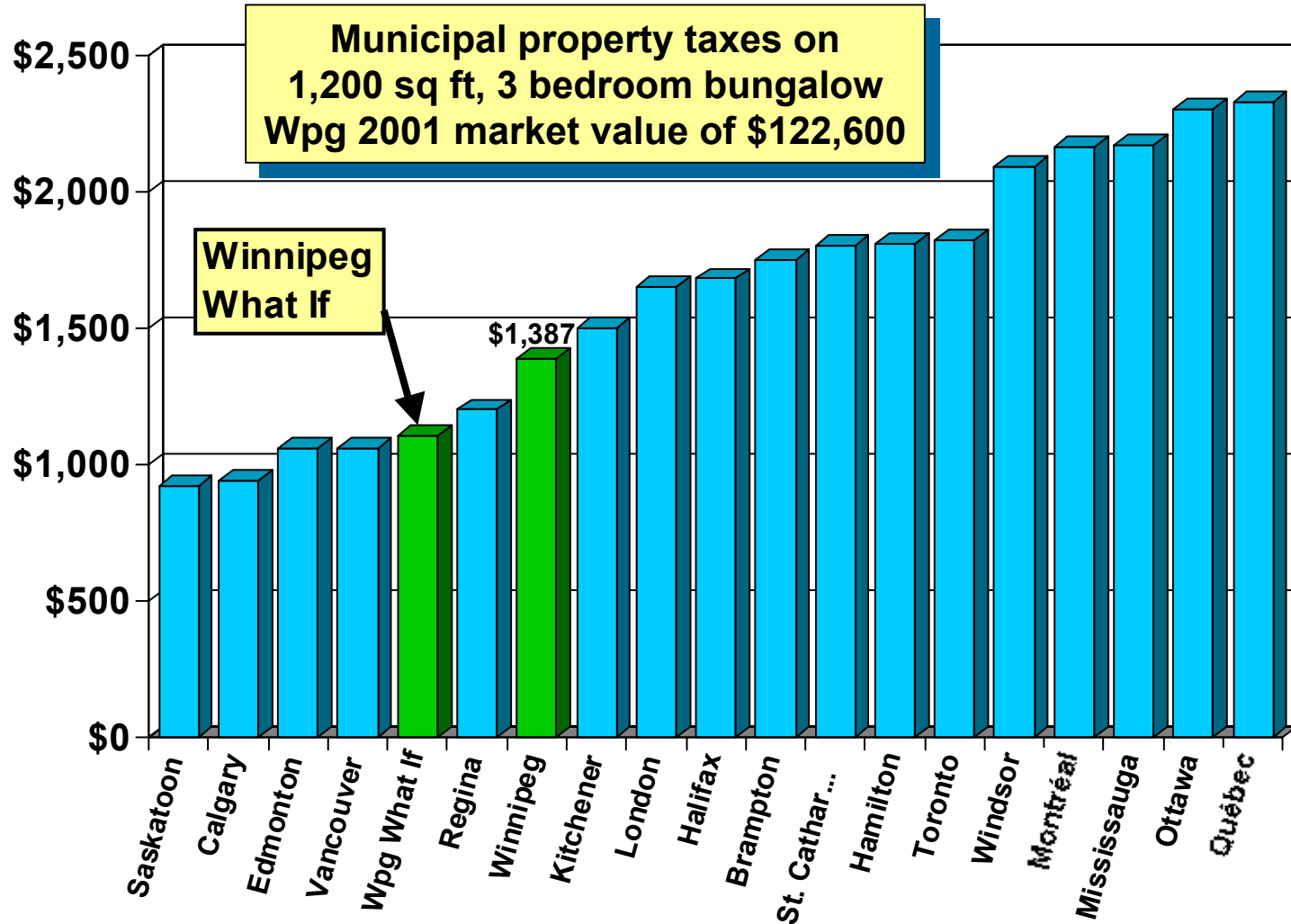
**City would acquire an additional \$69 million from utilities.**

**Wpg property taxes (city):**

**For 2002**

**3 bedroom bungalow: \$1,106**

**Wpg median residential home: \$773**



Source: Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001, City of Winnipeg, CAO Secretariat derived city averages for house prices and total property taxes, as well as, the split in Municipal/Education property taxes. "What if" calculated by the City of Winnipeg using 2002 budget information. July 2002

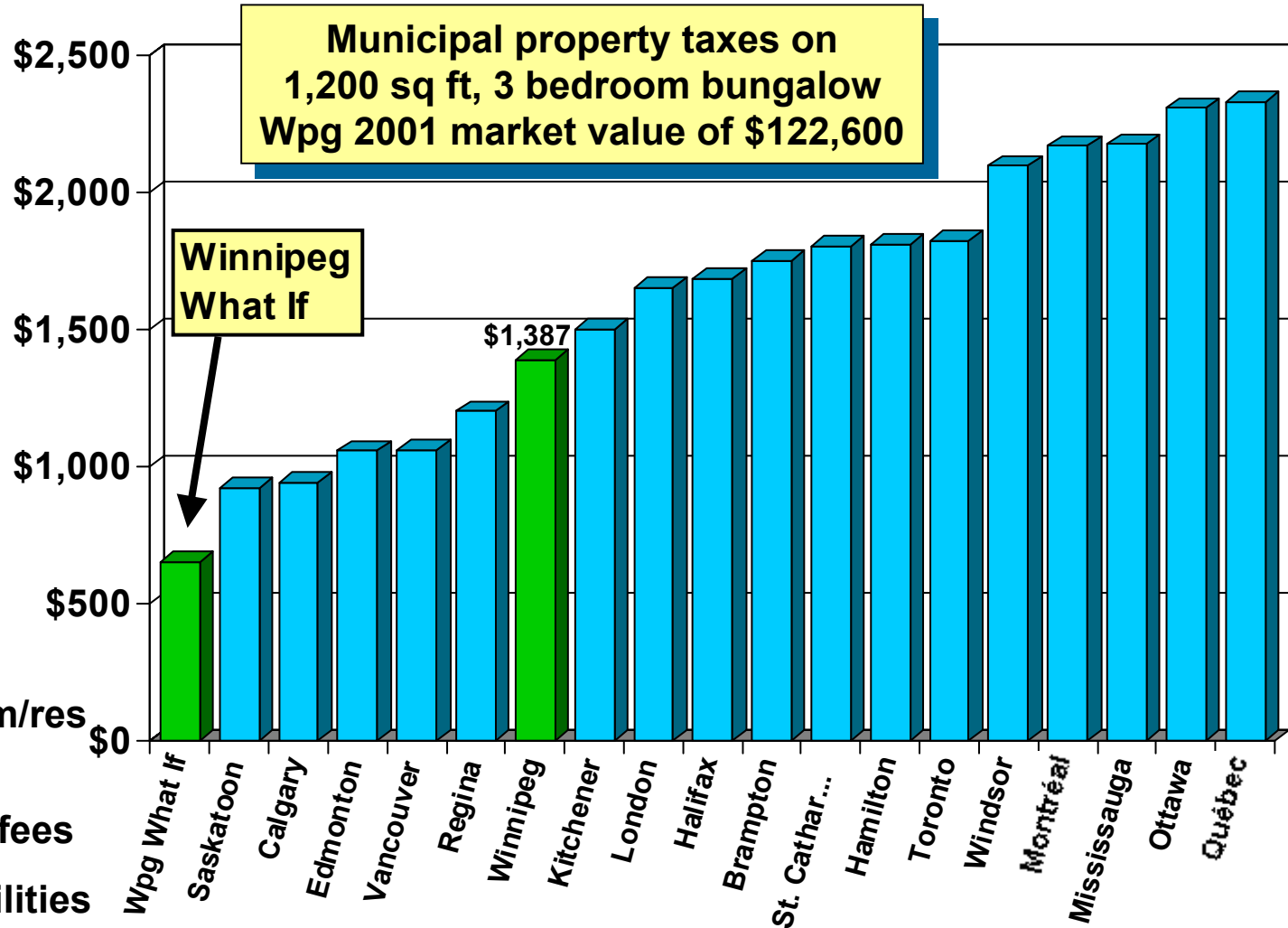
# WHAT IF Winnipeg had same com to res tax rate ratio, user fees & utilities revenues per capita as Calgary?

**Combine all 3 Wpg property taxes (city):**  
**For 2002**  
**3 bedroom bungalow:**  
**\$651**  
**Wpg median residential home: \$449**

**3.1 to 1 ratio for com/res property tax rate**

**\$39 M extra in user fees**

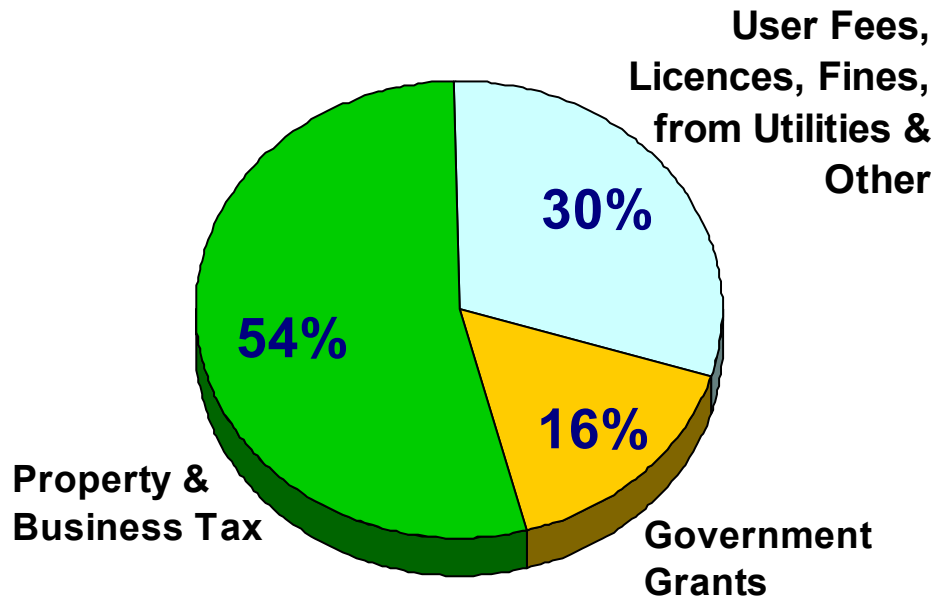
**\$69 M extra from utilities**



Source: Royal LePage's Survey of Canadian House Prices, Jul-Sep 2001, City of Winnipeg, CAO Secretariat derived city averages for house prices and total property taxes, as well as, the split in Municipal/Education property taxes. "What if" calculated by the City of Winnipeg using 2002 budget information. July 2002

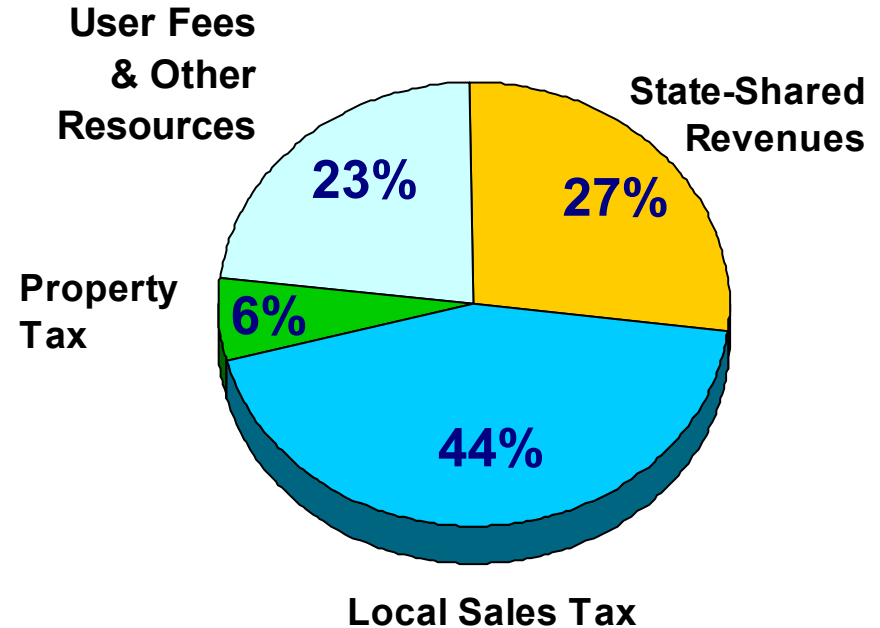
# Sources of Revenue: The Differences are Striking

## City of Winnipeg



Source: City of Winnipeg.  
Restated 2001 Budget: \$ 0.75 Billion.  
Includes transit, solid waste disposal and provincial capital grants.

## City of Phoenix



Source: City of Phoenix.  
2000-2001 General Purpose Funds: \$1.07 Billion.  
Similar set of services but also includes municipal courts (5%).