



## Entity 23 Facilitator's Report 2

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Date: March 7, 2022

Today I'd like to talk about the 2 questions that I am getting most often, whether it is from the Advisory Committees or my personal contacts.

The first question looks for clarity about tax rates after the new entities are launched. Despite a lot of correspondence by Environment and Local Government, statements from the Minister and many newspaper articles there still seems to be a sizable portion of the public that believe that when the new entities start business on January 1<sup>st</sup>, 2023, the unincorporated areas will have to pay the same tax rate as the former municipality.

### **This is not true.**

With the restructuring of existing local governance entities, local governments and rural districts will maintain different tax rates in different areas to reflect the level of service being provided. The need to maintain differential tax rates, as well as the phase-in of impacts will be addressed in each individual regulation as the newly formed entities are created under the Local Governance Act.

This differential tax rate will allow municipalities to charge citizens for the services they receive and recognizes that all citizens do not receive identical services.

Local governments will have additional flexibility in determining variable tax rates.

Today, local governments set their residential rate, with the non-residential rate fixed at 1.5 times that rate. Moving forward, communities will be able to use a non-residential rate ratio ranging from 1.4 to 1.7 times the local residential rate. They will have a choice in setting their residential rate as well as flexibility in setting the non-residential rate.

These new tools will make it much easier for local governments to ensure that property owners pay the costs of services received and recognize that not all properties receive the same services.

More detail on this can be found in Section 4.1 of the White Paper.

The second question I continually bump into is the one around how municipal by-laws will impact currently unincorporated areas in the new municipalities.

Local service districts that are being restructured along with existing local governments will not take on existing local government bylaws. Rather, those bylaws will need to be revised over time by the new entity. This will be decided upon by the newly elected councils. Certain



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by-laws may also apply to a portion of the new entity and not the entity as a whole. Also, many by-laws will recognize different zones in a municipality and have different standards for those zones.

The bylaws that are necessary for the functioning of the new council will be prepared by the transition facilitator in collaboration with advisory committees and on the basis of technical guidance by the Department of Local Government and Local Government Reform. Other existing bylaws will continue to be in effect until they are revised by the new council post-January 1, 2023.

I hope this report will help you when you are faced with these questions from the public who are understandably anxious about change.

Please feel free to share this report as you see fit to assist in communication with your Councils, LSD Committees, and the public at large.

Best Regards,

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Transition Facilitator