

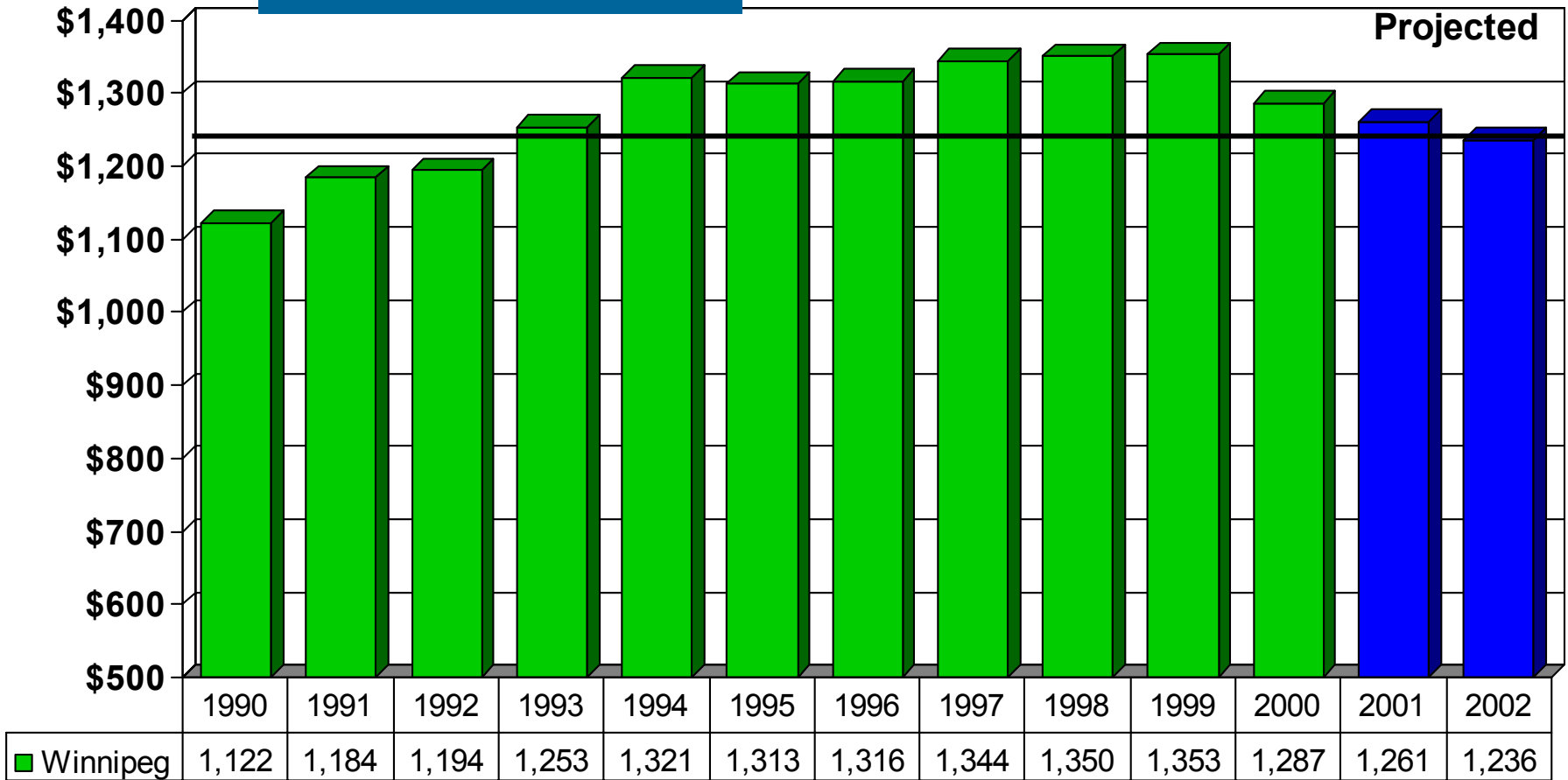
Cities Are Not Created Equal

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

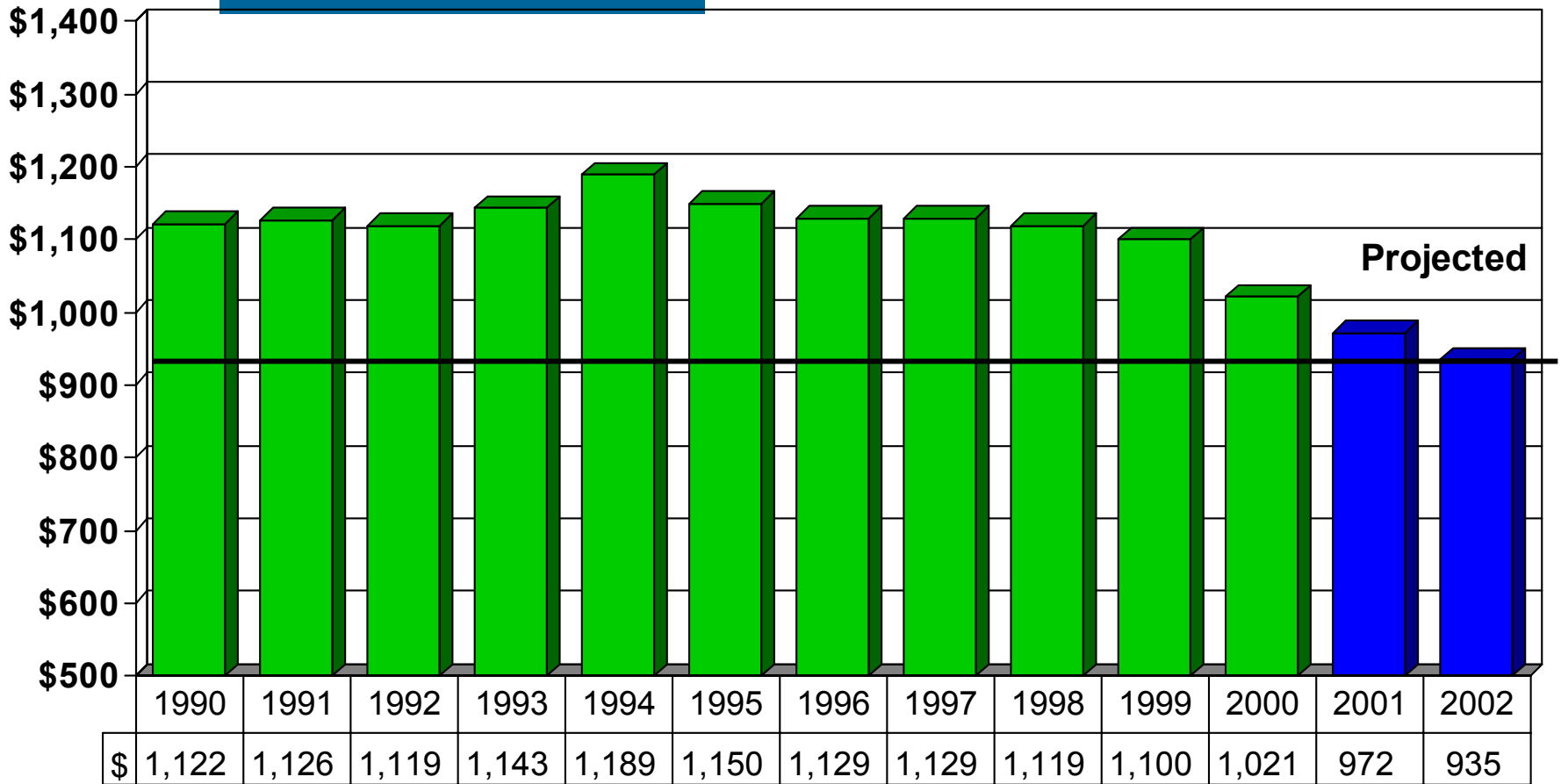


Source: 1990 to 2000 data from City of Edmonton Property Tax Survey
2001 & 2002 calculated by City of Winnipeg using known 2% decreases

Winnipeg Residential Municipal Property Tax (1990 to 2002)

10 to 15 yr old
3 bedroom bungalow

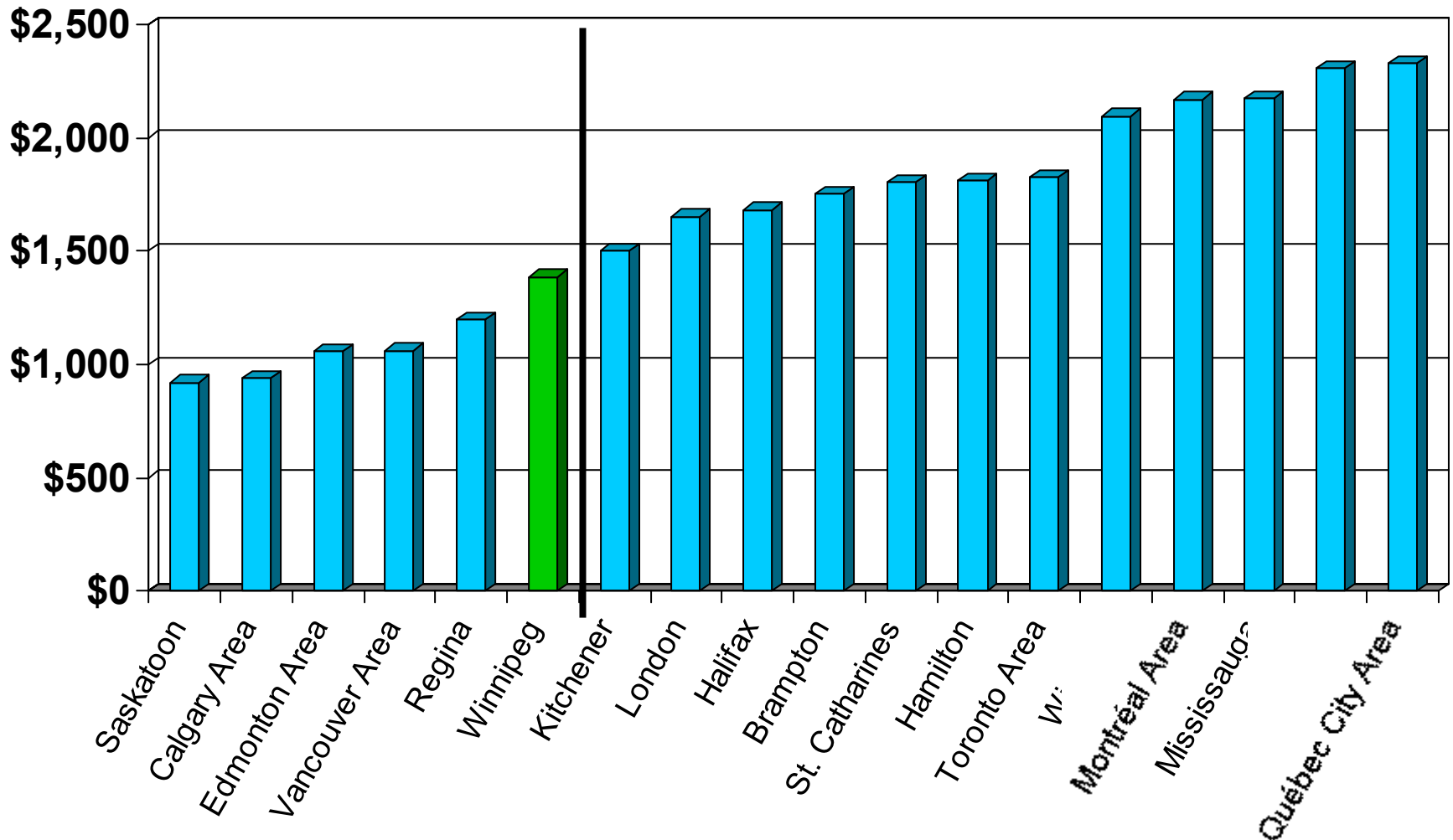
Adjusted to 1990 constant dollars
(factored out inflation)



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

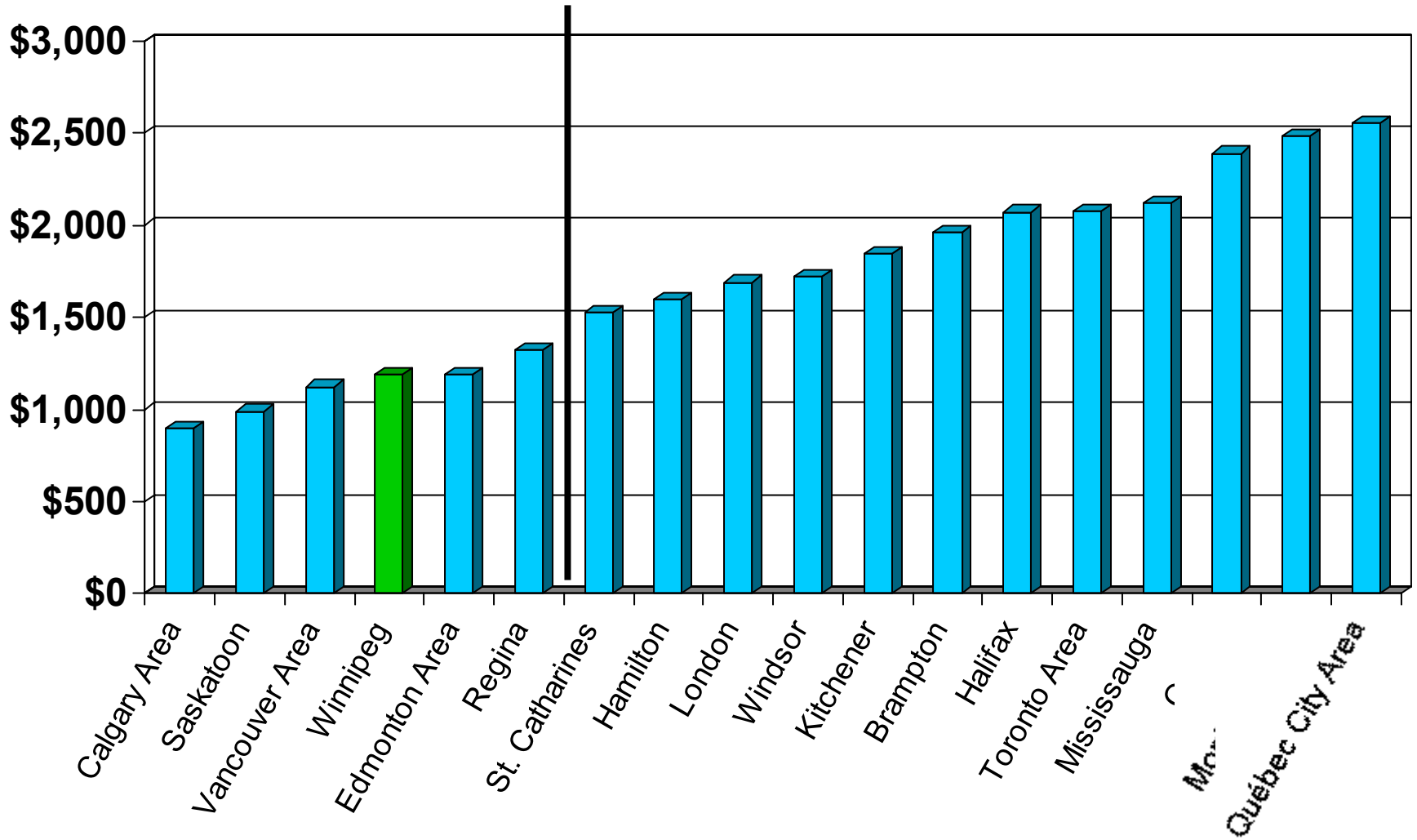
Bungalow – 1,200 sq ft, 3 bedroom



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

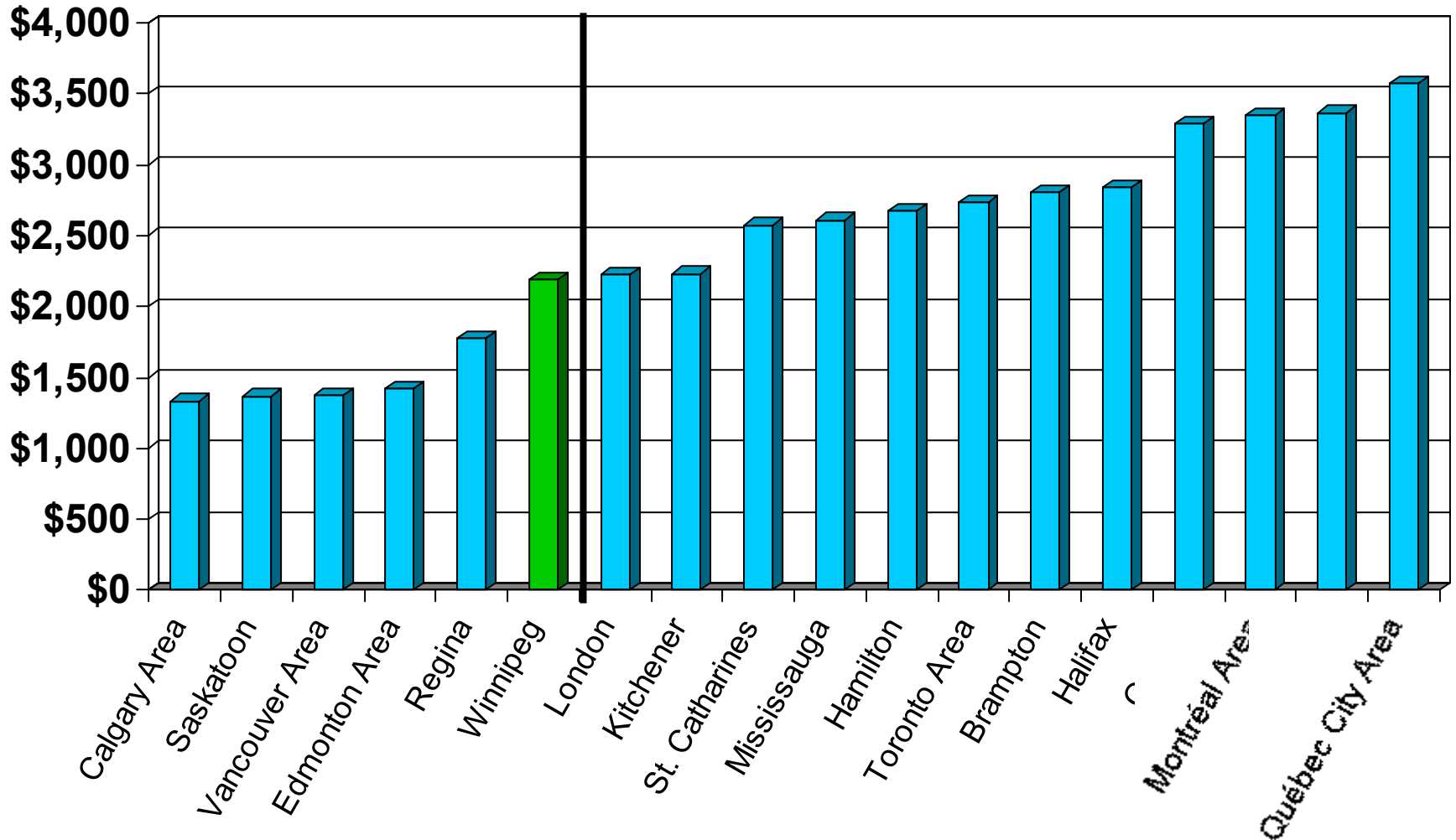
Standard Two-Storey – 1,500 sq ft, 3 bedroom



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.

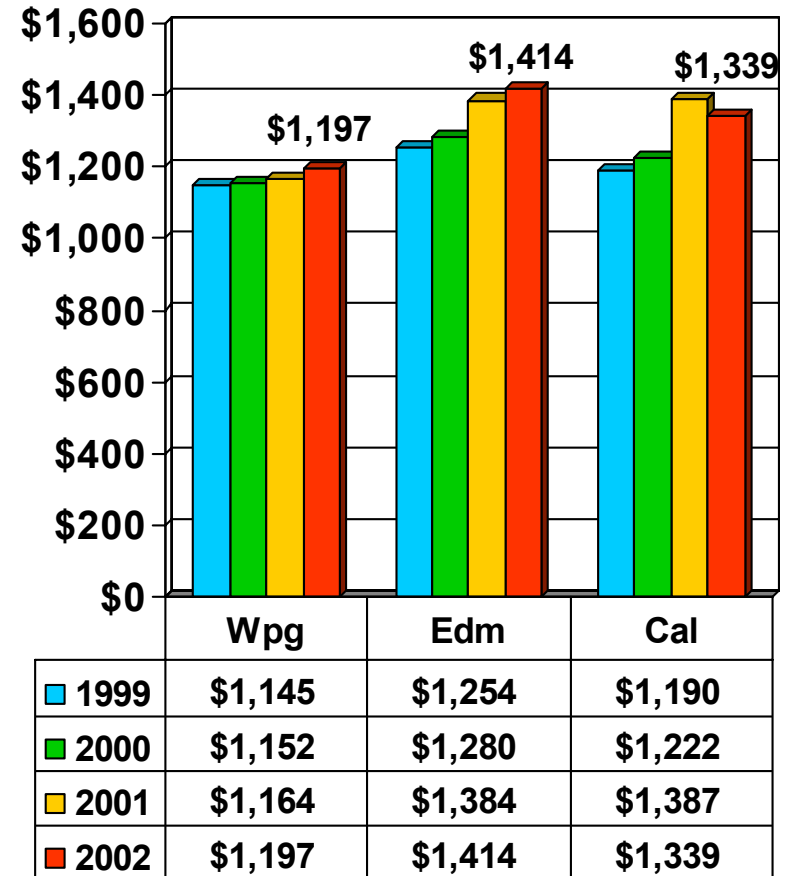
Restated Budget: Winnipeg budget was significantly restated in order to match Calgary and Edmonton budgets.

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

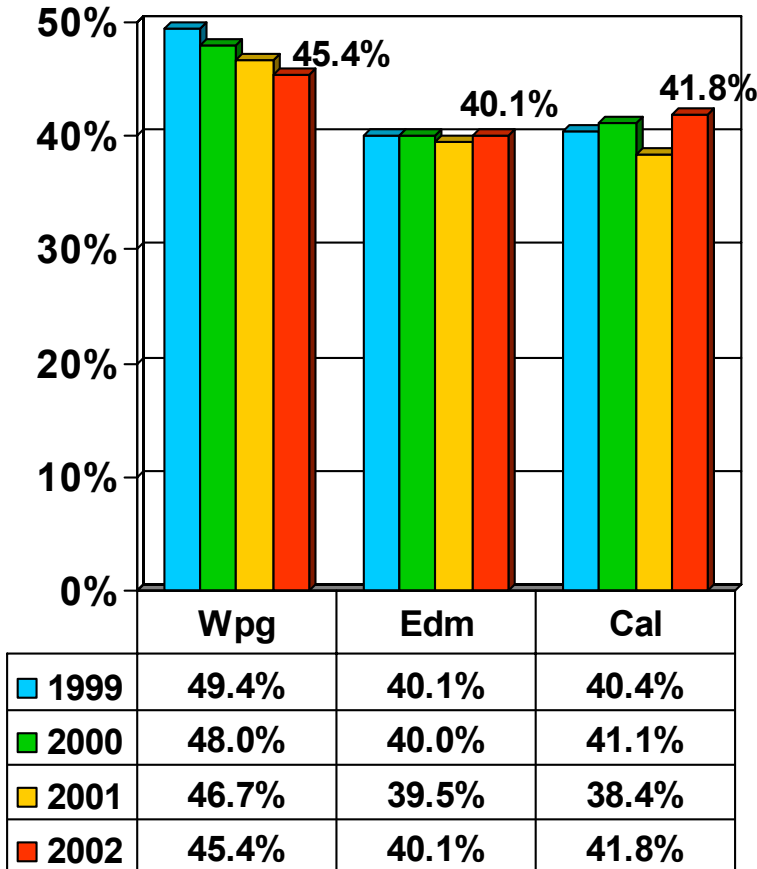
Property Tax

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.

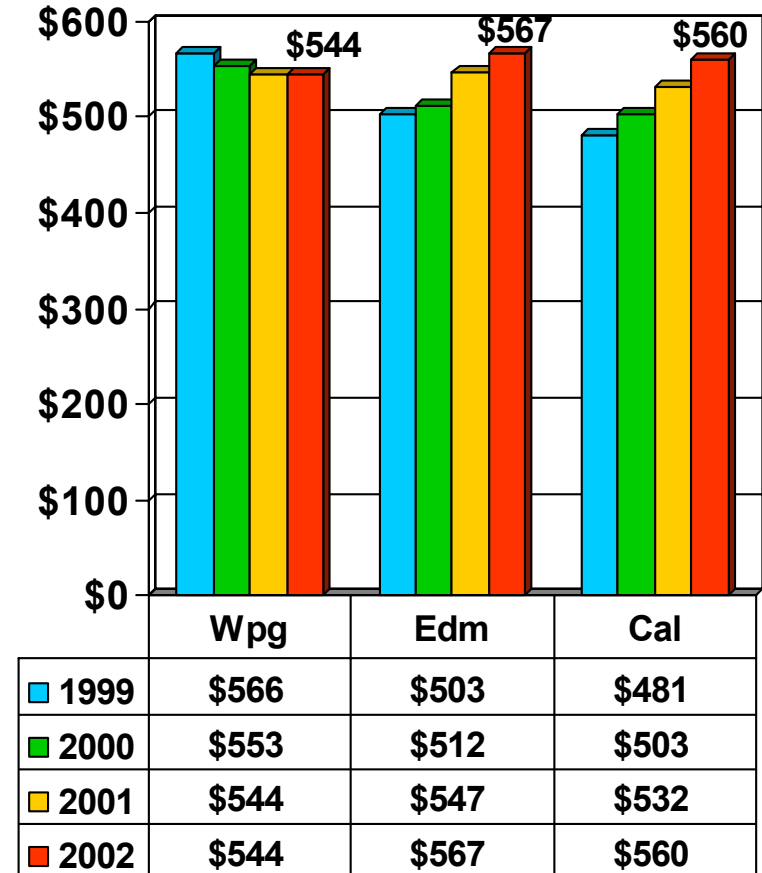
Reliance on Property Tax

As % of Total Budget



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

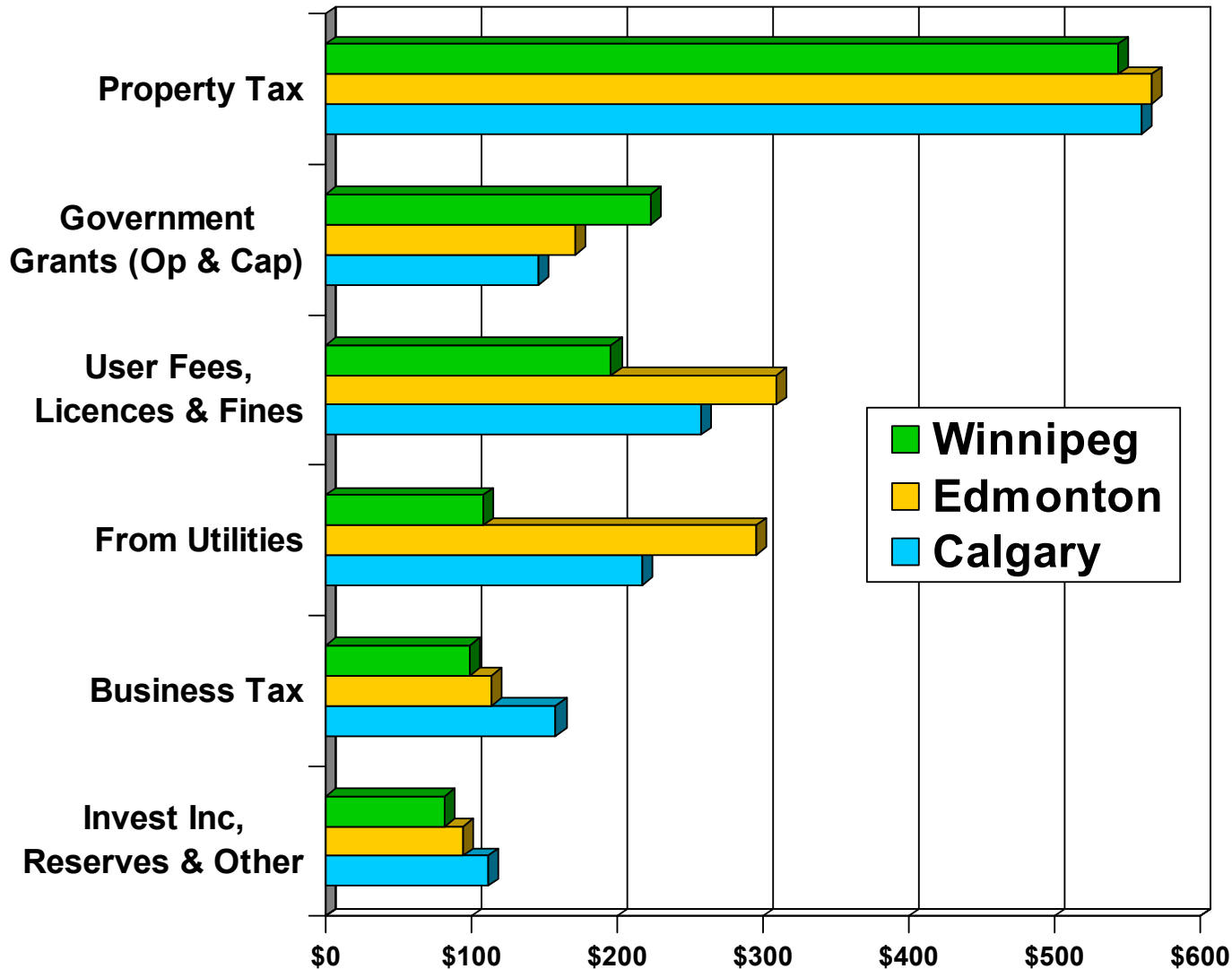
As Dollars Per Capita



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

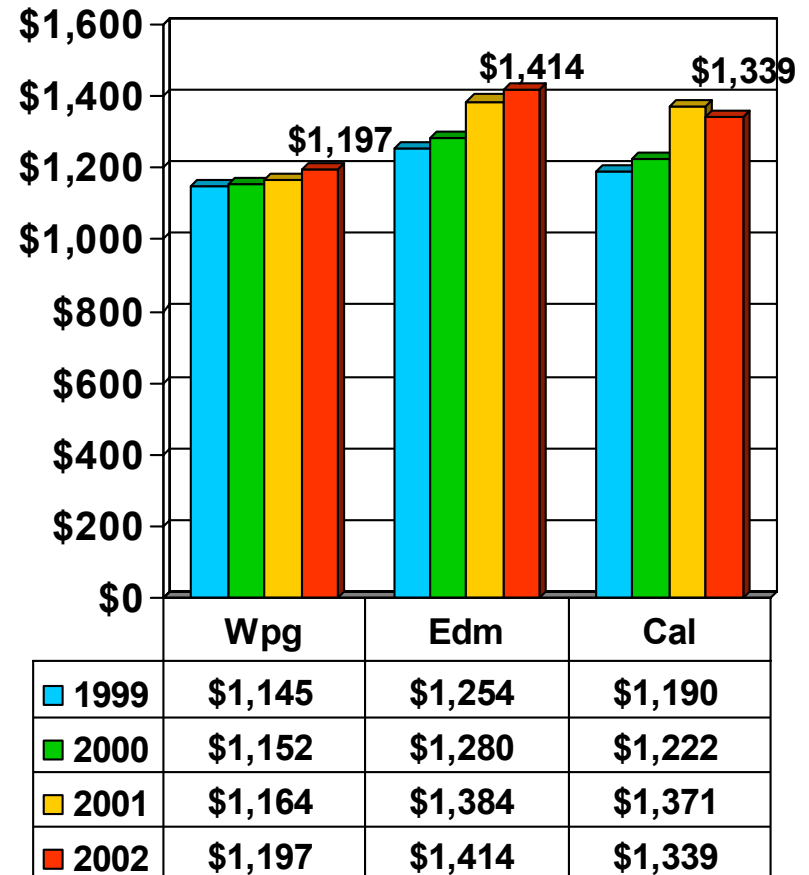
Total Expenditures

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

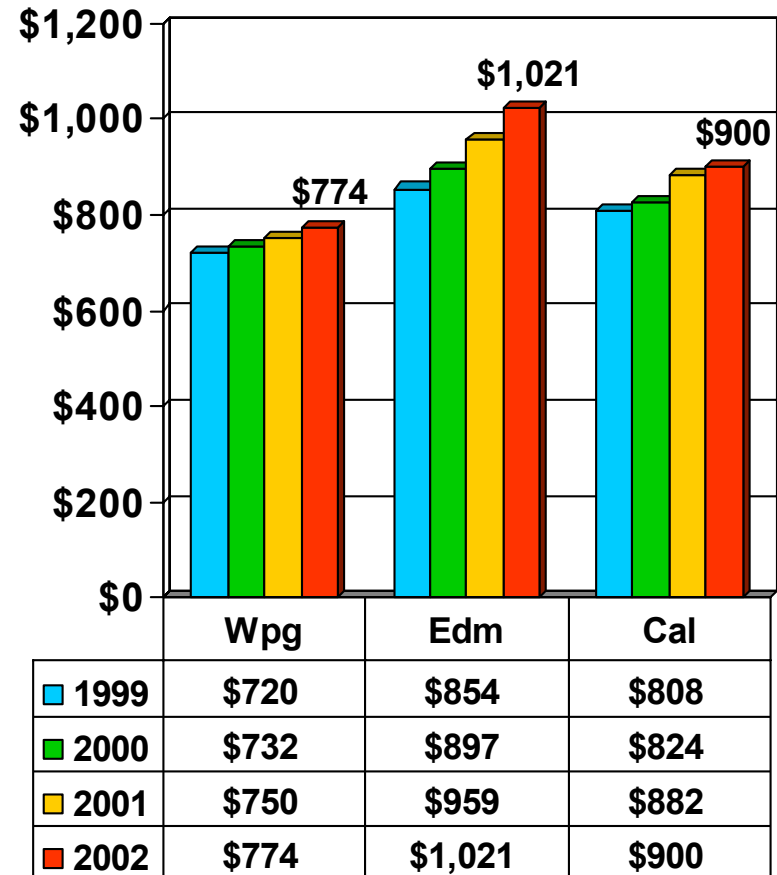
For direct expenditures on principal public services, Winnipeg spends the least on a per capita basis.

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

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

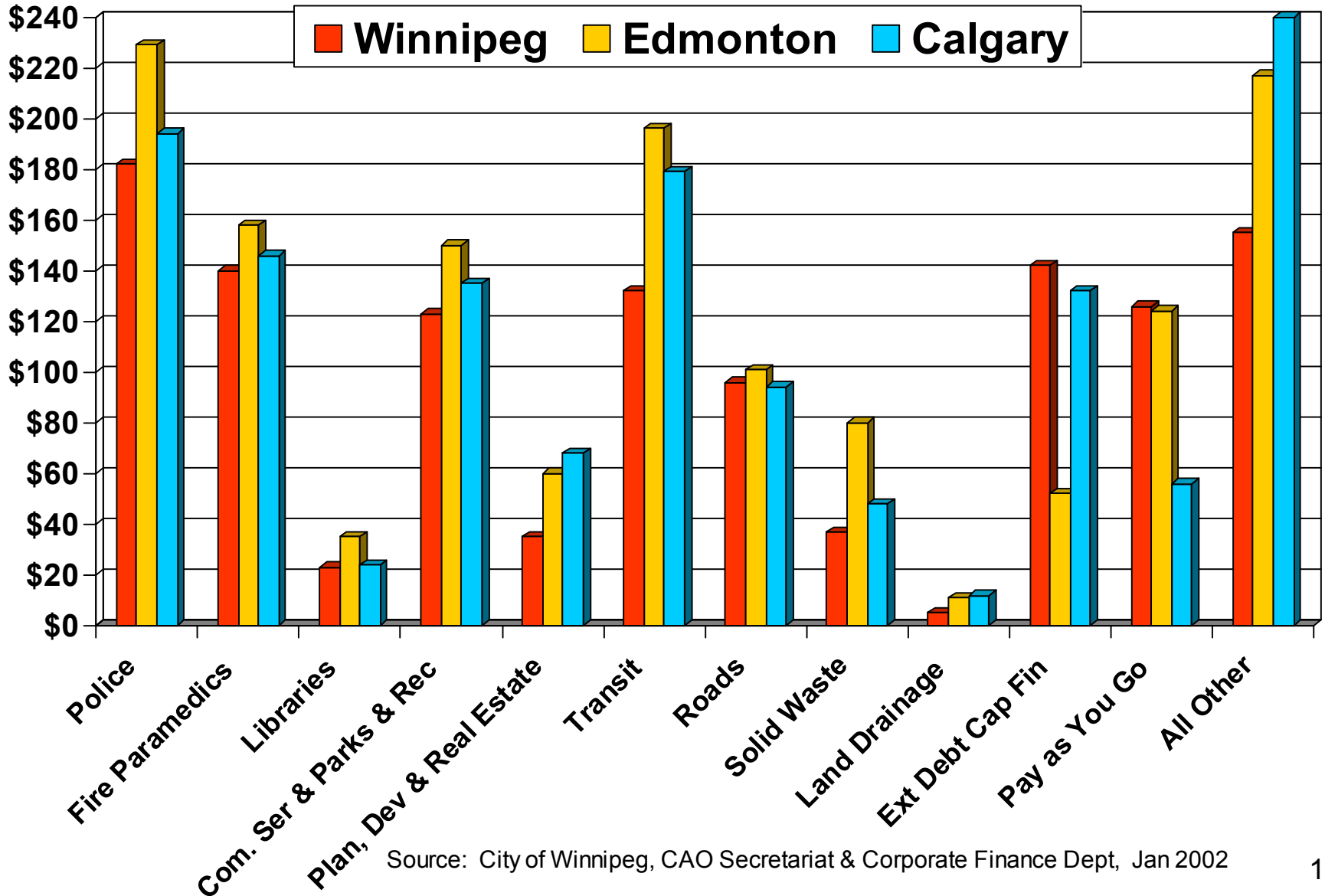
Police; Fire; Ambulance; Libraries; Community Services including parks & rec; Planning, Development & Real Estate; Transit; Roads; Solid Waste; and Land Drainage.

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**

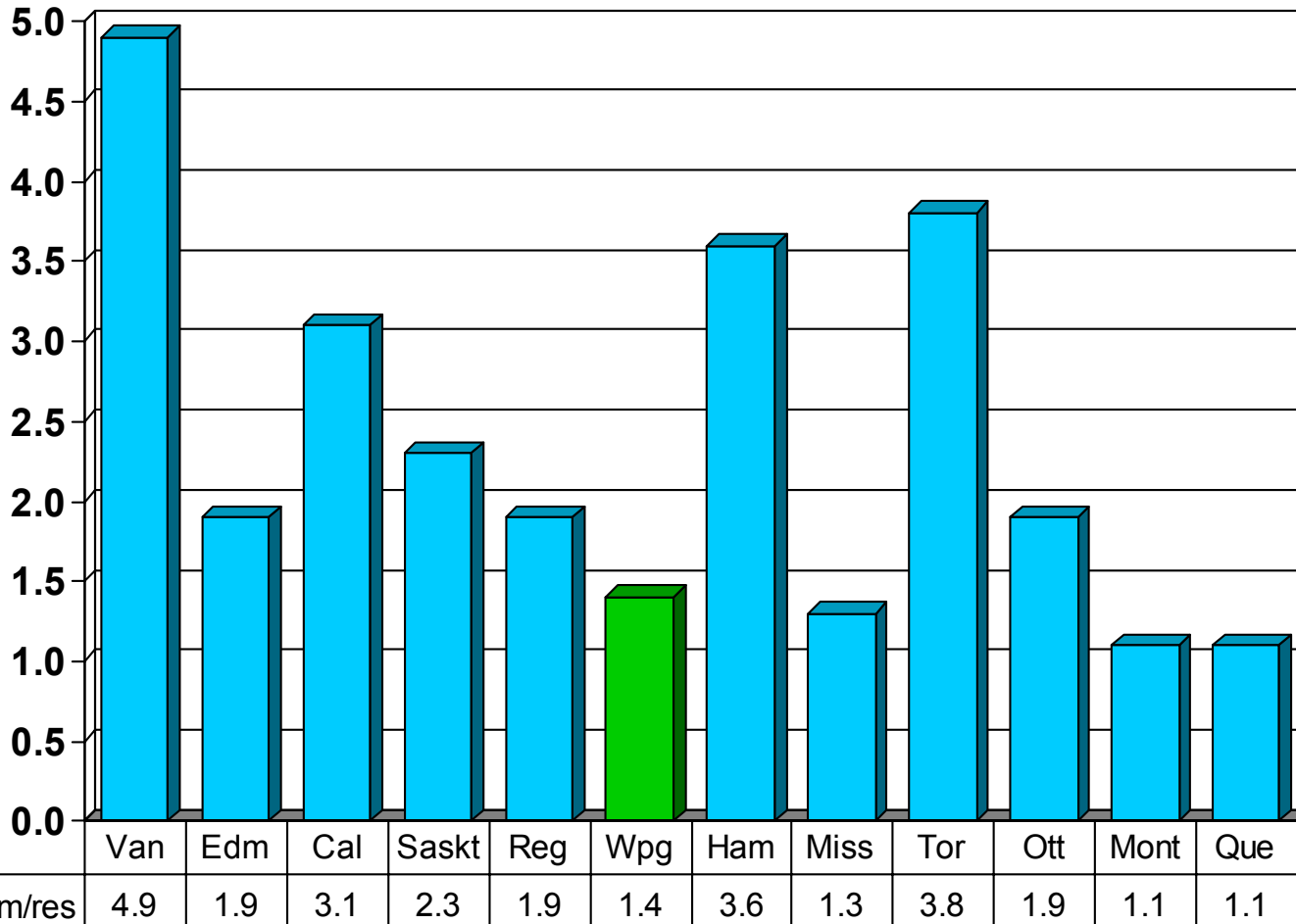
Which Large City has a Business Tax

	<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.

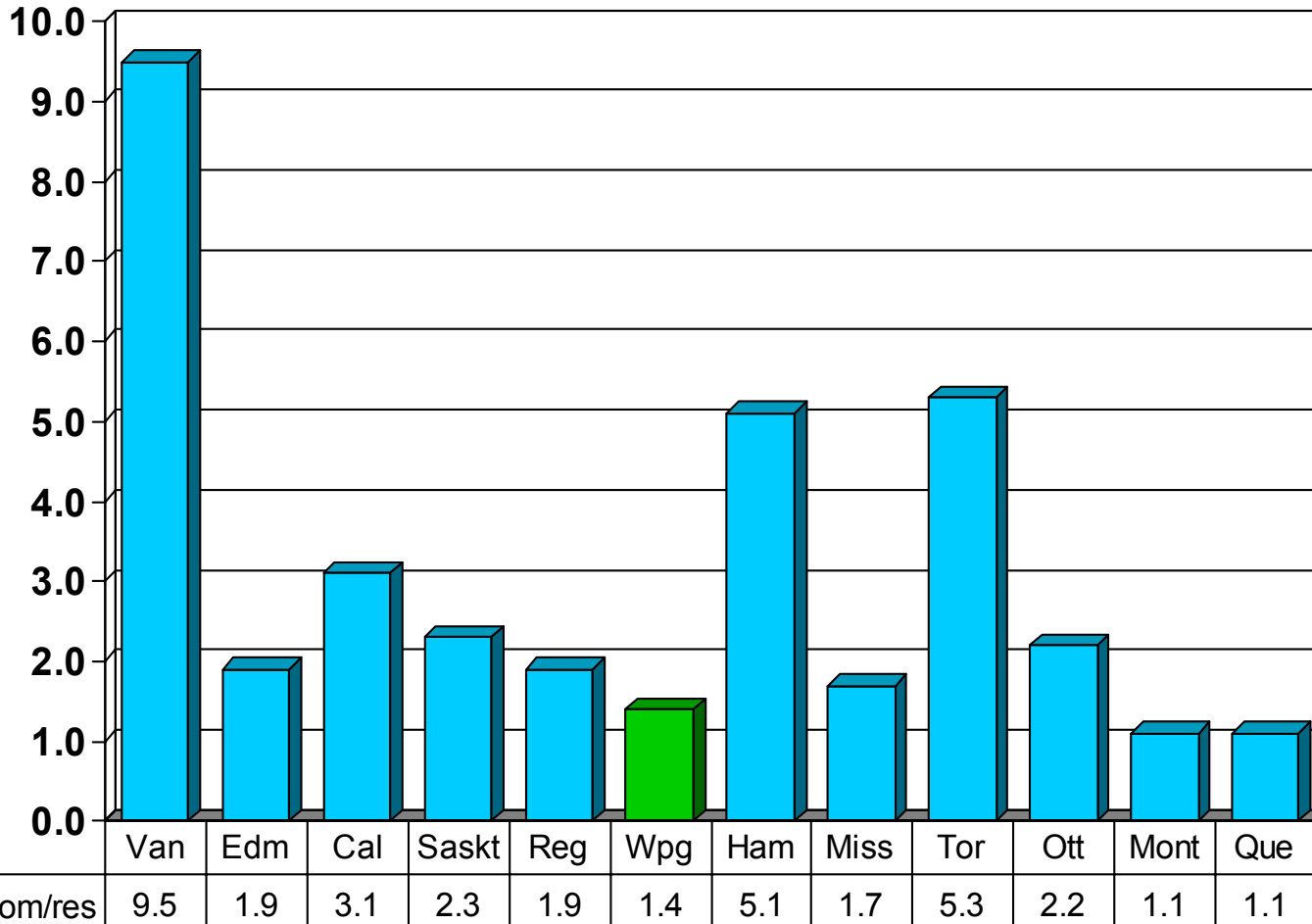
Calgary taxes its commercial properties at a rate 3.1 times more than its residential prop.

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.

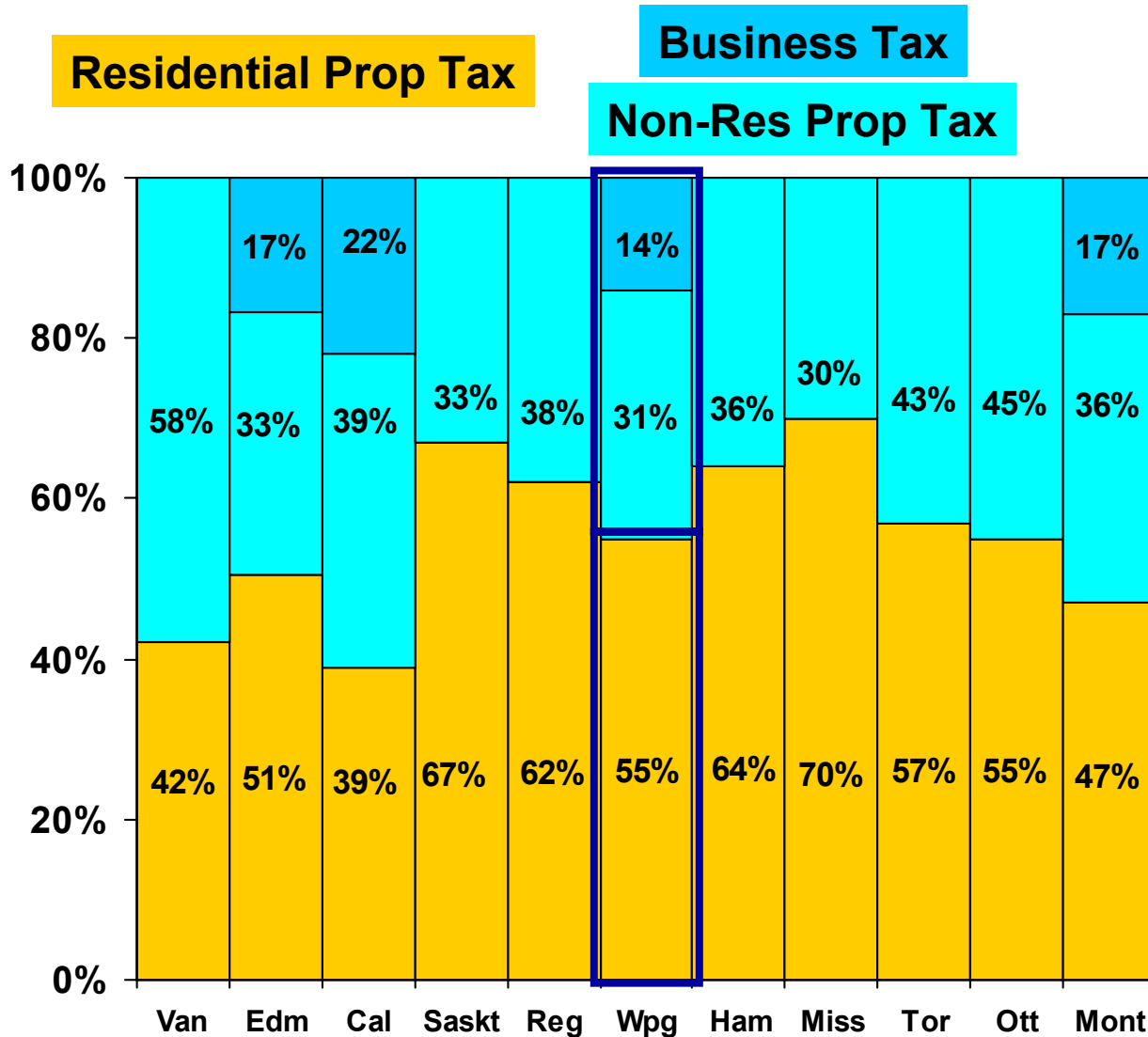
Ind to Res Ratio:

**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

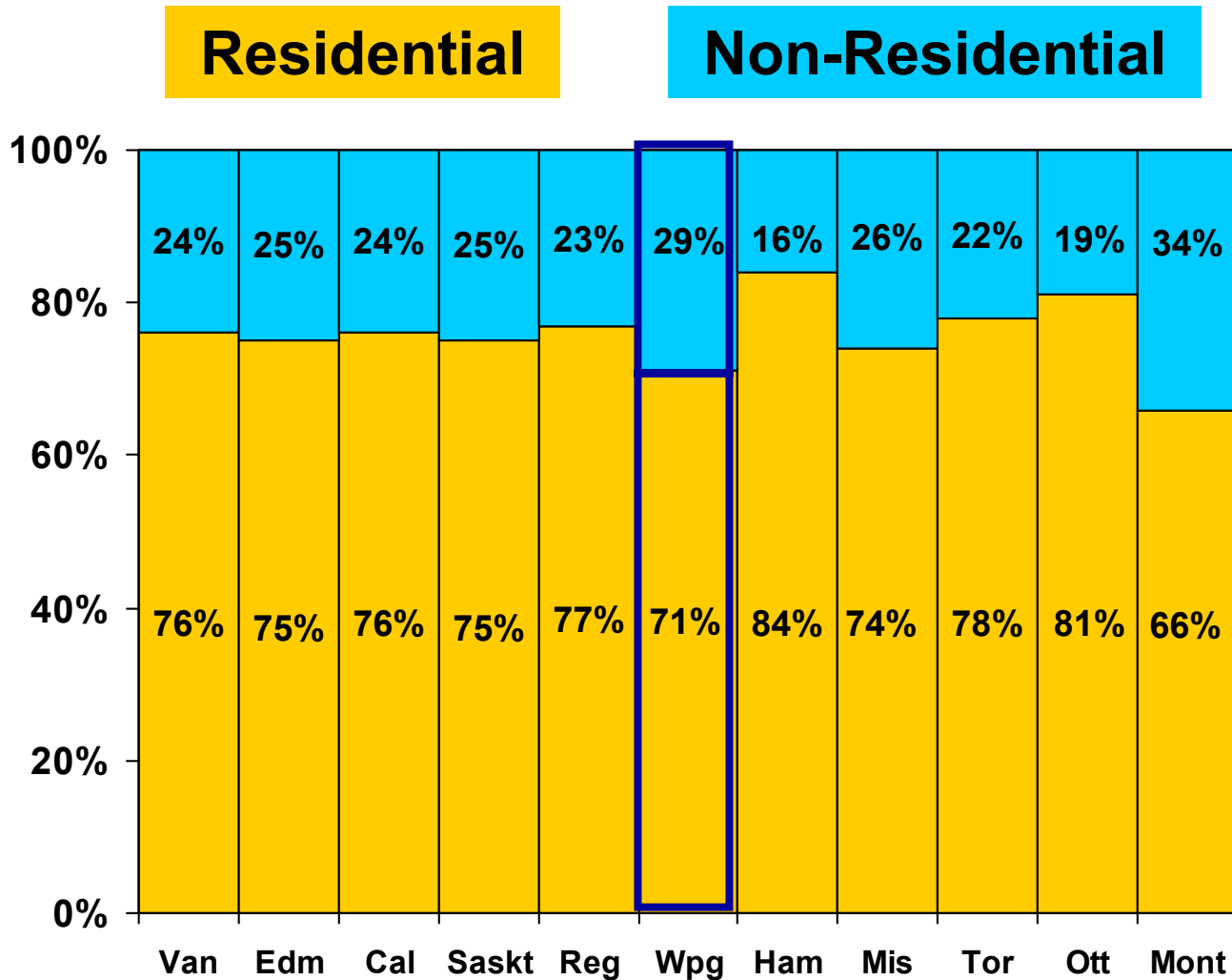


Winnipeg has a lower reliance on commercial /business taxation as compared to the other large western cities.

**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



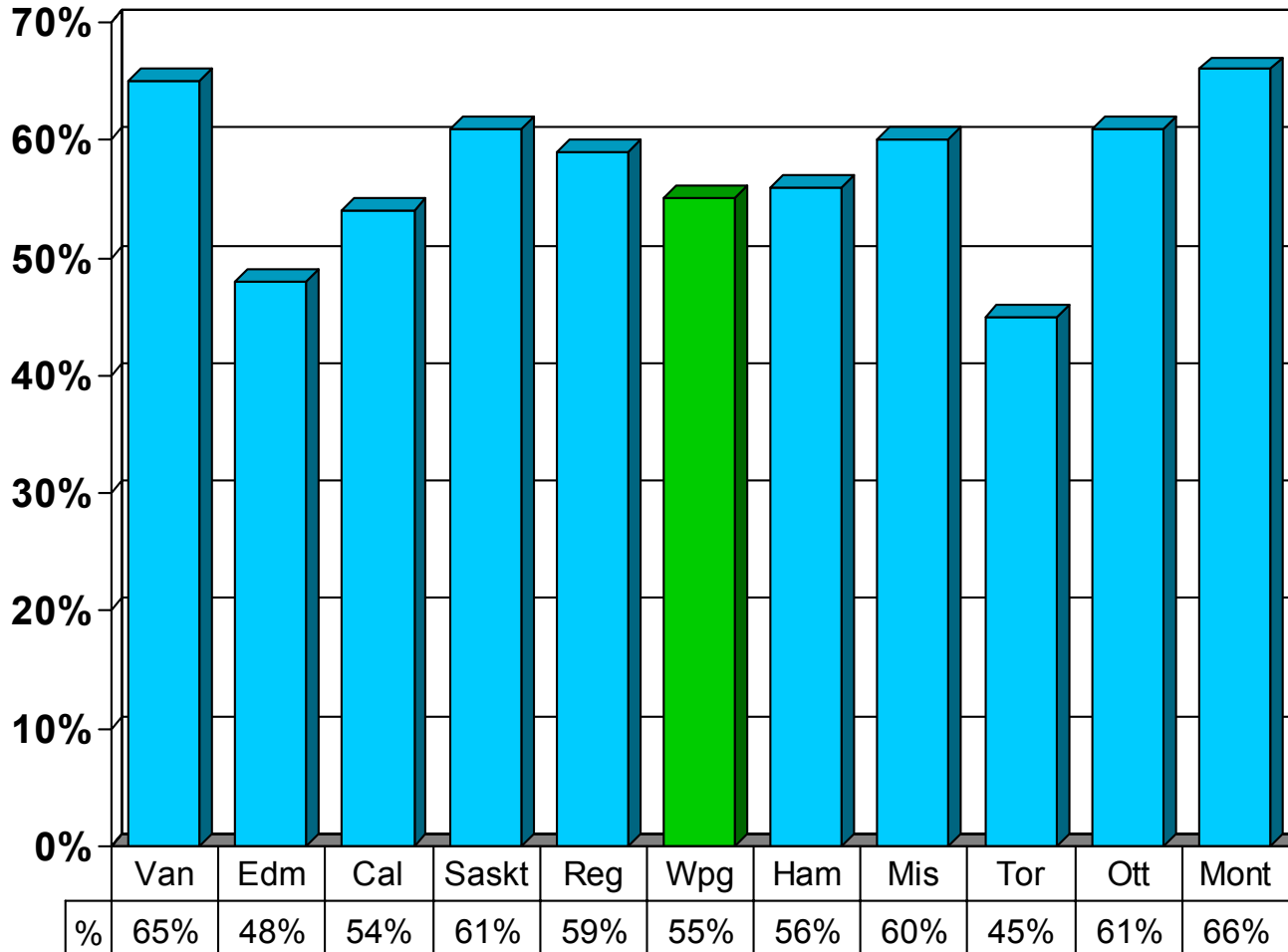
The mix of residential to non-residential property value is similar in most Canadian cities.

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.

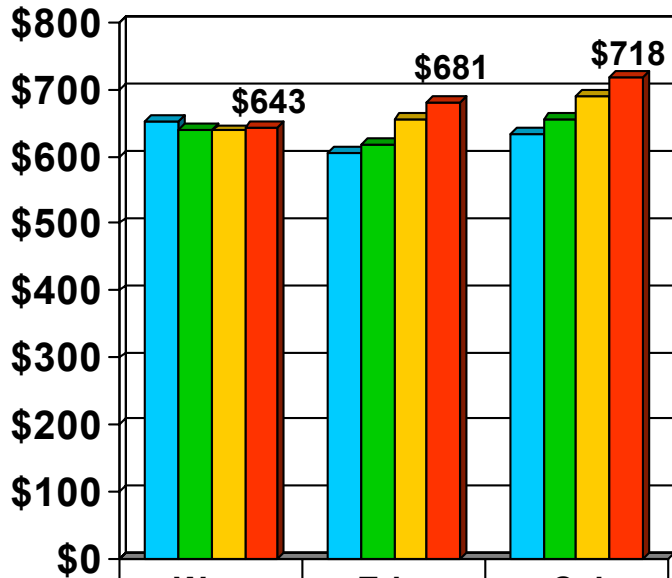
Many Eastern cities provide many social needs services such as welfare, daycares, shelters etc.

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



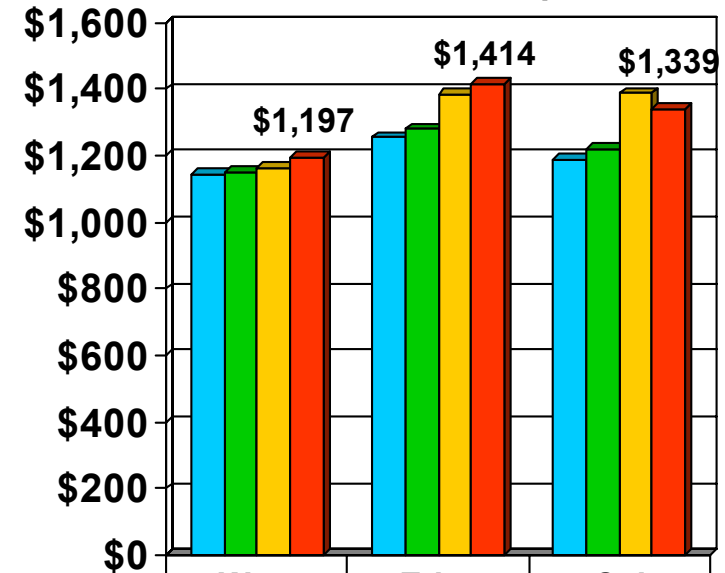
	Wpg	Edm	Cal
1999	\$652	\$606	\$633
2000	\$640	\$617	\$656
2001	\$638	\$655	\$690
2002	\$643	\$681	\$718

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



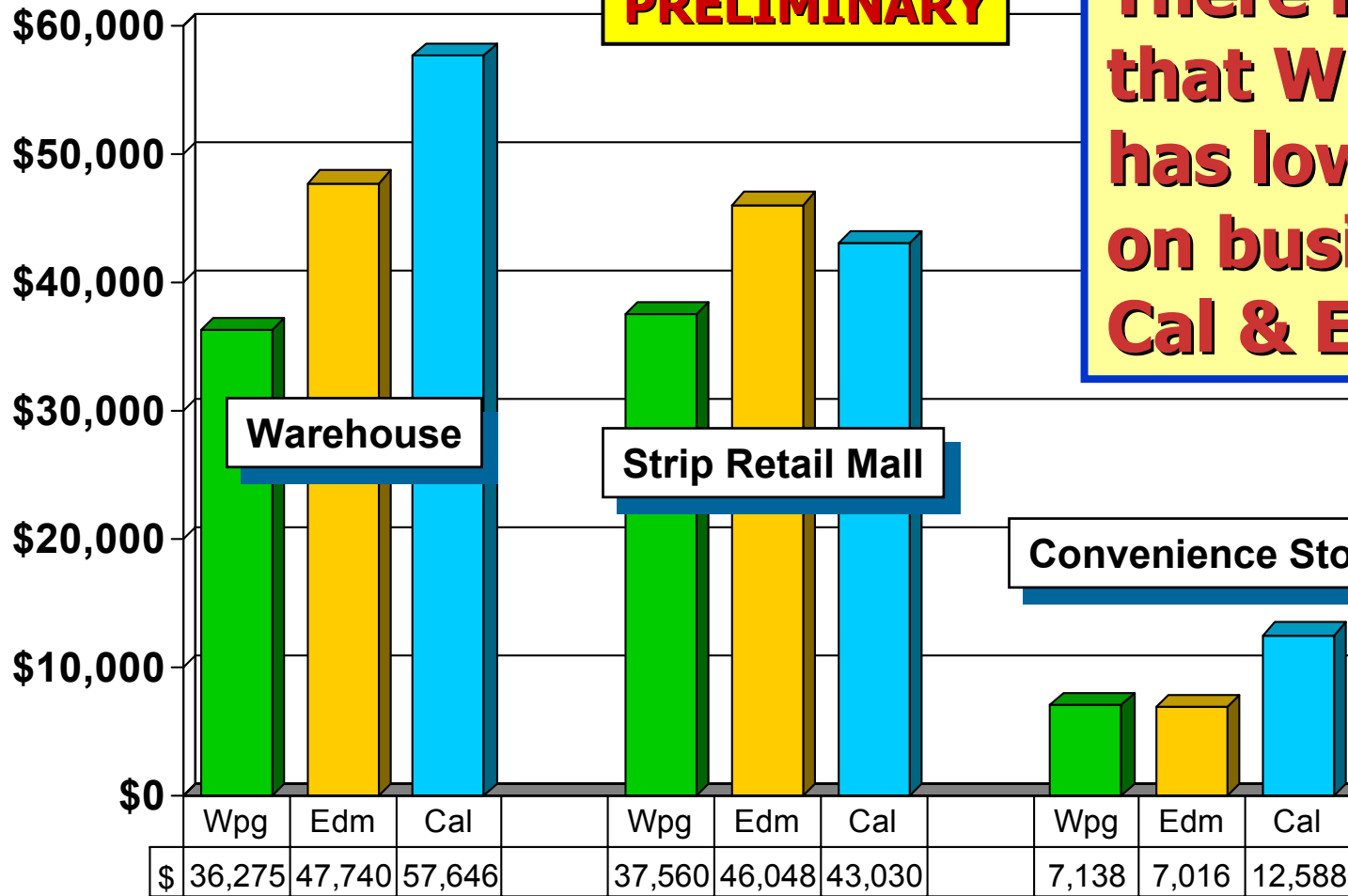
	Wpg	Edm	Cal
1999	\$1,145	\$1,254	\$1,190
2000	\$1,152	\$1,280	\$1,222
2001	\$1,164	\$1,384	\$1,387
2002	\$1,197	\$1,414	\$1,339

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?

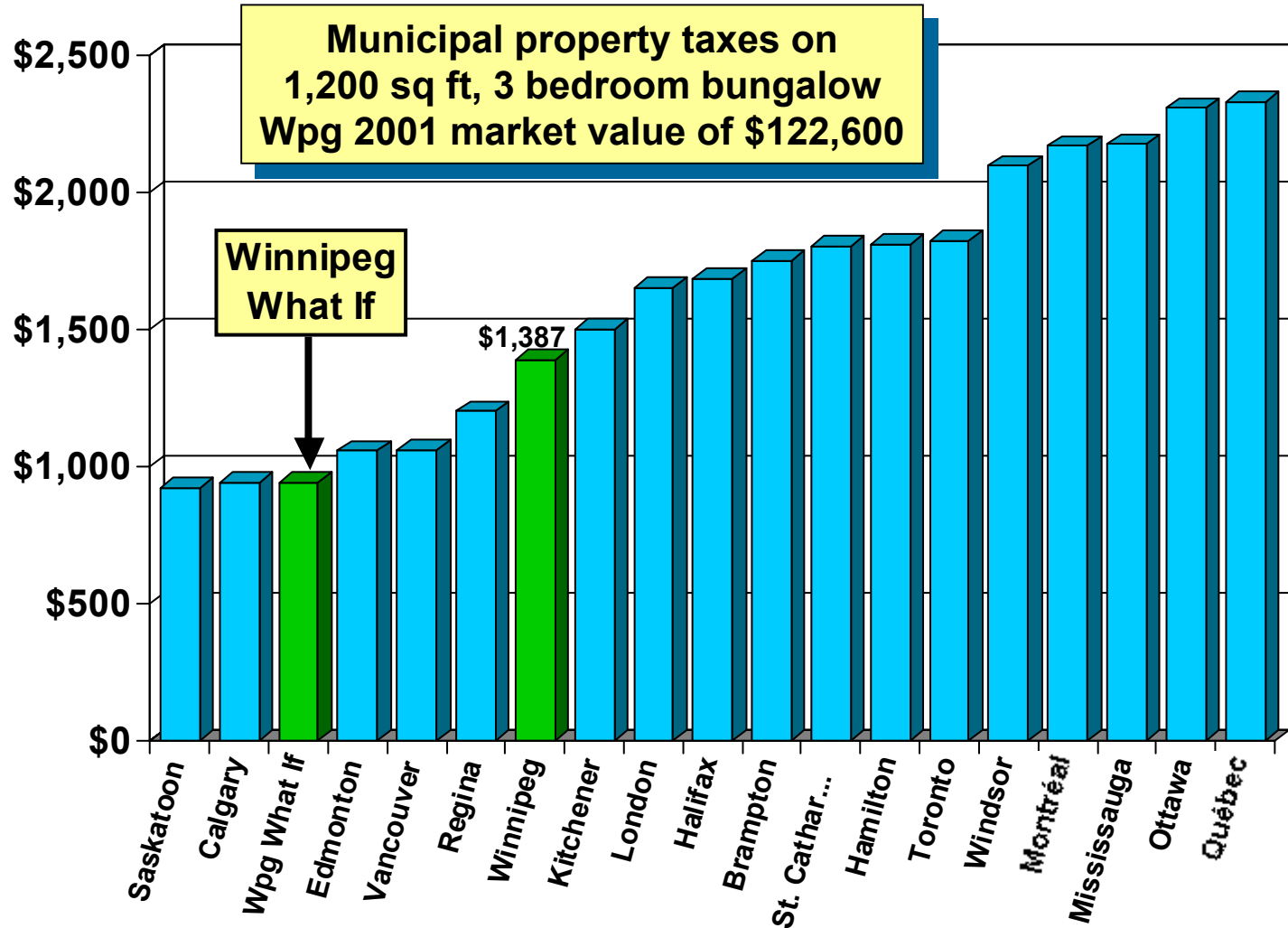
**3.1 : 1 ratio
com to res**

**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?

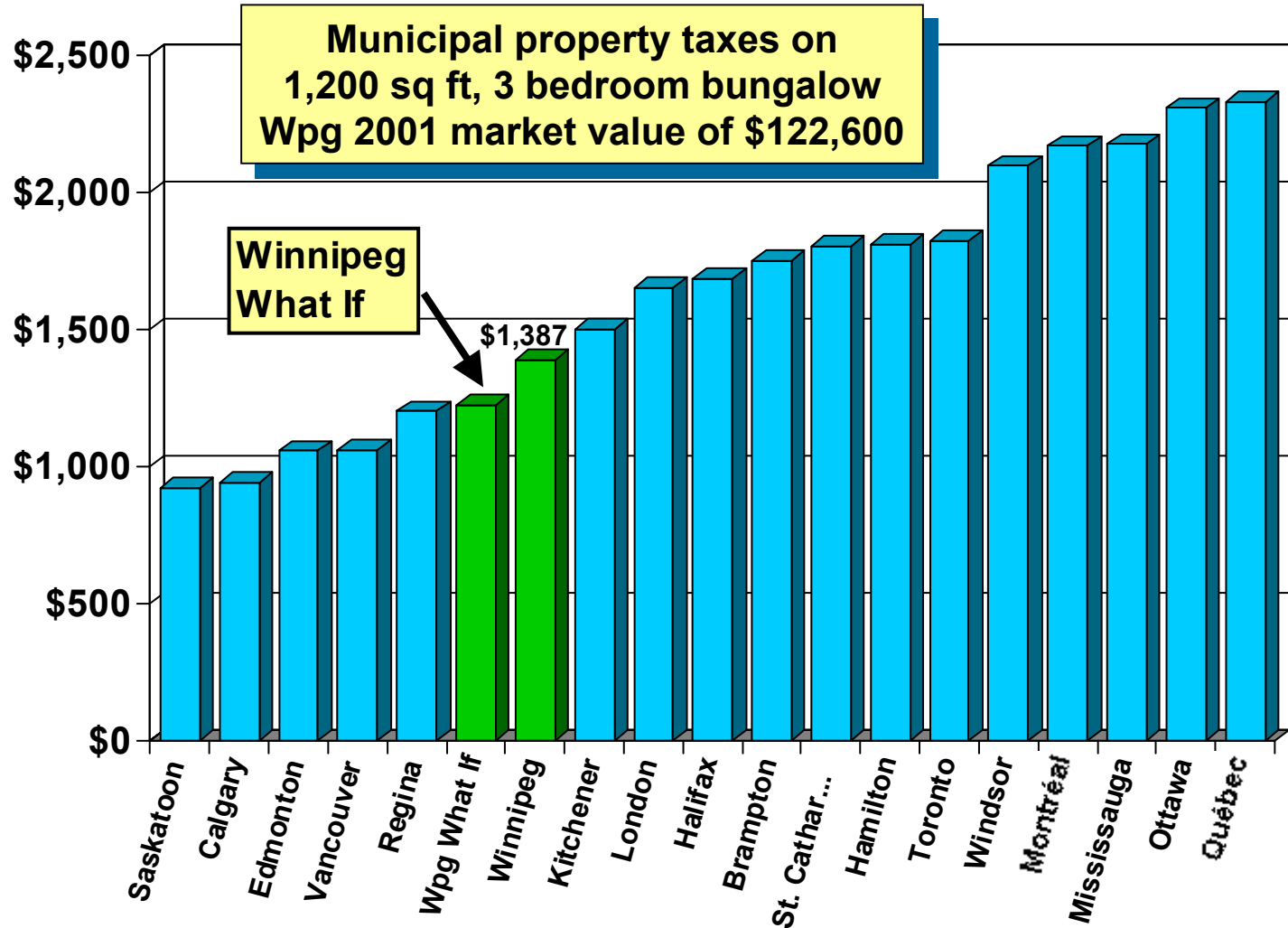
City would acquire an additional \$39 million in user fees.

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)

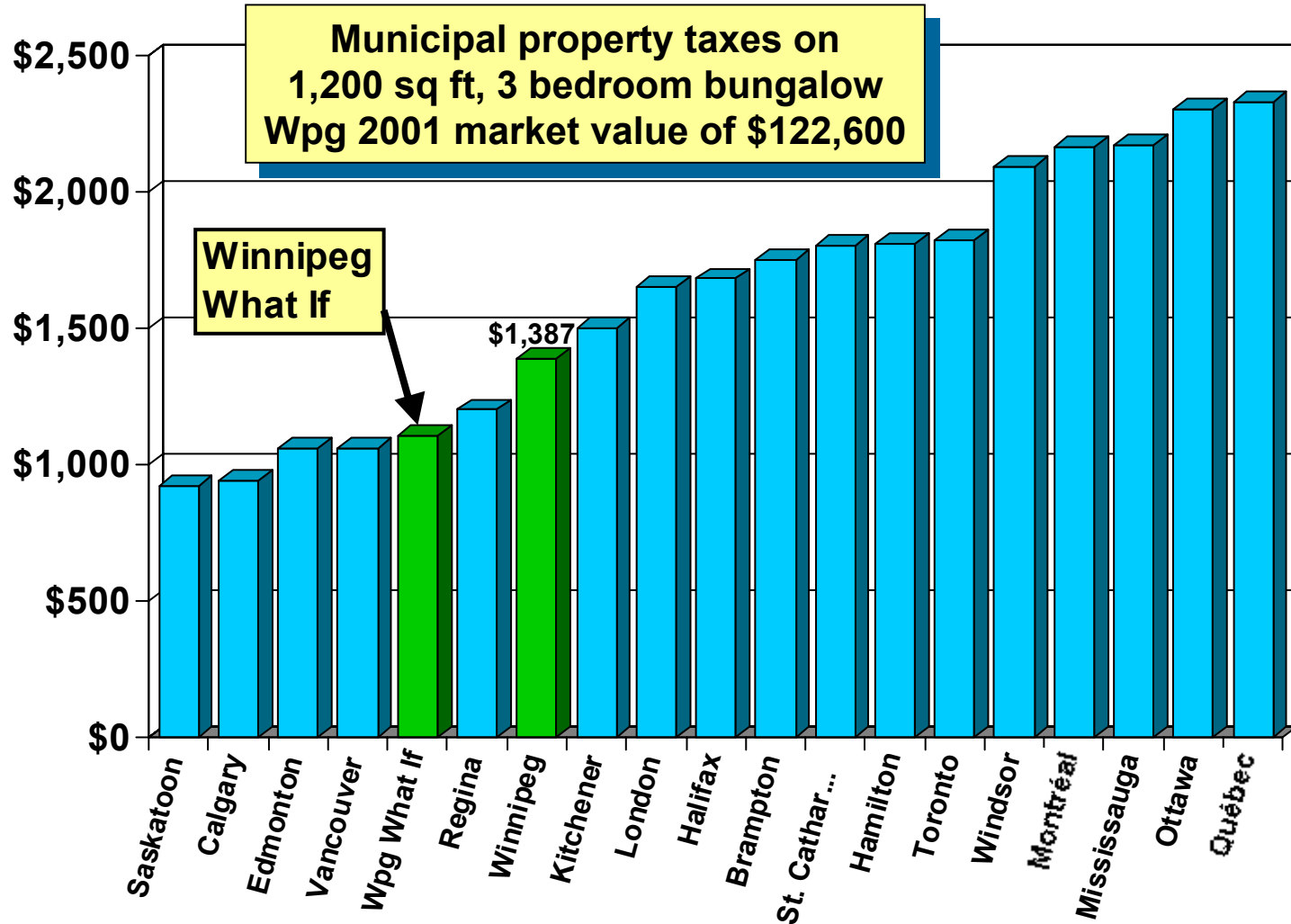
City would acquire an additional \$69 million from utilities.

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

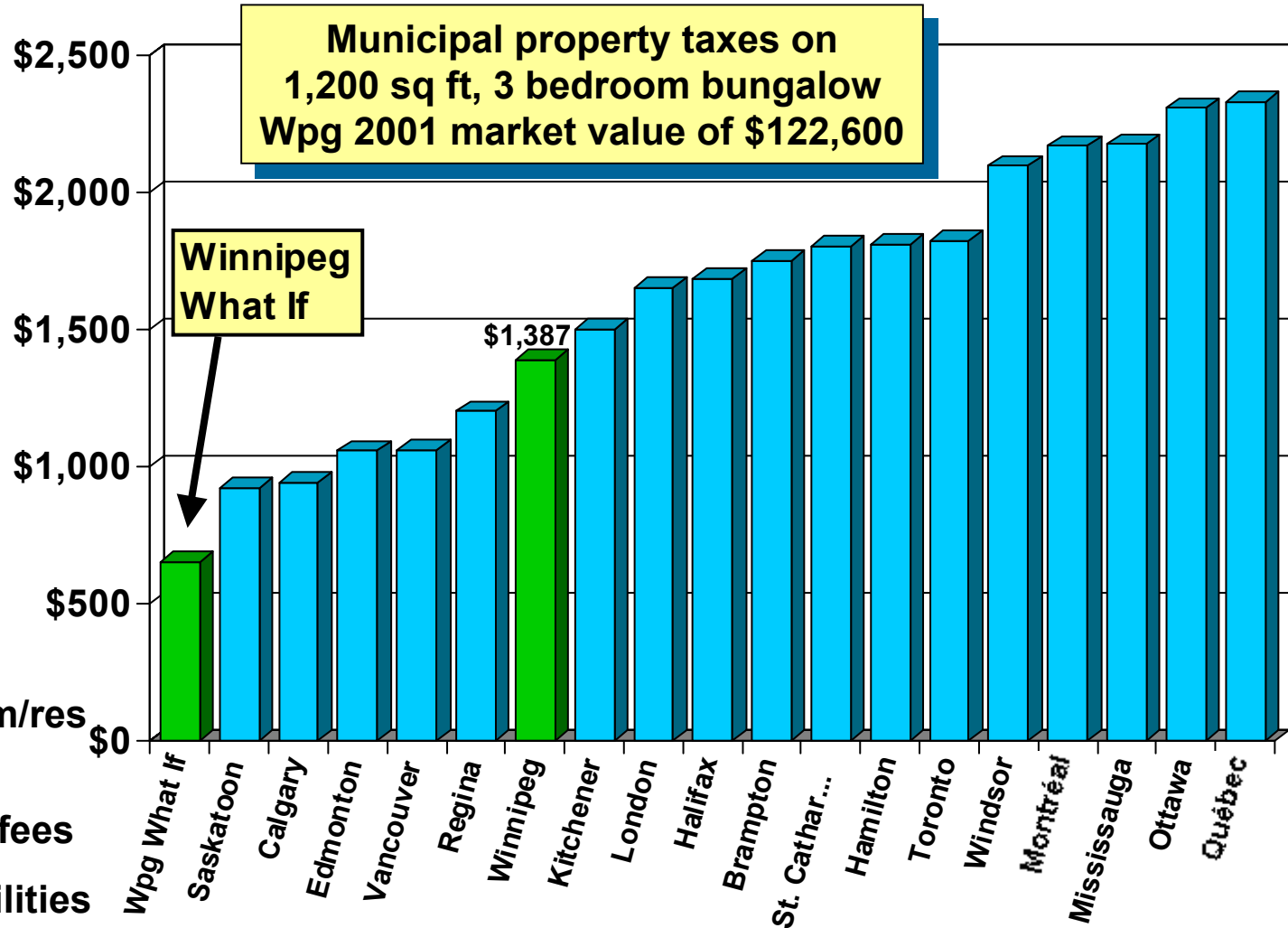
WHAT IF Winnipeg had same com to res tax rate ratio, user fees & utilities revenues per capita as Calgary?

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

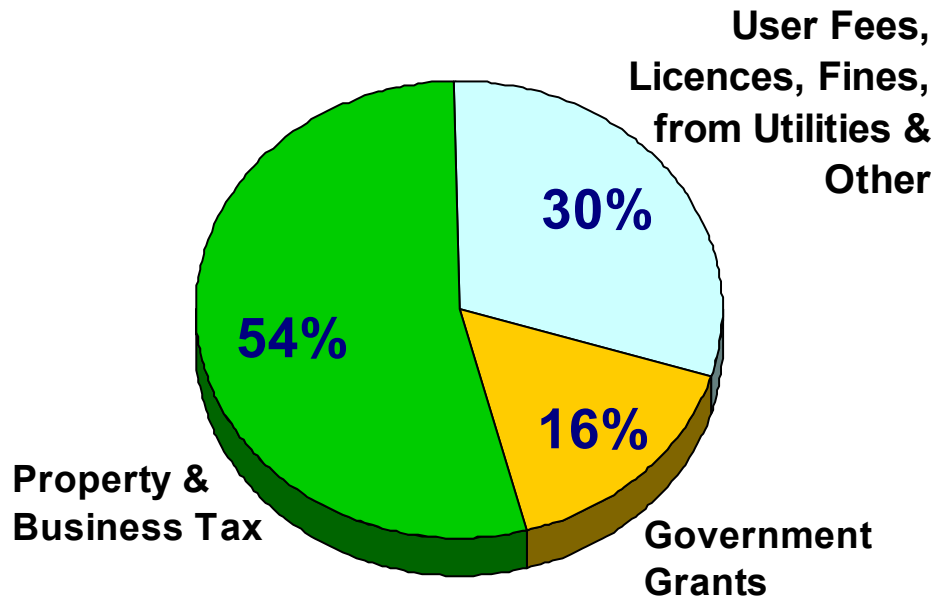
\$69 M extra from utilities



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

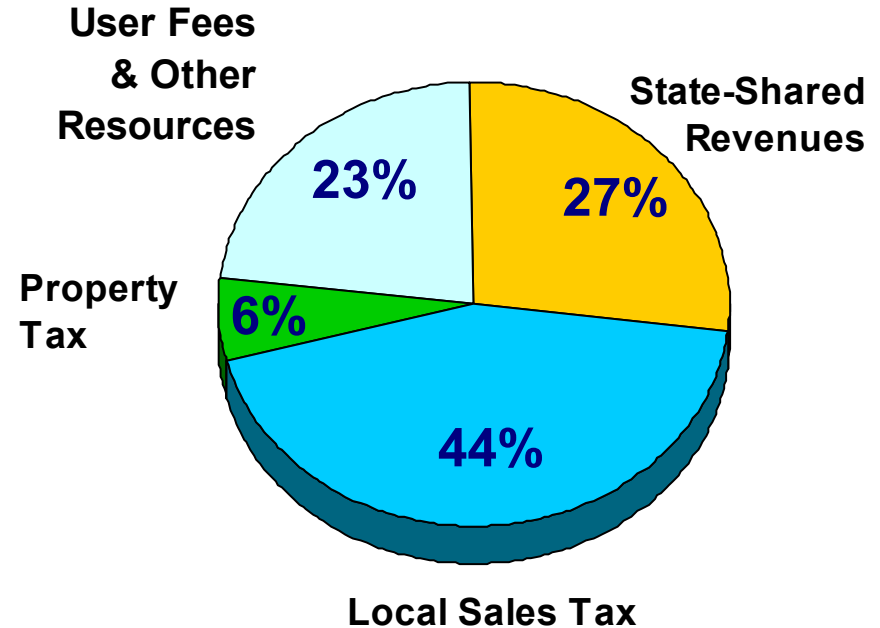
Sources of Revenue: The Differences are Striking

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%).