Tax and Assessment Information

As there have been a number of questions and comments regarding property taxes within the Village of Spring Lake, we have prepared a document that will outline how taxes are calculated on a yearly basis.

Property taxes and assessment are an important part of property ownership. Your property taxes are calculated using the market value assessment of your property. This means that each Spring Lake taxpayer is contributing an equitable portion of the overall taxes towards the operation of the Village of Spring Lake.

Assessment

The purpose of assessment is to distribute property tax among taxpayers based on the relationship of their property value to the total property value of the municipality. Determining the value of a property for taxation purposes is known as assessment. Assessed values are a means of fairly distributing the tax burden and ensuring that each property owner pays a fair level of tax in relations to his/her neighbor.

Assessment values are based on market values as of July 1 and the physical condition of the property as of December 31st of the previous year. Your assessment is based on typical market value, so any significant changes to your home will likely increase its market value. Therefore, your assessment may increase.

Example:
Property assessment represented on the 2008 Tax and Assessment Notice reflect the market value of your property on July 1, 2007 and physical condition of your property as of December 31st, 2007.

Properties within the Village of Spring Lake are reassessed annually in order to reflect market values by a qualified Assessor. These assessed values are audited by the provincial government in order to ensure proper valuation practices have been followed.

Total property assessment in the Village of Spring Lake for 2008 Tax and Assessment Notice = $84,445,500

Property Tax

Annually, Village Council approves the Village of Spring Lake's operating and capital budgets. To meet the service needs of the community, funding is received through grants, user fees or the municipal portion of property taxes, however, property tax is a main source of revenue for financing municipal operations. From the approved budget, the Village establishes a tax rate (mill rate) to be applied to property assessments. The tax rate is calculated by dividing the tax levy required by the total property assessment.

Example:
The Village of Spring Lake needed to raise $250,797.52 (Tax Levy) in 2008 and the total assessment was $84,445,500. The Tax rate was established at 250,797.52 / 84,445,500= .0029699 tax rate.

Your property taxes are calculated by multiplying your total property assessment by the applicable tax rate.

Example:
$300,000 (Property Assessment) x .0029699 (Tax Rate) = $890.97 (Municipal Taxes)

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In previous years, including 2008, The Village of Spring Lake has also implemented a Municipal Services Tax that is to supplement the cost of delivering village-wide services (ie: ambulance services, fire services, etc). In 2008 the Municipal Services Tax amount was $375.00 and was applied to all properties within the Village of Spring Lake.

Example:
$890.97 (Municipal Taxes) + $375.00 (Municipal Services Tax) = $1,265.97 Total 2008 Municipal Taxes

The Village of Spring Lake sets the tax rate once each year and includes the cost of all service delivery (with the exception of additional garbage pick-up beyond the one tote supplied). Many municipalities will charge extra for services like garbage pick-up or do not provide services such as streetlights, paved roads, garbage pick-up, playgrounds, etc.

In addition to the municipal tax rate, municipalities must set tax rates to raise requisitions for cost sharing programs, the most notable being the Alberta School Foundation Fund (Education Tax).

Education tax

In Alberta, education is funded partly through general provincial revenue and partly by property tax. The property tax portion is called the Alberta School Foundation Fund (ASFF). The ASFF is funded on the principle of province-wide cost sharing among municipalities according to the value of property. Each year the province strikes a provincial education tax rate that is used to determine each municipality's contribution to the Fund. Much like the local tax rate calculation, the ASFF's revenue requirements must be divided by the total provincial property value or equalized assessment to determine the tax rate. The only difference is the education tax rate is based on the previous year's property values. Although municipalities collect education taxes, the funds go to the province.

Growth

New subdivisions do add expenses to the tax rate supported by the budget when the Village begins to provide those services from which all citizens benefit, such as ambulance services and fire protection services. However, the property owners in the new subdivisions also pay property taxes into the Village's general revenues. Their tax dollars contribute to paying for Village services, including maintenance and replacement of infrastructure in all subdivisions.

When a new subdivision is developed in the Village of Spring Lake, many of the direct on-site costs of servicing the new subdivision are initially paid by the developer. Local services, such as streets, are all paid for entirely by the developer and are installed to the Village's specifications. These services are only taken over by the Village when they have been inspected and accepted as meeting the Village of Spring Lake's standards.

For additional information, please feel free to contact the Village Office.

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