

# *Rural Municipality of Heart's Hill No. 352*

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## **3.1 TAX LEVY**

### ***DEFINITION:***

The amount of revenue to be raised annually by the Municipality through the taxation of landowners and commercial businesses operating within the Municipality.

### ***POLICY:***

It is the duty of Council to levy taxes for the year. The tax levy is the Municipality's main source of revenue. Council needs to take into consideration their operating budget, their five year capital asset plan, and the assessment value of the various classes of land and improvements. Council shall set a uniform mill rate and may apply the various tax tools (mill rate factor, minimum tax, base tax) to generate sufficient revenue to cover annual operating costs and their five-year capital asset plan. If mill rate factors are applied, Council must ensure the ratio between the highest and lowest factor falls within Provincial limits.

A uniform mill rate and tax tools, if used, are to be set by the May meeting so taxes can be levied by August 15<sup>th</sup>. A bylaw is required if tax tools are being used. The mailing of tax notices must take place by September 1<sup>st</sup>.

If Council wishes to establish or change discounts and penalties, it must be done through the passing of a bylaw.

### ***RATIONALE:***

Council aims to keep taxes relatively constant over the years so ratepayers are not subjected to large fluctuations in taxation. Council needs to consider past and future operating costs and develop a five-year plan for capital assets so funds are set aside annually for large projects. The practice of developing capital asset funds will generate revenue through interest and eliminate the cost of borrowing.

The offer of discounts and risk of penalties encourages early payment of taxes.

### ***AUTHORITY***

Bylaw 4/18: Bylaw to Establish Property Tax Incentives and Penalties

Bylaw 5/20: Bylaw to Establish Mill Rate Factors

The Municipalities Act: 263(1)(b), 267(1), 272(1), 283-286