­­­­

Base Tax Bylaw

Sample Template – January 2023

*Disclaimer – This sample template is intended to be used as a guide by municipalities to develop a bylaw. The content must be modified and formatted to suit the needs of the municipality. It is strongly encouraged that municipalities work with their legal counsels to ensure the procedures address the specific needs and capabilities of their council.*

Explanatory Notes

A base tax is a tool council can use to reduce the difference in property taxes between lower and higher assessed properties. Base tax is a specified amount of money that may be applied to only land, only improvements or all property (land and improvements) within the chosen property class(es).

The amount chosen by council for a base tax can differ between property classes. When developing your base tax bylaw, it is important to understand properties that receive a statutory tax exemption, such as those in sections 292 and 293 of *The Municipalities Act*, are not subject to a base tax.

Rural municipalities (RMs) should be aware that a base tax on residential land affects not only the residential land in a hamlet, but also the three-acre residential yard site as described in clause 39(c) of
*The Municipalities Regulations.* At the request or consent of an organized hamlet (OH) board, a base tax may be different than that applied elsewhere in the RM. Sections of this bylaw template are applicable only for RMs wishing to use a different base tax for OHs, additional service areas (ASA) or special service areas (SSA). Towns, villages and resort villages must remove these sections and re-number the following sections accordingly.

This sample bylaw has two options council may use to establish base tax and its application. The first option creates a base tax with rates that differ between land and improvements within a property class. The second option creates a base tax with a rate that does not distinguish the type of property (land, improvements or both) within a property class.

When deciding to use base tax or any other tax tools, municipalities must keep in mind that the effective tax rate (ETR) for each property class cannot exceed a ratio of 7:1. In other words, the maximum ETR for a property class cannot be more than seven times greater than the municipality’s lowest ETR for a different property class. The ETR for each property class is determined by dividing the total municipal property tax levy by the taxable assessment for that property class.

This sample bylaw was created for municipalities that operate under *The Municipalities Act* only. The content must be modified and formatted to suit the municipality's needs. Optional matters and instructional information indicated in blue font must be reviewed, amended and removed, as necessary. It is strongly encouraged that municipalities seek their own legal advice when drafting any bylaw.

For more information about base tax and other tax tools, check out the **Municipal Tax Policy Guide** found on [saskatchewan.ca](https://publications.saskatchewan.ca/#/products/112011).

**BASE TAX BYLAW**

**[FULL NAME OF MUNICIPALITY]**

**BYLAW NO. \_\_\_\_\_\_\_\_\_\_**

**A BYLAW TO PROVIDE FOR A BASE TAX**

The Council of the [full name of municipality] in the Province of Saskatchewan enacts as follows:

1. This bylaw shall be known as the “Base Tax Bylaw.”
2. A base tax shall apply to the types and classifications of property included in the table below:

 ***OPTION 1:*** *Use the following chart where rates differ between land and improvements within the property class.*

|  |  |
| --- | --- |
| **Property Class** | **Type of Property** |
| Land | Improvement |
| Agriculture | [dollar amount] | [dollar amount] |
| Residential | [dollar amount] | [dollar amount] |
| Commercial & Industrial | [dollar amount] | [dollar amount] |

***OPTION 2:*** *Use the following chart where the specified amount will be set by property class only.*

|  |  |
| --- | --- |
| **Property Class** | **Base Tax** |
| Agriculture | [dollar amount] |
| Residential | [dollar amount] |
| Commercial & Industrial | [dollar amount] |

*Where an OH board has requested or consented to a different base tax within the OH than what is applied elsewhere in the RM, use the following section, and copy the appropriate chart from section 2. If not applicable, delete the section below and re-number the following sections accordingly.*

1. Notwithstanding section 2 of this bylaw, a base tax shall apply to the types and classifications of property situated within the Organized Hamlet of [name] included in the table below:

[Insert appropriate chart from section 2 and amend as it applies to the OH]

*If an ASA has been established by bylaw in an RM, use the following section and copy the appropriate chart from section 2. If not applicable, delete the section below and re-number the following sections accordingly.*

1. Notwithstanding section 2 of this bylaw, a base tax shall apply to the types and classifications of property situated within the Additional Service Area of [name] established as per Bylaw No. \_\_\_\_\_\_ included in the table below:

[Insert appropriate chart from section 2 and amend as it applies to the ASA]

*If a SSA has been established by Minister’s Order, use the following section, and copy the appropriate chart from section 2. If not applicable, delete the section below and re-number the following sections accordingly.*

1. Notwithstanding section 2 of this bylaw, a base tax shall apply to the types and classifications of property situated within the Special Service Area of [name] included in the table below:

[Insert appropriate chart from section 2 and amend as it applies to the SSA]

1. Bylaw No.\_\_\_\_\_\_\_\_\_\_ is hereby repealed.
2. This bylaw shall come into effect on [specified date] / [the day of its final passing].

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[Reeve]/[Mayor]

 {Seal}

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Administrator

Read a third time and adopted

this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Administrator