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May 28, 2025

City Council
City of Medicine Hat
580 First Street SE
Medicine Hat, AB T1A 8E6

Dear Mayor and Members of Council,

Re: Property Tax Ratio Update and Policy Recommendation

On behalf of the Southeast Alberta Chamber of Commerce, we are writing to provide an update on our policy regarding the non-residential to residential tax ratio and its implications for our business community.

As in previous years, our analysis focuses on comparability with similarly sized municipalities across Alberta. While a full provincial comparison will not be available until December, early indicators suggest that Medicine Hat continues to make progress in narrowing the non-residential tax gap, based on the most recent available data for 2025.

There has been progress on the Tax Ratio and although the 2.0 tax rate target has not been formally adopted as policy, the non-residential tax rate has improved and now ranks in the top half of Alberta municipalities. We know Council continues to receive annual options in April that include narrowing the tax gap. In 2025, the approved recommendation reflects a smaller gap, which we view as a positive step.

The City has also made commendable improvements in the availability and clarity of property tax information, as well as the improved property tax calculator, the GIS assessment map, and e-tax options, which we believe support a better understanding among taxpayers.

We also know that 2025 presented unique challenges that are largely external:

- Alberta Education Tax: The 11.7% increase in the provincial education requisition is the primary driver of property tax increases this year. A further 2% increase is anticipated in 2026, excluding inflationary adjustments.
- Assessment Shortfall: A 0.6% decline in combined assessment value has resulted in a shortfall in expected tax revenue. Without significant growth in development or business activity, this gap will need to be addressed in 2026.
- Potential Relief: The reintroduction of Alberta grants in place of taxes (cut in 2020) may provide some relief, with an estimated value of \$600,000.

For context, the 2025 Property Tax Bylaw outlines the following impacts:

- Residential: A median home assessed at \$334,400 will see a \$206 annual increase (6.8%), primarily due to the education tax.
- Non-Residential: A sample property assessed at \$1,047,000 will see a \$1,532 annual increase (7.7%), with \$625 attributable to the education tax.

Given the progress made and the external factors influencing this year's tax impacts, we are marking our current tax ratio policy as complete. However, we suggest City Council continue to revisit the issue each year to monitor developments and ensure continued alignment with business community interests to reduce the property tax gap and encourage future development. The challenges we have experienced with slowed growth and rising costs for municipal services across the community amplify concerns with the tax burden and will continue to do so moving forward without further assessment growth.

As a Chamber, we will continue to monitor progress each year and commend City administration on the strides they have made and the willingness to continue to have open dialogue with the business community on communications and

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opportunities to streamline information and documents. We have made progress not only on the assessment information distributed and made available online to learn about assessment and taxation, but also the availability of the e-tax portal, the property assessment calculator and the information available on the assessment GIS map. There has also been responsiveness and regular improvements to the assessment request for information forms and submission process, based on feedback from the business community.

We encourage the City Council to provide greater clarity and direction for budgetary guidelines and outcomes moving forward, as well as strike a balance between fee-for-service and taxation, considering the potential implications and sometimes unintended consequences on both. We saw the implications of pausing taxation and then having to 'catch-up' to keep in line with costs, inflation and the need to reduce the reliance on reserves and reduce the deficit. We also recognize that the City is undertaking asset mapping, as well as a comprehensive review of its overall human resource strategy, which we hope will inform a balanced approach and more balanced taxation moving forward. We hope this strategic approach will drive a more balanced and financially sustainable approach to the City's future expenditures, taxation, and business development goals, ultimately fostering growth and a competitive tax environment.

We commend City staff on their willingness to meet with the business community when issues arise. We have also encouraged open dialogue from our business community to connect with the assessment department when issues surface with specific properties.

We appreciate the City's ongoing efforts to balance fiscal responsibility with economic competitiveness and look forward to continued collaboration to drive business success.

Sincerely,



Steven Pudwell
2024-2025 President, Board of Directors



Lisa Dressler
Executive Director

Policy: [Tax Equity: Narrowing the gap between residential and non-residential property taxes](#)