

Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Assessment and Taxation Technical Session

Held in Peace River on April 23rd, 2014

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Developed by KPMG for Alberta Municipal Affairs



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Introduction

Purpose

This document provides a summary of what was heard during a consultation session for the *Municipal Government Act* (MGA) review. The summary below includes the comments and opinions of the participants of the Assessment and Taxation Technical Session held in Peace River.

These contributions have not been reviewed or edited for accuracy. Comments recorded here reflect the opinions of individuals offered in person and recorded by session facilitators; they do not necessarily represent the opinion of the Government of Alberta.

The input summarized below will be considered by Alberta Municipal Affairs as part of the review of the legislation. Municipal Affairs would like to thank the participants of this session, as well as all Albertans participating in the review of the MGA. Any inquiries related to this summary or to the consultation process should be directed by email to the MGA Review Team at mga.review@gov.ab.ca.

The Municipal Government Act Review

The MGA is designed to help build strong, prosperous and sustainable communities throughout Alberta. Alberta Municipal Affairs is reviewing and refreshing the MGA to address evolving circumstances and priorities in Alberta's many communities, and to ensure the MGA continues to meet its objective. A successful MGA review process will continue to position Alberta as the leading Canadian jurisdiction in terms of municipal legislation, having incorporated sound thinking, input and research into a clear Act that meets the needs of the Province and municipalities. In order to achieve this vision, an inclusive and comprehensive engagement process was developed to ensure stakeholders across the province have opportunities to provide input to the review.

As part of the MGA review, regional consultations were held in eleven locations around the province to give Albertans an opportunity to provide input face-to-face. In each location, different types of sessions were held, including Technical Sessions, a Business and Industry Session, a Municipal Administrators Session, an Elected Officials Session, and a Public Open House.

These engagements were conducted in February 2014 to April 2014 in 11 locations throughout the province. Each location was held over 3 days in the following locations:

- Brooks
- Calgary
- Edmonton
- Edson
- Fort McMurray
- Grande Prairie
- Lethbridge
- Medicine Hat
- Peace River
- Red Deer
- Vermilion

Sessions were promoted via news releases, direct email invitations, social media, and by the Minister of Municipal Affairs at stakeholder conventions. Information on regional session locations, dates and registration were on the MGA Review website.

Input to the MGA Review has also been provided through other channels, including the MGA Review website (mgareview.alberta.ca), the MGA Review Consultation Workbook, and official submissions.

Session Overview

Session	Assessment and Taxation Technical Session
Location	Delta Edmonton South Hotel and Conference Centre, Edmonton
Date	April 23 rd , 2014
Number of Participants	7

- This session was open to anyone who wished to attend. Participants were asked to register in advance in order to receive background materials before the session.

Regional Consultation Methodology

How sessions were organized

Regional consultations were structured around one or more of the three themes of the MGA Review:

- Governance and Administration
- Assessment and Taxation
- Planning and Development

Participants were provided with agendas in advance, which identified a list of potential topics for discussion. These topics were taken directly from the MGA Review Consultation Workbook. Several of the topics for discussion appear under more than one of the three themes of the review because they are relevant to more than one theme (e.g. public participation). The agenda is attached as Appendix A.

At this session, participants provided input through facilitated table discussions. The goal of the facilitated conversations was to give the opportunity to all participants to discuss the issues that mattered most to them. Given the large size and scope of the MGA, participants at each table were asked to focus their discussion on those topics that they felt were most important to provide input on, using the list provided in advance. In addition, this session included time for “open discussion” during which participants could provide any additional input that they felt was important to the review. Table facilitators and note takers included staff from Municipal Affairs, KPMG and ADR Education.

Capturing input and reporting

Input from session participants was captured on flipcharts by facilitators during the discussion. It was explained to participants that:

- Comments were being recorded on flipcharts so that they could be captured and considered by Municipal Affairs as part of the review of the MGA.
- Comments would not be attributed to individuals or organizations.
- Other avenues were also available to provide written input to the review.

The summary below documents the input heard from participants and recorded on flipcharts. These comments have been transcribed and organized according to the list of topics for discussion; they have not been screened for accuracy and do not reflect consensus of participants. As a result, comments and opinions listed may be contradictory. Comments that apply to issues outside of the scope of the review (e.g., suggested changes to other legislation) have been removed.

It is important to emphasize that this summary reflects the input heard from participants, and does not necessarily reflect the position of the Government of Alberta.

How the Summary of Responses is Organized

Input from session participants is organized according to the three themes for the review:

- *Governance and Administration*
- *Assessment and Taxation*
- *Planning and Development*

Within these themes, comments are organized according to the applicable topics for discussion, using the list provided to participants in advance. In some sessions, not all themes may have been discussed.

Summary of Input

Governance and Administration

During the discussion surrounding assessment and taxation, some discussion occurred on governance and administration. The following input was received and documented related to governance and administration.

Municipal Governance and Administration

Municipal governance

Comments from participants included that:

- The MGA should outline a required ratio of councillors to citizens to ensure representation is equal across the province. For example, each councillor should be required to represent a minimum of 10,000 citizens.

Public Participation and Municipal Relations

Municipal relationships and dispute resolution

Comments from participants included that:

- The MGA should develop structures that allow growth to occur naturally, rather than creating competition between municipalities to get development.
- There are currently too many disincentives to cooperate. The MGA must address this and encourage municipalities to work together.

Assessment and Taxation

The following input was received and documented related to assessment and taxation.

Taxation and Municipal Finances

Taxation

Comments from participants included that:

- Taxation provisions, as outlined in the current MGA, make sense and work well.
- The MGA should tie non-residential and residential property taxation rates together.
- Non-residential property taxation rates should not be split in the MGA as a means to separate small and large businesses.
- The MGA needs to clarify how a local improvement tax should be used. The name “local improvement tax” is misleading, as well, as it is more of a loan than a tax.
- The ability to collect linear property taxes is limited because of a lack of enforcement.
 - Municipalities have a difficult time enforcing tax collection with “repeat offenders” who start new oil development businesses (authorized by the Province) but avoid paying taxes by moving or changing the name of their company.
- There should be powers under the MGA to enforce property tax collection.

Municipal revenue sources

Comments from participants included that:

- The MGA should allow for additional municipal revenue generation options. These options would need to be clearly defined in the MGA.

Fees and levies

Comments from participants included that:

- Currently, it is difficult for rural municipalities to administer and collect levies placed on utilities. The staff time that it takes to collect and administer levies placed on utilities is not worth the payoff received.
- Municipalities need to be aware that developers will not conduct business in that community if levies are too high. If there is consistency across the province in how levies are applied, development will occur where it makes the most sense.

Exemptions from Assessment and Taxation

Exemptions and other special tax treatment

Comments from participants included that:

- The MGA needs to clearly define assessment and taxation exemptions.
- The MGA needs to ensure precedents are applied to exemptions.

- The MGA should state that everything is assessed at full value, with exemptions applied on the taxation side.

Industrial and Agricultural Property Assessment

Machinery and equipment property assessment

Comments from participants included that:

- The MGA should not allow fixed depreciation for machinery and equipment properties. The current system hides the tax breaks on the assessment side, and is not transparent.
- The way machinery and equipment property is assessed and taxed should be consistent across the province to promote transparency.

Farm property assessment

Comments from participants included that:

- The MGA should state that shops and outbuildings on farmland will be taxed.
- It would be a waste of time to tax shops and outbuildings on farmland because there is little or no value in these structures.
- The MGA should allow all farms to be assessed at market value, with exemptions and breaks applied on the taxation side.
- Farm home residences should be assessed and taxed the same as all other homes.

Assessment Administration

Assessment administration

Comments from participants included that:

- The MGA should require that all assessments across the province be prepared consistently.

Public Participation and Assessment Appeals

Assessment complaints and appeals

Comments from participants included that:

- There should be a regionalized body to deal with industrial assessment appeals to increase consistency.
- The MGA should not allow councillors to sit on assessment review boards. These boards must consist of technical professionals, which would also remove the perception of bias.

Appendix A: Session Agenda

MGA Review: Assessment and Taxation Technical Session

Agenda Item	Timing
1. Welcome and introductions	1:00-1:10
2. Potential topics for discussion: <ul style="list-style-type: none"> <u>Subject 1: Taxation and Municipal Finances</u> <ul style="list-style-type: none"> • Taxation • Municipal revenue sources • Fees and levies <u>Subject 2: Exemptions from Assessment and Taxation</u> <ul style="list-style-type: none"> • Exemptions and other special tax treatment <u>Subject 3: Market Value, Equalized and Supplementary Assessment</u> <ul style="list-style-type: none"> • Market value assessment and administration • Equalized assessment • Progressive and supplementary assessment <u>Subject 4: Industrial and Agricultural Property Assessment</u> <ul style="list-style-type: none"> • Linear property assessment • Machinery and equipment property assessment • Transportation properties • Farm property assessment <u>Subject 5: Assessment Administration</u> <ul style="list-style-type: none"> • Assessment administration <u>Subject 6: Public Participation and Assessment Appeals</u> <ul style="list-style-type: none"> • Public participation • Assessment complaints and appeals • Municipal Government Board 	1:10-1:20
3. Change tables (if needed)	1:20-1:25
4. Table facilitation <ul style="list-style-type: none"> ▪ Up to three topics will be prioritized for discussion (~20 minutes each) ▪ Discussion will focus on what is working well, desired changes, and potential impacts of changes to the legislation 	1:25-2:35
5. Open discussion <ul style="list-style-type: none"> ▪ Are there any other relevant topics participants want to address? 	2:35-2:55
6. Wrap-up	2:55-3:00