

Municipal Government Act Review

What We Heard: A Summary of Consultation Input

Assessment and Taxation Technical Session

Held in Brooks on March 26, 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 Brooks.

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	Heritage Inn and Conference Centre, Brooks
Date	March 26 th , 2014
Number of Participants	6

- 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

General Comments about the MGA

The following input was received and documented related to the MGA in general.

Comments from participants included that:

- The MGA needs to be reactive to legal rulings to remain relevant.
- The MGA needs more enforcement, or “teeth.”

Assessment and Taxation

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

Exemptions from Assessment and Taxation

Exemptions and other special tax treatment

Comments from participants included that:

- Inconsistencies across the province related to exemptions are unfair.
- The MGA should be updated to reflect how seniors housing has changed over the years, and to clearly state criteria for exemption.
 - For example, privatized seniors care facilities
- The definitions and criteria in the *Community Organization Property Tax Exemption Regulation* needs more clarification to ensure consistent implementation and appeal rulings across the province.
- Exemptions and incentives should be applied through taxation, not during assessment.
- Defunct corporations should be exempted from taxation. This would relieve municipalities of a significant liability.

Market Value, Equalized and Supplementary Assessment

Market value assessment and administration

Comments from participants included that:

- Market value assessments should be administered locally. Local assessors know the land value and implications of changes in assessments.
- The Province should more closely police assessment differences between municipalities.

- Rural municipalities find it difficult to assess property at market value because they don't have sales as frequently as urban municipalities do.

Equalized assessment

Comments from participants included that:

- Education property tax collection puts municipalities in a difficult place with their citizens. Education property tax increases are out of the municipality's control, and these increases make citizens angry.
- Taxes collected at the municipal level should only be used for services provided by municipalities.
- If municipalities continue to collect taxes on behalf of the Province, municipalities should receive appropriate compensation for the associated administrative costs.
- The MGA should provide a formula for equalized assessments.

Progressive and supplementary assessment

Comments from participants included that:

- Education property tax should not be linked to supplementary assessment.
- It is unfair that municipalities who administer supplementary assessments pay education property taxes, and those without supplementary assessments do not.

Industrial and Agricultural Property Assessment

Linear property assessment

Comments from participants included that:

- Inconsistencies can occur when two different assessors, owing to the type or size of the property, assess a property.
- Large linear property sites should be assessed by one party.
- Specialty or unique properties that include linear components should be assessed by one party.
- If a property is partially linear, then the entire property should be assessed as a linear property.
- Linear property assessments should be prorated over the year, instead of receiving exemptions for periods when the property is "not in use."

Machinery and equipment property assessment

Comments from participants included that:

- Machinery and equipment should be assessed by a local assessor.
- The machinery and equipment assessment process should be like the linear property assessment process to create more consistency across the province.

Farm property assessment

Comments from participants included that:

- The Rural Assessment Policy exemption needs to be streamlined. It is currently too time consuming to administer.
- There should be a more realistic assessment on farmland property across the province.
 - It is not fair that farmland is currently not assessed.
- The MGA should allow for the \$350 baseline used to calculate property value to be changed so that farmland is assessed at market value.
- The current definition of a farm under the MGA is too loose, which results in an inflated number of properties qualifying as farms.

Assessment Administration

Assessment administration

Comments from participants included that:

- The Province needs to provide municipalities with a manual for regulated assessments.
- The assessment manual needs to be updated to include pictures and diagrams of oilfield equipment.
- Updates to the assessment manual should be made regularly so that it is clear to assessors what is included in assessment and what is not.
- Specialty property should not be assessed at market value. It should be assessed based on its replacement cost.

Public Participation and Assessment Appeals

Public participation

Comments from participants included that:

- The MGA should allow for electronic tax notices to the public.

Assessment complaints and appeals

Comments from participants included that:

- Once appeal decisions are made, those decisions should be final.
- The MGA needs a mechanism to curtail repetitive appeals. Municipalities require a mechanism to tell the difference between frivolous and serious appeals.
- The MGA should be improved to require the disclosure of adequate and relevant information during assessment appeals.
- The appeal board should have the ability to raise or lower an appraisal of value.
- The number of days during which an appeal can be made needs to be clarified in the MGA.

- The sixty day period to submit appeals is too long, and people always wait to submit their appeals until the last possible day.
- Composite Assessment Review Boards and Local Assessment Review Boards are working well.

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: <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> <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