

# Municipal Government Act Review

## What We Heard: A Summary of Consultation Input

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Assessment and Taxation Technical Session

Held in Red Deer on March 12, 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 Red Deer.

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](mailto: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](http://mgareview.alberta.ca)), the MGA Review Consultation Workbook, and official submissions.

## Session Overview

<b>Session</b>	Assessment and Taxation Technical Session
<b>Location</b>	Westerner Park, Red Deer
<b>Date</b>	March 12, 2014
<b>Number of Participants</b>	38

- 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 is working well in general.
- Local autonomy and natural person powers should remain.
- The current MGA is well written, but is misused at times. Increased clarity in the MGA will help, not the addition of more processes.
- There should be a way for stakeholders to review the proposed MGA changes between the drafting and implementation stages.

## 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:

- The MGA should define the purpose of property tax and what it should fund. This would allow for discussion about how items outside that definition would be funded.
- Property taxes are not the right tool for redistributing wealth. Income tax would be more appropriate, and a value-added tax would be even better.
- Business and industry can't vote and have no say on tax rates. At the same time, businesses do not access as many services as residents.
- There is a growing spread between residential and non-residential property tax rates. In some areas, the ratio of non-residential to residential property tax rates is as high as 13:1.
- Residential and non-residential property tax rates need to be linked. Linked rates provide clear parameters for municipalities and residents.
  - There should be a maximum ratio of non-residential to residential property tax rates in the MGA. This would include the municipal portion of the property taxes, not the educational tax.
  - The Province could provide timelines for municipalities to bring residential rates up to meet a newly imposed ratio (i.e., allow for staged implementation). While a municipality is working to comply with a legislated ratio, the non-residential property tax rate should not be allowed to increase.
  - Linking tax rates would provide stability and predictability for all. Consistency in mill rates across municipal boundaries can also help business and industry by increasing predictability.
- Not all municipalities are the same, and so a link or threshold that ties residential and non-residential property tax rates together may not work everywhere.
  - Linking residential and non-residential doesn't reflect the diverse mix of property classes, and would reduce municipal flexibility.
  - It is important to consider why linked property tax rates were removed when the current MGA was implemented.
- The review of the MGA should consider linkages across all classes of property taxes, including residential, non-residential, farmland, pipelines and transportation properties, such as rail.
- Split mill rates should have a phased implementation, depending on the size of the split.



- The MGA should expand the definition of “commercial,” and specify that any levies collected on development must be used within the local area.
- Municipalities would like debts owed to the city added to the tax roll.
- The MGA must outline that utilities need to be the ultimate responsibility of the property owner if the tenant does not provide payment. This would allow municipalities to transfer utilities owing to the tax roll of the property owner.
- Penalties on taxes should be left up to the municipality to administer, and not be prescribed. There should be clear provisions for items transferred to taxes.
- Tax recovery from mobile homes is an issue for municipalities.
  - Mobile home owners are viewed locally as “low income,” but are actually not.
  - Sometimes residents move out at night or units burn down, making it hard for municipalities to collect taxes.
- Mobile home parks should be made responsible for tax collection in the MGA. This would be similar to collection from apartment buildings, and would minimize the political process for the municipality.
  - Alternatively, municipalities could create a mobile home registry, similar to land titles, so they could track residents of mobile homes.
- The MGA should allow for any financial charges on mobile home property to be transferred to taxes, such as snow removal or electrical issues. If implemented, the legislation would need to be very clear on how this works and ensure that the charge is only applied once.
- The MGA speaks to how tax payments made via Canada Post should be “deemed” received. The Canada Post date stamp is not the best approach.

### ***Municipal revenue sources***

Comments from participants included that:

- No new revenue sources are required.
- Municipalities should have access to more tools than property tax to independently pay for items that may be a local priority. Additional tools should be complemented by caps on the amount of taxes able to be charged to the ratepayer.
- The Province needs to provide revenue for any shared services, which include ongoing operating costs. The MGA should better ensure funding sustainability (particularly grant funding).
- Some municipalities are generating power and selling to the grid, which is a good way of generating revenue without adding to the burden of taxpayers.

### ***Fees and levies***

Comments from participants included that:

- The well drilling equipment tax should continue.

- Money collected for a specific purpose should be spent for that purpose exclusively, and as soon as possible. After revenue is spent, there is a need to track and report where the money went, and to notify the public.
  - In particular, more transparency is needed regarding where collected levy revenues are spent.
- More communication to the public about community revitalization levies is needed, particularly how the levies work and how they are beneficial.
- If the MGA enables municipalities to create a levy, the municipality shouldn't have to run it by the Province. The community, not the Province, should have the final say on community revitalization levies.
- It is appropriate for the Province to approve community revitalization levies.
- If there is a moratorium on the community revitalization levy, there needs to be a mechanism to remove it from the MGA.
- Community revitalization levies should be continued.
  - If there is a moratorium on a levy, this needs to be clearly communicated to municipalities before they go through the processes to apply for the levy.

## Exemptions from Assessment and Taxation

### ***Exemptions and other special tax treatment***

Comments from participants included that:

- Clear, understandable exemptions need to be outlined in the MGA. There is a need for more transparency when it comes to assessments and exemptions.
  - Exemptions need to be clearer so that all assessors read it the same way and apply the criteria for exemptions consistently.
- The definition of “exemptions” in the MGA needs more clarity, as well as who is eligible for which incentives.
- Philosophically, exemptions under the MGA should consider whether the service falls into municipal or provincial jurisdiction. Municipalities should decide who they will exempt from taxation. If there is a provincial exemption, it should be handled as a grant-in-lieu.
- The ability to grant exemptions should be a municipal power. The MGA could put exemptions in the hands of the council through bylaws.
- The MGA should eliminate all exemptions. Municipalities should have the ability to tax all properties, similar to the United States.
- If there are many exemptions in a municipality, such as schools and provincial parks, the burden of exemptions is borne by the residential tax payer.
  - If a facility uses municipal services, it should be taxed, albeit perhaps with a reduced rate.

- Exemptions should be administered through taxation, not assessment. This would require regulations to help control mill rates for certain property classes.
  - Exemptions are political decisions, and tend to change with the electoral cycle. Managing exemptions in the taxation side is more transparent.
- There should be other ways to exempt properties other than “back door deals”.
- Filling out exemption forms should not be required annually. This requirement is resource-intensive.
  - If the purpose of the organization hasn’t changed, there should be a simpler process to maintain an exemption. This would be easier for both the municipality and the non-profit organization.
- The Community Organization Property Exemption Regulation needs to be reviewed, updated and kept current.
  - The definition of “charitable and benevolent” needs to be clearer. There are too many grey areas open for interpretation.
  - “Affordable housing” needs to be defined, as there are currently many interpretations.
  - Any for-profit branches or other entities within a not-for-profit organization should not receive exemptions under the Community Organization Property Exemption Regulation.
  - Currently, facilities for seniors and healthcare in particular are subject to a lot of interpretation in applying the Community Organization Property Exemption Regulation.
    - “Used in conjunction with” and “held by” clauses should be reevaluated and clarified, particularly as they apply to Universities and Health facilities.
- Places of worship should not receive exemptions.
- Places of worship should continue to be exempt.
- Seniors housing used to be owned by municipalities or the Province, but, more recently, privatization has created inequity through exemptions.
  - The MGA should acknowledge that non-profit and for-profit groups are providing the same services and they should be treated the same.
- There is a need for more clarity about what exemptions are applied to machinery and equipment, as opposed to linear property.
- The MGA contradicts itself by both allowing for residents’ associations while also laying out regulation within the Community Organization Property Tax Exemption Regulation to disallow them. Residents’ Associations should exist, and the MGA should be clear and consistent in enabling them.
- In order to ensure that taxation exemptions are accurate, provincial and federal databases identifying charitable organizations should be tied to MGA definitions of charities.

## Market Value, Equalized and Supplementary Assessment

### ***Market value assessment and administration***

Comments from participants included that:

- There needs to be greater clarity on how market value is established for all assessment classes.
- There needs to be consistency in the assessment of market value. For example, assessment of electrical systems is not equal to market value.
- Market value assessment should be required for all properties.
  - Market value is the best approach for value assessment.
- If the taxation framework is built on market value, linear property becomes difficult to assess.
- Market value is a more transparent approach for commercial assessments. Annual market value assessments work well.
  - The condition date could be moved back for commercial assessments, for instance to September 30.
- Commercial property assessment should remain with municipalities and not be centralized.
- Assessment must be fair and reflect market value. Currently, developers have land assessed at farm rates. This is inequitable and is not working well.
- Assessments based on previous year's values can confuse ratepayers. A smaller lag time, such as six months, would be less confusing. In addition, assessment notices and tax notices could be sent out separately so that the two aren't confusing for ratepayers.

### ***Equalized assessment***

Comments from participants included that:

- Municipalities don't have a say in how the education tax is distributed. Some areas are not getting value back from what is collected.
- The Province should remove education taxes from all property classes.
- The education tax should not be the responsibility of municipalities for properties exempt from municipal taxes.
- The education tax should be removed from the municipal tax bill, from which the municipality could benefit greatly.
- There is a lack of understanding of why this tax is currently on the municipality's bill.
- Either education taxes should be removed as a municipal responsibility, or the Province should reimburse municipalities for administering it.
- If municipalities will continue to administer education taxes, the Province should make it easier for municipalities to get information out about the tax, such as through a school declaration form.

- Currently, approximately 30 per cent of education funding comes from property taxes. A percentage of education funding is required by the Constitution to come from property taxes, but the percentage is not specified, and could be set at 0 per cent.
- Municipalities have no recovery mechanism for education taxes. The provincial requisition is based on the beginning of the year, and cancelling the education tax requisition falls to the municipality. This is a minor issue if non-payment is due to something like a home burning, which the municipality can cover, but is a major issue if a big plant burns and asks for a refund.
- There needs to be a provincial-level mechanism for people to ask for an education tax refund.

### ***Progressive and supplementary assessment***

Comments from participants included that:

- The MGA should legislate that supplementary assessment is mandatory, as the current system of discretionary application is not equitable. Alternatively, those who voluntarily perform supplementary assessments should receive credit requisitions from the current year as credit to the following year.
- Administration costs can be substantial for smaller municipalities for producing supporting information for a supplementary assessment.
- Municipalities shouldn't have to pass a bylaw for supplementary assessment every year. The bylaw should stay in place in perpetuity, until otherwise repealed.
- For land that has been rezoned or subdivided, a supplementary assessment should be available.
- There are inconsistencies regarding progressive assessment. The property classifications listed in Section 291 (Rules for assessing improvements) of the MGA aren't working well.
- Progressive assessment should not occur on linear property. This would be an onerous process for industry and the municipality, and would not result in accurate assessments.
- The viability of taxing unfinished pipelines was questioned. If the pipeline is not being used, the property has no value.
- The MGA should legislate that unfinished linear properties are taxable.

## **Industrial and Agricultural Property Assessment**

### ***Linear property assessment***

Comments from participants included that:

- Assessment of linear properties should continue to be managed by the Province. The current linear property assessment process works well, and is consistent.
- Linear property and machinery and equipment cannot be assessed at market value, and should be assessed at cost.

- Better negotiation is required for the use of roads to access pipelines in municipalities that have no linear properties.
- Assessment should be completed entirely at either the local or provincial level.
- Linear property components should be included in assessments as machinery and equipment for electric power generation. The local assessor should complete assessment for land, buildings, structures, and machinery and equipment. This method of local assessment is currently working well.
- The MGA should distinguish or explain the difference between assessing properties used for telecommunications and wind power, compared to assessing oil and gas operations.
  - For power generation and telecommunications facilities, the assessment should apply to the owner, rather than the lessee.
  - There is no recourse for municipalities to address companies that are leasing land and then not paying taxes.
- Reclamation of linear properties is expensive, and unusable land impacts tax revenue.
- Clarification is needed regarding what is taxable and what is not regarding distribution lines. For example, distribution to farm is an area of uncertainty.
  - Where exemptions exist for distribution, the revised MGA should ensure the status quo is maintained for these properties. In particular, gas cooperatives and non-profit organizations would prefer to see the status quo remain in place.

### ***Machinery and equipment property assessment***

Comments from participants included that:

- Assessing industrial properties using regulated rates works well in other provinces. Doing so in Alberta would require a centralized assessment process, and would be more consistent in application than market value.
  - Heavy industrial assessment should be done at the provincial level.
  - Assessments of industrial property should move away from considering actual costs.
- The Province should also assess all machinery and equipment.
- More clarity is needed about who is responsible for assessing what types of machinery and equipment.
- Machinery and equipment should either be assessed entirely under industrial property assessment rules, or entirely as linear property.
- The MGA should remove machinery and equipment altogether as an assessment class, or alternatively machinery and equipment should not receive a 75 per cent tax break.
- Currently, the requirement for accuracy of assessments at market value is 95 per cent to 105 per cent. This accuracy requirement should be set to a 1:1 ratio.
- The “point of completion” provision for machinery and equipment properties needs to be amended. The use of infrastructure is ongoing before the property is considered “complete,” and therefore the property should be taxed continually.

- The MGA should remove the automatic 77 per cent depreciation of machinery and equipment property.
- The 77 per cent exemption for machinery and equipment should remain, as initial investments have been made based on this exemption remaining in place for the life of the project. A change in the exemption could jeopardize existing projects.
- Machinery and equipment should be assessed at full market value plus depreciation, but tax policy should not be applied in the assessment formula. This would increase transparency of taxation.
- There is some inequity across the province, since municipalities have the choice to tax machinery and equipment. More consistency in the rate structure is needed. Mill rates need to be more consistent across municipalities.
  - Care must be taken in legislating mill rates. This may solve the issue of higher mill rates in some places, but could penalize these municipalities.
  - A split mill rate could be made available, similar to what has been used in Wood Buffalo and Lac la Biche.
- Municipalities may choose not to tax machinery and equipment, as they set their tax rate at zero, but the assessor is still required to assess it. Municipalities should be allowed to pass a bylaw under the MGA to omit certain properties from assessment.
  - Alternatively, the MGA could include a provision that states that assessments are not required when the tax rate is set at zero.
- The education tax exemption on machinery and equipment should remain. This should include regulated property with costs determined according to the *Alberta Construction Cost Reporting Guide*.
- It may be worthwhile to make a distinction during assessment between heavy industrial and other regulated property.
- Section 291 (Rules for assessing improvements), clauses (b) and (c) should be removed from the MGA.

### ***Transportation properties***

Comments from participants included that:

- Railways need to be held more accountable for maintenance. However, this is a federal responsibility and is outside of the control of municipalities. Perhaps the MGA could provide municipalities with mechanisms to address these issues.

### ***Farm property assessment***

Comments from participants included that:

- Farm property should be assessed at market value. Assessing all farm properties the same way this will increase transparency in the process.
- A market value assessment would make farmland assessments skyrocket.
- The MGA should not assess agricultural land using market value. The current method encourages development, as land can be bought and maintained at a low price until the city limits expand to drive up price.

- The MGA should clarify the point at which agricultural land begins to be assessed at market value. For example, this could occur when the owner requests zoning changes.
- The MGA currently has a loose definition of “farming” that is easily abused by developers. The MGA should be stricter in its definition of farming to discourage developers from purchasing land without developing it immediately.
  - Developers use farm class to reduce their tax liability. This loophole in the MGA needs to be closed.
- The definition for a farm needs to be updated. Farming operations have changed, and are now more corporate.
  - Properties are made exempt under farming provisions, and it then becomes difficult to determine value when these properties are not assessed.
  - Corporate farms shouldn't receive exemptions that are intended for the “family farm.”
  - One solution is to have better definitions for different kinds of farm properties, such as confined feeding operations.
- Intensive farming operations put significant strain on municipal infrastructure, but these operations are not contributing financially to municipalities.
- A problem may exist when farmland is annexed into another municipality and zoning changes. There should be a trigger to re-evaluate assessment tied to rezoning during annexation.
  - There is some concern about annexation for developers who have purchased zoned land but do not intend to develop it for ten years down the road.

## Assessment Administration

### ***Assessment administration***

Comments from participants included that:

- Definitions for industrial properties should be revisited and clarified in the MGA, including those for machinery and equipment, rail, and linear properties.
- There is a need to “deregulate” the assessment of certain properties. Under the MGA, Alberta should assess rail, farm and other kinds of properties in the same way to determine comparable values.
- There should be a central agency responsible for the valuation of industrial properties. This would provide continuity, consistency and equity.
- There should be one type of assessor for both linear property and machinery and equipment. This would create a consistent assessment process when the local assessor is doing assessments.
- The Province should have an assessment commissioner to oversee the valuation process and set clearer direction around overarching policies and procedures. However, this would create another layer of red tape.



- Assessors have some flexibility in filing assessments, which seems to work well because there can be corrections made on the tax roll.
- Once assessment rolls into a new year, there are no ways for the assessor to administratively correct errors found in the previous year.
- There should no longer be discrepancies between appraisal techniques.
- Rural and urban municipalities should have similar processes and requirements for keeping assessments current. More enforcement is needed in the form of provincial audits and interventions to ensure all municipalities are following existing processes.
- Currently, assessors can't work until they have received the proper training. There is a need to make it possible for new assessors to fulfill their function until training is available.
- The "condition date" and "valuation date" should be the same. This would give more time to review information, resolve issues, and prepare appeals.
  - The "condition date" and "valuation date" should both be July 1.
- The MGA should outline the minimum information that should be provided to the ratepayer. It should also specify a fee the municipality can charge to provide information, rather than allowing municipalities to "charge a reasonable fee."
- There should be more transparency on how an assessment calculation has been made. More consistency is needed in making these calculations.
- The MGA should extend the timeframe within which the municipality has to respond to requests and provide information (currently set at five days).
- There needs to be more flexibility to adapt the request for information process to new technologies.
- The electronic delivery of assessment and taxation notices should be allowed. The MGA should also remove the requirement to mail out a receipt for each tax payment.

## Public Participation and Assessment Appeals

### ***Public participation***

Comments from participants included that:

- The MGA should be updated to allow for electronic mailing of formal notices.
- There is a need for municipalities to be able to provide updates and notices online. The current methods permitted under the MGA are outdated. The MGA should be written to account for changes in technology.
- There need to be improvements to the petitioning process, which is confusing for taxpayers and municipalities. There should be a process outlined in the MGA that is easier for both municipalities and petitioners.
- The reason for legislation changes needs to be clearer and communicated to the public.

### ***Assessment complaints and appeals***

Comments from participants included that:

- The assessment appeals process is not working well, and appeals are too expensive.
- The MGA should ensure assessment review board decisions are audited to encourage institutional learning.
- The MGA should allow property managers the ability to appeal and hire a tax agent.
- The appeal for local improvement tax is not as streamlined as other appeals. It needs to become easier to appeal and understand this part of the system.
  - The MGA needs to provide clarification on who has the right to hear appeals on a local improvement tax.
- The assessment appeal process may not be fair because of the membership of the appeal boards. The Province should establish membership for boards and in particular for Composite Assessment Review Boards. Provincial appointments would ensure fairness.
  - The new Composite Assessment Review Board structure of two local members and one provincial member allows for potential conflicts of interest in local appeals. The MGA should return to the previous structure consisting of 3 provincial members.
  - The MGA should mandate one trained person on every board to be appointed by the Province.
- Assessment review boards need to consist of better-trained, unbiased and knowledgeable members. Qualifications of members should be defined. It would help to have a pool to draw from, such as ex-assessors, in order to create qualified boards. In addition, the Province needs to provide better training of panel members.
- Small municipalities have challenges setting up assessment review boards. It is difficult to build the knowledge and expertise of local board members when it is not a permanent position. This challenge reflects capacity differences in different municipalities, such as the limited frequency of appeals.
  - To address challenges for smaller municipalities, the MGA should implement a regional assessment review board or establish a provincial pool of board members to pull from. The regional model of appeals works well.
- Composite Assessment Review Boards don't have the expertise required for major industrial property appeals. There needs to be a knowledgeable panel with expertise in the area of the industry being appealed. Some municipalities have access to this expertise and others don't.
- Assessment appeal boards need to balance legal and assessment expertise.
- The MGA should establish a single level of assessment appeals at either the provincial or local level that is preceded by an alternative dispute resolution process.
  - For example, British Columbia may have a dispute resolution process in place that should be considered for Alberta.
- The MGA should maintain one level for assessment complaints.

- Assessment review board members still need to be trained and competent. The Municipal Government Board's knowledge and expertise is the motivation for the two-tiered appeals system. Having two tiers is important.
- An alternative to assessment appeals could be to focus on mediating pre-complaints before they move to the appeal stage.
  - There should be mandated discussion between assessors and taxpayers before assessment appeals to resolve issues.
  - Alternative dispute resolution (mediation) may avoid an assessment appeal and should be maintained.
  - If there is no conversation in advance with the assessor, there should be no assessment appeal permitted.
- There needs to be more enforcement of processes that limit workload, such as talking to the assessor before formally requesting information.
  - The clerk could have an earlier role in the enforcement process, before issues need to be escalated to the assessment review board.
- After an assessment appeal process, the only recourse currently is the court of appeal.
  - When proceeding to the court of appeal, there should not be a two-step process where a judge decides if an appeal can proceed and then the court later reviews the same evidence.
- Disclosure and sharing of information between the assessor and the person making the assessment appeal should be mandatory.
- Evidence requirements for assessment appeals vary, depending on the municipality.
  - More transparency is needed in the data that the municipality presents.
  - When providing comparables, there needs to be a balance between protecting competitive information and transparency.
- Some municipalities are attaching fees to the evidence that is needed to prepare for assessment appeal.
  - Consistency in the amount of fees for accessing information is needed.
  - Fees for accessing information should be defined in regulations.
  - Fees for accessing information should not be punitive, meaning they shouldn't be used as a deterrent to information requests.
- If the information being requested for an assessment appeal relates to a landowner's property, there should be no charge.
  - If information pertains to another property, then there should be a charge associated with building a comparative case for an assessment appeal.
  - More specifications about the type of information that must be provided are needed.

- The request for information process needs to be amended, especially as it relates to assessment appeals. Meeting expectations for timeliness is administratively onerous.
  - There is a perception that “everything” is currently required to be disclosed by the municipality. Requests for information can therefore be used by appellants just to slow down the process.
  - There is a need to amend Sections 299 (Access to assessment record) and 300 (Access to summary of assessment) of the MGA to clarify what must be disclosed and for what reason. These sections should use clearer statements that include words like “must.”
- Sections 299 (Access to assessment record) and 300 (Access to summary of assessment), which state that the property owner has the right to information, are working well. However, they need tightening up to keep the ratepayer from asking for information that has no impact on their assessment.
- There is a need for a more exhaustive definition of “relevant information.”
- Complaint forms should be improved. An applicant can currently check off multiple issues, but when an appeal is heard it is often centred on one particular matter. Significant time goes into preparing information based on a complaint form that is too broad.
- Section 295 (Duty to provide information) of the MGA should be amended so that assessors can use information to defend and discuss appeals. The same assessment enforcement principle should be applied to Section 294 (Right to enter on and inspect property) as well.
- The assessment appeal period seems to work well.
- Timelines for the assessment appeal process need to be strictly set and include mail dates. There should be a standardized disclosure package that will make the process clear to everyone. Assessment appeal processes should not be permitted to advance if conditions for requesting information are not met.
- Municipalities would like to see shorter timeframes than the current standard for withdrawal of appeals. The current timeline causes administrative issues when, for example, the assessor does all the paperwork and then the withdrawal is done right before the hearing.
- Due to the complexity of hearings, the 60-day assessment appeal period timeframe works well.
- Additional time is needed to prepare for a hearing. Sixty days is too short.
- The 60-day complaint period needs to be reduced to 30 days. No matter what the timeline, people procrastinate and still file the majority of appeals on last day.
  - Reaching decisions in 30 days may be impractical in some municipalities with appeal review boards that are used frequently.

***Municipal Government Board***

Comments from participants included that:

- The Municipal Government Board needs members to have an assessment background. A board made up of lawyers does not suffice.
- More and better training is needed for all appeal board members. This training should be legislated.
  - Current training is only in the area of interpretation, and an assessment portion should be added to the training.
- The Municipal Government Board, without involvement of the applicant, can order changes to municipalities. This is a problem, as there is no opportunity for consultation, and the Municipal Government Board's decisions are binding.
  - Consultation should be required if the MGB is making changes. This may be addressed through Bill 28 – *Enabling Regional Growth Boards Act*.

## Planning and Development

During the discussions surrounding assessment and taxation some discussion occurred on planning and development. The following input was received and documented related to planning and development.

### Fees and Levies

#### ***Fees and levies***

Comments from participants included that:

- The definition of offsite levies needs to be expanded to include recreational and emergency services, such as fire halls and libraries.

### Regional Approaches

#### ***Regional funding approaches***

Comments from participants included that:

- More definition related to regional, municipal and rural infrastructure is needed. The Province could then step in and determine what is paid and by whom.
  - The MGA needs to outline how rural municipalities contribute to roads, infrastructure and services.
- There is a current inequity between county and rural revenue sharing.
- There is a need for municipalities to keep their autonomy, and not be forced into regional collaboration.
- There needs to be fairness in how revenue from linear properties is distributed. Distribution of this revenue should consider the following:
  - Costs, benefits and implications of linear development that go beyond municipal boundaries.
  - If a municipality is unsustainable, then there needs to be a way to equalize revenues.
  - Regional or provincial balancing of shared interests, such as social impact that development in rural municipalities has on urban communities.
- Rural municipalities don't agree with pooling of revenue from linear property taxes. If these revenues were pooled and redistributed, rural municipalities would lose approximately 50 per cent of their tax revenue, impacting quality of life in their communities. This would also limit their ability to share with surrounding small municipalities.
- The benefit of pooling revenue from linear property taxes was questioned.

- If linear property tax revenue is pooled, there needs to be a provincial body to administer the process.
- The discussion on pooling of revenue from linear property taxes occurs in the context of municipal relationships that are already not fair or equitable. These decisions are better left at the local level.
- Some municipalities don't share tax income because a pipeline lies within certain municipal boundaries. This does not seem fair.

## Appendix A: Session Agenda

### *MGA Review: Assessment and Taxation Technical Session*

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