



Changes to Property Assessment and Taxation

Convention Policy Paper



1 Background

Scope and Process

In 2010, AUMA's members approved a resolution pertaining to a number of changes to Alberta's property assessment and taxation system (available here:

<http://www.auma.ca/live/AUMA/Document+Library/Resolutions/Resolution?unid=1609>).

Municipal Affairs indicated that these recommendations will be reviewed during the upcoming MGA Review and suggested that further work be undertaken on some issues that they heard were of concern to our members but not included in the 2010 resolution.

Accordingly, AUMA's Board appointed a 2012 Task Force comprised of assessors across the province and elected officials and administrators from urban municipalities to identify remaining issues and to recommend solutions. The issues of concern, as identified by the Task Force, were reviewed with AUMA's Municipal Governance Committee, members (February 2012 Mayors Caucus) and Alberta Assessors Association. The scope of issues included farm property, industrial property, split mill rates and a variety of other matters ranging from the complaint system to the need for more effective governance and training.

The 2012 Task Force developed principles for an effective assessment and taxation system and used them to analyze options pertaining to the issues of concern to members. This analysis informed the development of recommended changes to property assessment and taxation. These recommended changes were reviewed with a number of AUMA's standing committees and, based on their endorsement, were then presented via webinars to urban municipalities and assessors from urban and rural communities. As well, the changes were discussed in detail with the Alberta Assessors Association who recently sent a letter to AUMA endorsing the principles. Consultation on these changes concluded with a presentation to members at the June Mayors Caucus.

The AUMA Board reviewed the feedback from the various consultation activities and has prepared this Policy Paper outlining the recommendations. Note that the Board decided not to include a recommendation presented at the June Mayors Caucus relating to additional sub-classes for non-residential property. There were no other changes from what was presented at the June Mayors Caucus.

Principles for Property Assessment and Taxation

The recommendations outlined in this resolution are based on the following principles:

Fairness and Equity

- By appraising property objectively, equitably and uniformly, a market value assessment on all property forms the basis for the distribution of the property tax burden.

Openness and Transparency

- Assessment and tax processes are outlined in legislation and function independently from each other.
- Taxation policies, including tax exemptions, are rationalized, authorized through regulation or bylaw, and regularly reviewed and evaluated to ensure they are realizing their intended outcomes.

Sufficient Capacity

- There is sufficient capacity, provincially and locally, to administer the assessment and taxation system, ensuring property is assessed in a consistent and accurate manner.

- This includes clearly defined roles and responsibilities for provincial and municipal governments, comprehensive and timely training and associated materials, a sufficient base of resources, and clear separation of provincial policy decisions and system administration.

2 Policies

1. Assess the following properties on the basis of market value:
 - a) buildings and structures used for farming operations;
 - b) linear property used for farming operations;
 - c) incomplete industrial property;
 - d) rural gas and electric power distribution systems;
 - e) oil sands trucks and shovels; and
 - f) dams and the land they are located on.
2. Assess farm land on the basis of market value.
3. Assess and tax farm residences on the basis of market value.
4. Assess oil and gas wells using up to date regulated rates.
5. Review and update railway assessment provisions.
6. Review assessment and taxation of “for profit” water and waste water systems with a view to ensuring that they are assessed but that potable domestic water is not taxed.
7. Establish a consistent and equitable approach for property taxes for seniors (e.g., full municipal levy on seniors accommodation).
8. Enable a one-time bylaw for supplementary assessment and taxation and apply to all property, including linear, and to changes in land values due to use.
9. Ensure a grant in lieu of taxes is paid on all property owned by the Province.
10. Ensure privately owned property leased by the Crown is taxed.
11. The Province is responsible for delinquent taxes on leased Crown-owned property.

12. Use actual equalized assessments for calculating education property tax requisitions and, if necessary, cap to address excessive increases in property values.
13. Cap the residential/farmland education property tax requisition.
14. Use mass appraisal approach for assessment and business tax.
15. Ensure municipalities have information about linear assessments and appeals.
16. Discontinue charging municipalities for linear assessments.
17. Enable electronic administration of property assessment and taxation.
18. Require the Province to consult with municipal government on property assessment and tax legislation, policy and processes.
19. Define roles and responsibilities for the property assessment and taxation system.
20. Require the Province to ensure sufficient resources for assessment function, with appropriate and timely training and advisory services, internships, and supports for succession planning.
21. Streamline and modernize the assessment complaint process through the following:
 - a) Reduce the complaint period to 30 days;
 - b) Require faster disclosure of complainant's evidence;
 - c) Enable an effective and efficient arbitration process prior to a hearing;
 - d) Award costs on a consistent basis;
 - e) Improve complaint form and disclosure provisions;
 - f) Enable corrections during a complaint;
 - g) Review fees to ensure they are a fair reflection of administrative costs;
 - h) Provide training for assessment review boards;
 - i) Require quality assurance reviews of board decisions; and
 - j) Require information for mass appraisal.
22. Legislate positions of Assessment Commissioner and Chief Provincial Assessor.

23. Amend legislation to reflect up to date definitions:

- a) Farming operations, including income requirement
- b) Definitions relating to regulated property (e.g., section 1, 284, 297, 317, 322)