

## Summary

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### 2008 information sessions on Alberta's property assessment and tax system

In July 2008, information sessions were held in five locations across the province on topics related to Alberta's property assessment and tax system. The sessions were hosted by the Assessment Services Branch of Alberta Municipal Affairs to ask for the views of municipal officials and property assessors on property assessment and tax-related issues, and to provide an overview of the branch's assessment audit processes.

More than 100 people took part in the sessions held in Grande Prairie, Edmonton, Red Deer, Calgary and Lethbridge. These types of discussions are an important source of feedback for the branch, and staff members extend their appreciation to participants.

This paper presents a brief summary of the discussions. The sessions focused on:

- the Community Organization Property Tax Exemption Regulation (COPTER);
- the equalized assessment process;
- assessor development initiatives;
- the annual education property tax requisitions; and
- assessment audit processes.

### Community Organization Property Tax Exemption Regulation

The municipal officials and assessors who attended the sessions were asked for their views as part of a consultation by the ministry on COPTER. This regulation, when read with section 362(1)(n) of the *Municipal Government Act*, sets out conditions to be met before a property tax exemption is approved for a non-profit organization. Participants were asked to respond to a questionnaire and discuss their experiences in applying COPTER.

The issues identified at the sessions included a need for clarification of some terms in the regulation, difficulties for non-profit groups in receiving the property tax exemption, concerns related to the authority of the Municipal Government Board to override local decisions on appeal, and inefficiencies for the municipal budgeting process as a result of the current dates by which organizations need to submit their documents in applying for the exemption.

Two adjustments were made to COPTER in the fall of 2008: the term "subsidized accommodation" was defined, and references to "community" were replaced with "municipality" in sections 10 and 15 of the regulation. As well, the feedback gained from these sessions will be used by Municipal Affairs in considering further changes

or clarifications that may be needed to COPTER, or to the ministry's guide to interpreting the regulation (entitled *Property Tax Exemptions in Alberta – A Guide*).

## **Equalized assessment process**

Participants were asked to comment on whether two of the recommendations made in 2000 by the municipal-provincial Equalized Assessment Panel (EAP) continue to be relevant and practical.

Most of the panel's proposals have been put into effect through joint initiatives of the ministry, assessors and municipalities. These have included, for example, tighter standards for assessment quality and the implementation of the Assessment Shared Services Environment (ASSET) system. ASSET is used by municipalities to submit their annual assessment information to the ministry, and this electronic reporting process has led to greater openness and transparency in the assessment system.

Discussions focused on two recommendations that have not yet been implemented. One proposal called for the ministry to use each municipality's "current-year" assessment figures in calculating its equalized assessment. The existing process is based on the previous year's assessments (i.e., the 2008 equalized assessments which were used for the education requisitioning in 2008 were prepared in the fall of 2007 and were based on each municipality's 2007 taxable assessments).

The panel also put forward a proposal known as "direct equalization." Under this proposal, there would be no need for the province to prepare equalized assessments for the purpose of levying the education property tax. Rather, each municipality would be required to achieve a precise standard of assessment quality (an assessment level of 1.00), so that its actual assessment could be used for processes involved in determining the provincial education tax rates and the municipal requisitions.

A majority of participants indicated that the two recommendations are no longer relevant or practical.<sup>1</sup> Participants said the compressed timelines that would be involved in applying the new practices at the municipal and provincial levels would be too short and unrealistic – especially in view of recent workload increases for assessors in high-growth municipalities, and challenges in recruiting assessment staff. It was also noted that current-year or direct equalization is not feasible while a

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<sup>1</sup> Current-year equalized assessments: Questionnaire results showed that, overall, 61 per cent of session attendees believed this concept is no longer relevant or practical. Thirty-nine per cent said the concept still has merit. (Of this group, 45 per cent said it could be done but they didn't know by when, 39 per cent said it is impossible to achieve under the present circumstances, and 16 per cent just didn't know yet how it could be done.)

Direct equalization: Seventy-six per cent of session attendees believed this concept is no longer relevant or practical. Twenty-four per cent held the view that the concept has merit. (Of this group, 44 per cent said it is impossible to achieve under the present circumstances, 39 per cent said it can be done but they didn't know by when, and 17 per cent didn't know yet how it could be done.)

formula is in place to mitigate major increases in education taxes for high-growth municipalities.

ASB representatives have conveyed the detailed feedback from the sessions to the EAP Technical Committee, which will follow up with recommendations on these matters. The committee is made up of representatives of the Alberta Association of Municipal Districts and Counties, Alberta Urban Municipalities Association, Alberta Assessors' Association, cities of Calgary and Edmonton, and Municipal Affairs.

### **Assessor development initiatives**

This topic was discussed in view of growing concerns among municipalities about the future availability of qualified assessors, and difficulties in attracting students to this field of study. ASB representatives noted that some municipalities have set up in-house training or "earn while you learn" incentives, and that the ministry partnered with Saddle Hills County in 2005 on an internship pilot project. The Assessment Services Branch and the Alberta Assessors' Association have agreed that municipalities would benefit from an assessor development program in the province.

Participants supported the idea of establishing a program to attract and keep assessors, and noted that the program should be equally available to municipal assessors and to private assessment contractors. Many municipal officials indicated that they are unable even now to find qualified assessors – for them such a program could not come soon enough.

A few municipal officials suggested that web-based training or video training may offer possibilities for long-distance learning. Some participants asked if courses could be provided at educational institutions that are more centrally located than Lakeland College. (Given the low number of people entering the field, it is not feasible at this time for other educational institutions to offer an assessment-related curriculum.) Comments were also made that perhaps the ministry should, as in years past, be responsible for developing and training assessors, and/or funding municipalities for this purpose.

The provincial government is investigating the possibility of participating in an assessor development program. The objective of the program would be to work with professional organization partners to assist in ensuring an adequate number of well trained assessors are available to Alberta municipalities.

### **Education property tax requisitions**

Municipal officials were asked for their views on how they would like to receive the annual education tax requisition reports.

Each year, the branch calculates the amount that each municipality needs to collect from property taxpayers for education tax purposes. This occurs, branch staff explained, after the Alberta government determines the total amount of education

property tax that is required for the upcoming tax year, and the uniform education tax rates to be applied to the property classes. This process draws upon the most recent equalized assessment information and growth information provided by municipalities.

The branch then applies the formula set out under the authority of the Equalized Assessment Variance Regulation to calculate the education tax requisitions. A hard-copy report is sent to each municipality, which shows the results of applying the formula, the municipality's equalized assessment information, and the amount of education tax the municipality is required to remit.

Municipal officials said they would prefer to access this report over the Internet (for example, through the secure *milenet* portal), rather than in hard-copy form. It was suggested that the branch notify municipalities by email when the information has been posted online. Several participants said they would not want to receive the report on a compact disc (CD).

In response, Municipal Affairs is developing a *milenet* application that will enable the electronic delivery of the 2009 education requisitions to municipalities.

### **Assessment audit processes**

During the sessions, ASB representatives also made presentations on the assessment audit processes for the information of participants. Branch staff outlined the steps involved in the:

- annual assessment audit — this process is intended to ensure that the assessment-related data that is reported by each municipality is acceptable to use in calculating its equalized assessment and education tax requisition; and
- detailed assessment audit — each municipality's assessment procedures are reviewed once in every five-year cycle to see that they are consistent with the assessment legislation (in the two largest cities, reviews are carried out each year for specific property types or areas within the cities). The branch has adopted a number of process improvements that were identified in a recent review of the program.

ASB representatives were pleased that municipal administrators and assessors took time out of their schedules to attend the information sessions. Branch staff find that these discussions are a good way to communicate progress on ASB activities, and to receive advice on potential ways to improve processes or address assessment-related issues.