

Advisory Spect's

Fall 2001 | Number 9

Advisory Spect's is a quarterly publication of The Assessment Services Branch of Alberta Municipal Affairs.
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ASSET Steering Committee Appointed

Alberta Municipal Affairs and individuals' respective associations have appointed these people to comprise the Assessment Shared Services Environment (ASSET) Steering Committee:

- Larry Goodhope,
Alberta Association of Municipal Districts and Counties
- Brad Pickering,
Alberta Municipal Affairs (AMA)
- Steve White, AMA
- Stan Hayter, AMA,
Executive Project Director

In addition, the Alberta Urban Municipalities Association has yet to name a member.

This committee will govern the project, ensure the grant money is spent appropriately and ensure the

project objectives are met. The committee's first meeting was held on June 6, 2001.

At that first meeting, the steering committee was introduced to the mandate as provided through the Equalized Assessment Panel (EAP) recommendations. The ASSET business context was discussed relative to three business strategies. The need for legislative change in order to properly introduce ASSET in its entirety was introduced. The required legislative changes were delineated from other Local Government Services (LGS) initiatives in the statute and regulatory review.

Other committee accomplishments included:

- ASSET architecture was outlined;
- Time lines were discussed;

- Estimated expenditures for the various components were defined; and
- Challenges were acknowledged.

The outcomes of the first steering committee meeting were:

- Endorsement of the DMR contract for ASSET;
- EDS Consultants' development of Land Titles Office database approved;
- Permission for other contracts given;
- Technical Committee formation put in motion; and
- Meeting schedule defined.

For more information on ASSET, please contact John Scott of Alberta Municipal Affairs at 780-422-8415 or john.scott@gov.ab.ca.

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Assessment and Property Tax Policy Unit Update

The Assessment and Property Tax Policy Unit (APTP Unit) has had a busy summer season. There has been lots of activity in the policy area, the regulated farm assessment area and the industrial assessment area.

The Assessment Review Board (ARB) Training Program that was hosted by Alberta Municipal Affairs (AMA) was once again a huge success. This year, the Assessment Services Branch (ASB) hosted nine ARB training sessions around the province. Several hundred ARB members, clerks and municipal councilors attended the sessions and provided excellent reviews. Once the October municipal elections are over and the new municipal councilors have become used to their new jobs, more ARB training sessions will be scheduled for the winter of 2001 and spring of 2002.

The APTP Unit is currently working on a pair of assessment guides. The goal for the layperson's and chief administrative officers' (CAO) guides to assessment in Alberta is to introduce Alberta's citizens and municipal CAOs, to the workings of the province's property tax assessment and appeal system. It is expected that

these guides will begin to circulate in late 2001 or early 2002. Once the guides have been piloted, the APTP Unit will conduct on-site training on the use of the guides.

The unregulated assessment manuals are being reviewed. Currently, staff are working on the residential manual and the oilfield buildings manual. It is possible that the non-residential manual will be reviewed in the near future.

On the regulated farm assessment front, the draft MLA Farm Property Assessment Committee Report went to the Standing Policy Committee (SPC) and Cabinet in late May. At that time, three of the MLA Committee's recommendations were adopted for implementation. The MLA Committee was directed to consult with stakeholders regarding the report's recommendations regarding the assessment of intensive agriculture operations. It is expected that the Committee's final report will be presented to the government in the fall of 2001.

We are continuing the review of the Special Properties Assessment Guide (SPAG). There are some final consultation meetings scheduled for mid-September and later into 2001.

The development of regulated rates is underway, as is the review of the definition of 'industrial property' for assessment purposes.

I am looking forward to meeting with many of you at the fall Alberta Assessors' Association gathering in Red Deer this September. If you have any comments on the tasks which the APTP Unit has undertaken, please call me at 780-422-1377.

Larry Collins

Director, Assessment and Property Tax Policy

The MLA Committee was directed to consult with stakeholders regarding the report's recommendations regarding the assessment of intensive agriculture operations

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Assessment Audit Program

The purpose of the audit program is to ensure that all Albertans receive the benefits of a fair and equitable property assessment system.

Assessment auditors who are employed by the Assessment Services Branch of Alberta Municipal Affairs each year review the assessment prepared by every Alberta municipality for property-tax purposes. Their principal objectives are to work with local assessors and municipalities to:

- Ensure that each municipality is preparing its assessment in accordance with provincial legislation, and consistently in relation to other municipalities;

- Ensure that the assessed values of similar properties within each municipality are fair and equitable in relation to each other; and
- Communicate and enhance the understanding of best practices and standards within the assessment profession.

To meet these objectives, the Assessment Audit Unit has adopted the following vision and mission statement:

Vision

Establish Alberta as a leader in property assessment excellence.

Mission

To continually strengthen property assessment in Alberta by auditing performance and advancing best practices.

In 2001, the Assessment Audit Unit was the recipient of the Silver Premier's Award of Excellence.



Assessment Audit Receives 2001 Silver Premier's Award of Excellence from Premier Ralph Klein

The following Ministerial Orders have been signed since the last issue of Advisory Aspects:

MO#	APPLIES TO	REGARDING	DATE SIGNED
L: 068/01	Town of Crossfield	Assessment Roll Extension to April 30, 2001	May 30, 2001
L: 088/01	MD of East Peace No. 131	Assessment Roll Extension to April 30, 2001	June 20, 2001
L: 090/01	City of St. Albert	Supplementary Assessment Bylaw Extension to June 30, 2001	May 30, 2001
L: 094/01	Town of Cochrane	Supplementary Assessment Bylaw Extension to May 31, 2001	May 31, 2001
L: 103/01	ASB Staff Members	Appointment of Inspectors	July 11, 2001
L: 114/01	Town of Blackfalds	Supplementary Assessment Bylaw Extension to June 1, 2001	June 12, 2001
L: 128/01	City of Calgary	Assessment Review Board Decision Extensions to November 31, 2001	July 22, 2001
L: 136/01	City of Edmonton	Assessment Review Board Decision Extensions to September 30, 2001	August 7, 2001

Education Tax and Equalized Assessment Unit

Manager Lynda Downey and her five staff members comprise the Education Tax and Equalized Assessment Unit (the ETEA Unit) of the Assessment Services Branch (ASB). The tasks assigned to the unit staff spur off into two main sections. First, the unit is responsible for preparing the annual equalized assessment. Second, the unit prepares the education tax requisitions for Alberta's municipalities.

The ETEA Unit is governed under the Municipal Government Act (MGA), the School Act and associated regulations. Because the ETEA Unit

must work within two Acts it must often resolve conflicting requirements between the two pieces of legislation. The equalized assessment is used for education tax allocation purposes. It is also used in calculations in other provincial government cost sharing programs and in some provincial grants.

Downey and her staff work closely with senior staff in Alberta Learning and Alberta Finance to ensure that the education property tax raises about one third of the money needed to fund schools in Alberta. The remainder comes from the provincial general revenue fund.

As a result of concerns for providing stability and predictability to Alberta ratepayers, the Equalized Assessment Variance Regulation was established in 1999. The regulation provided the authority to mitigate rapid growth in equalized assessment by averaging and capping equalized assessments. This provided stability and predictability in the education property tax requisition and to property tax payers. As a side benefit, Downey comments that "as a result of averaging, we are able to pick up a lot of growth that previous capping

programs had not taken advantage of." A consultation document has been sent out to all stakeholders asking for comment to the re-enactment of the Equalized Assessment Variance Regulation. The re-enactment, if approved, will come into force on December 31, 2001.

In past years, there was some disparity created as a result of differences in local education property tax rates between public and separate school board supporters in some municipalities. In order to ensure that all ratepayers in an assessment class in a municipality are taxed at the same rate, amendments to the School Act are expected to pass this fall. The amendments will ensure that the disparities are eliminated.

In early 2001, the provincial government reduced the requisition for education property taxes by 10 percent. This year, education property tax raised \$1.2 billion for primary and secondary schooling in Alberta. This amount has been frozen for subsequent years. The reduction resulted in almost all Alberta ratepayers paying less in education

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Clockwise from top: Dave Sargent, Pat Chelen, Traci Bell, Glen Cumming, Diane Nickle, Lynda Downey



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ASSET Technical Committee Appointed

The ASSET Technical Committee's mandate is to provide technical advice to the ASSET Steering Committee. It will assist in developing the details for plans with the goal of implementing the recommendations of the Equalized Assessment Panel (EAP). The Technical Committee will be the sounding board for the ASSET plans. Appointed to serve on the ASSET Technical Committee are:

Todd Brasseur - AAA
todd.compass-cama@home.com

Stan Dilworth - City of Edmonton
stan.dilworth@gov.edmonton.ab.ca

John Elzinga - AAMD&C
elzinga@strathcona.ab.ca

Roy Fegan - City of Calgary
roy.fegan@govcalgary.ab.ca

Brian Ferguson - AMA
brian.ferguson@gov.ab.ca

Ian Ferguson - AAA
masg@telusplanet.net

Steve Kutanzi - AMA
steve.kutanzi@gov.ab.ca

George Rogers - AUMA
grogers@city.leduc.ab.ca

Morgan Strate - AAMD&C
bmark1@telusplanet.net

Steve White - AMA (Chairman)
steve.white@gov.ab.ca

The Alberta Urban Municipalities Association has yet to name its second member.

The first meeting of this committee was held in Edmonton on August 17, 2001.

The goals of that meeting were to orient the committee members and prepare them to deal with a large number of items that must be considered under an aggressive schedule.

For more information on ASSET, please contact John Scott of Alberta Municipal Affairs at 780-422-8415 or john.scott@gov.ab.ca.

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taxes in 2001. Further, the freeze in the education property tax revenue requirement should result in Alberta ratepayers seeing additional breaks on their education property taxes in years to come. This is because, as the total assessment base rises with Alberta's growth, the capped \$1.2 billion will be spread over a larger assessment base, resulting in lower taxes on a per-ratepayer basis.

The ETEA Unit staff are continuing to work with the MLA committee that is reviewing education property tax. This committee is expected to make recommendations on how the education property tax requisition is calculated in future years.

In addition to working on a provincial

level, Downey commented that the staff of the ETEA Unit are often consulted by municipalities as they draft their tax rate bylaws. Unit staff continue to strive to get out and meet the people who are affected by their work.

The largest change for unit staff that is on the horizon involves the Assessment Shared Services Environment (ASSET). Currently, the equalized assessment is based on a municipality's previous year's assessment, but under ASSET, that will change. The equalized assessment will then be based on the current year's assessment. In order to implement ASSET, changes will have to be made to the MGA, the School Act

and several regulations.

Downey also mentioned a program that may be of assistance to some municipalities. The 'Revised Refund Policy' is intended to assist municipalities which have seen taxable assessment in a single class fall by more than two percent from the previous year. In these cases, the municipality may be eligible for a partial refund on its education property tax. More information on the refund policy is available from Lynda Downey at 780-422-8313.

It is clear that the staff of the ETEA Unit have challenges ahead, but they also take a leading role in ensuring that the education system in Alberta continues to add to the Alberta Advantage.

Branch Holiday Closures

Over the next few months the Assessment Services Branch will be closed for these days:

Thanksgiving	October 8
Remembrance Day	November 12
Christmas	December 24-26
New Year's Day	January 1
Family Day	February 18



Base Cost Modifiers and Cost Indices

These are the 2001 Base Cost Modifiers that factor the cost in the 1984 and 1994 residential manuals to July 1, 2001. Cost indices are also provided to factor current costs to the 1983 base cost. Comparable data for the preceding years is included for your information.

1.180.50 BASE COST MODIFIER FACTOR TABLE 1994 MANUAL (1994 = 1.00)

Improvement Classification	
Year of Assessment	Residences Factor
2000	1.21
2001	1.26

1.180.50 IMPROVEMENTS 1984 MANUAL

	Residences	Commercial Institutional	Steel	Warehouses & Workshops
1995	1.42	1.32	1.31	1.33
1996	1.43	1.34	1.33	1.35
1997	1.45	1.36	1.34	1.36
1998	1.50	1.42	1.42	1.43
1999	1.57	1.45	1.47	1.47
2000	1.63	1.50	1.52	1.51
2001	1.68	1.56	1.59	1.57

1.190.50 COST INDICES 1984 MANUAL

Year	Residential		Commercial					Institutional & Industrial		
	Frame	Masonry	Masonry Veneer	Masonry Wood	Masonry Concrete	Frame Steel	Steel	Masonry Wood (A)	Masonry Concrete (A)	Masonry Steel (A)
1993	.773	.771	.808	.791	.799	.769	.802	.780	.797	.795
1994	.746	.748	.792	.778	.788	.754	.785	.764	.782	.776
1995	.742	.741	.782	.764	.767	.743	.767	.750	.763	.757
1996	.735	.736	.770	.754	.761	.732	.757	.740	.755	.748
1997	.695	.697	.754	.738	.745	.717	.737	.725	.741	.734
1998	.666	.668	.726	.709	.714	.689	.704	.695	.712	.703
1999	.637	.642	.701	.687	.690	.666	.681	.670	.693	.680
2000	.614	.619	.680	.665	.667	.646	.659	.650	.673	.661
2001	.596	.600	.651	.638	.639	.619	.630	.623	.648	.635

If you need further assistance, please contact Karen Wronko at the Assessment Services Branch at 780-422-3713.



Definition of a Parcel of Land

Over the past few months, several municipalities and assessors have enquired about what, exactly, constitutes a 'parcel' of land for assessment purposes. The following is a series of excerpts from an Alberta Municipal Affairs' Legal Services Branch legal opinion obtained by the Assessment Services Branch (ASB) concerning that definition. This opinion was based on the question of whether one building which straddles more than one legal land description number can be considered as a single parcel. Counsel for the ASB has reviewed the question of whether a certificate of title like 'Plan 493288, Block 3, Lots 3 to 7 inclusive' constitutes one parcel of land or five (one for each lot). In most cases, a certificate of title like this represents one parcel of land. There are some exceptions but it is important to first explain how the ASB reached this opinion.

The example:

Plan 493288, Block 3, Lots 3 to 7

From what was learned, this type of title is an historical anomaly. Prior to the 1970s, plans of subdivision were allowed to be filed with multi-lot titles being created. Since the '70s, if there is really one parcel of land that cannot be separated without further subdivision, Land Titles does its best to ensure that the Plan of Subdivision shows only one lot.

Most of these titles cannot be separated, i.e. separate titles created for each lot, without first obtaining subdivision approval. Land Titles' view of this is represented by its linc number. If there is one linc number, that is Land Titles' indication that the title reflects one parcel of land which cannot be separated without first obtaining subdivision approval.

It is normal practice to refer to this title as containing one legal description since all of the lots are referred to in the same legal

description. If there were more than one legal description on this title, the reader would see something like: Plan 493288, Block 3, Lot 3; Plan 493288, Block 3, Lot 4; Plan 493288, Block 3, Lot 5; Plan 493288, Block 3, Lot 6; and Plan 493288, Block 3, Lot 7. In this example, it is the ASB's understanding that the title would have five linc numbers placed on it by Land Titles.

Parcel of Land Definition

The part of the definition that is relevant for our purposes is:

1(v) "parcel of land" means (i) where there has been a subdivision, any lot or block shown on a plan of subdivision that has been registered in a land titles office;... (iii) ...any other area of land described on a certificate of title (excerpted from Municipal Government Act, September 1, 2000 consolidation).

With respect to the meaning of s. 1(v)(i), it is useful to examine the

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If there is one linc number that is their indication that the title reflects one parcel of land which cannot be separated without first obtaining subdivision approval.

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If indeed the title cannot be separated without further subdivision there should, in the ASB's opinion, be one assessment placed upon the property...

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meaning of the terms 'lot' and 'any'.

The term 'lot' has been judicially described as capable of many meanings. One such meaning is "*a portion or parcel of land; any piece of land divided off or set apart for a particular use or purpose.*"

(Anderson v. Sinclair (1977 Alta. QB))

The word 'any' can mean "*all, each and every or whichever; every and may mean several*". Accordingly, this part of the definition does not restrict the reader to each separate lot shown on a plan of subdivision.

Instead, this definition is capable of including more than one lot when circumstances warrant that interpretation. The definition in (iii) is the most significant though.

The phrase in s. 1(v) (iii) is, in the ASB's opinion, more of a catch-all definition. Pursuant to this part, a certificate of title that describes an area of land by referencing multiple lots would clearly fit within this definition. The reference to "*any other area of land*" suggests that this subsection is intended to catch that which is not caught by the preceding definitions.

Practice

The definition of a parcel of land should give an assessing authority the flexibility to assess a multi-lot title as

one piece of property. If indeed the title cannot be separated without further subdivision there should, in the ASB's opinion, be one assessment placed upon the property as it is a 'parcel in trade'. There may be exceptions to this rule, such as when there are separate uses for some of the lots which require different assessment classification, or where there is a legal interest on part of the property that is assessable when the remainder is not, e.g. leases upon Crown lands.

Interpretation vs. Valuation

It is important to realize that this opinion was constructed on the question of consideration of whether several lots can comprise a single parcel. The opinion does not consider the issue of the valuation of the lots or the parcel. Valuation is a different issue and must be considered separately from the information that is contained in this article.

Please note that the information discussed here is derived from a legal opinion that was solicited by the ASB. For a detailed study of a particular case in a municipality, the ASB recommends that a municipality conduct its own study and develop its own legal opinion.

New Staff

Red Deer Auditors

The Assessment Audit Unit is pleased to announce that two new staff members have joined it. Both Barry Campbell and Keith Martin are now working out of the Red Deer regional office.

Editing Staff

The Administration Unit has hired Alissa Messner to assist with writing and editing that is required by the Assessment Services Branch. Alissa comes to the Alberta Government from a book publisher in Ontario.



Alissa Messner