

# Education Property Tax Bulletin

*A bulletin on the 1998 education taxation process*

*April 1998*

## Highlights

- The transition to the uniform provincial education tax rate is almost complete. 355 Alberta municipalities have phased in the uniform provincial education tax rate.
- The uniform provincial education tax rates for 1998 are:

<u>Assessment Category</u>	<u>Tax Rate</u>
Residential/Farmland	6.95
Non-Residential	10.20
Machinery and Equipment	0.00
Linear	10.20

## Machinery and Equipment Tax

- In 1996, the province initiated the phase-out of education tax on manufacturing machinery and equipment. The uniform provincial education tax rate was reduced by 20% in 1996 and by an additional 20% in 1997. As well, the government announced that if certain investment targets were met that the tax rate would continue to be reduced accordingly.
- The investment levels required for full elimination of the M&E education property tax have been achieved for 1998. Consequently, the education tax levy on manufacturing machinery and equipment has been eliminated.

## Tax Notice Insert

Alberta Education and Alberta Municipal Affairs have developed a fact sheet suitable for distribution to concerned taxpayers. The insert explains the Provincial education property tax system and may be included with the annual tax notice or made available in the municipal office. Contact the Education Tax Team for more information.

## Community Organization 1998 Property Tax Exemption Regulation

Under the provisions of this regulation, municipalities may grant property tax exemptions to certain non-profit groups for the 1998 tax year. If an exemption is given, the Province will adjust the municipality's 1998 equalized assessment and the 1998 Alberta School

Foundation Fund requisition to reflect the change in taxable status of these properties. Please contact the Education Tax Team for further information.

### **Special School Tax Levy**

- 1998 is a general election year for municipalities and school boards. According to Section 181.1 of the School Act, a school board may authorize holding a plebiscite to obtain the approval of the electors respecting a special school tax levy. The resolution must be passed at a public meeting at least 60 days before election day and the board must give public notice of its intention to consider the resolution not less than 60 days before the public meeting.
- If electors vote in favour of a special school tax levy, the school board may requisition the municipality annually for an amount not to exceed 3% of the budget of the board for the year in which the resolution is passed.
- If a separate board holds a successful plebiscite, the *School Act* defines the tax base for the Special School Tax Levy as any property declared in support of the separate school board. However, in the case of the public board, the defined tax base includes all property declared in support of the public board as well as undeclared property owned by an individual.

### **Public School Boards Association of Alberta (PSBAA)**

- As you are probably aware, the Public School Boards Association of Alberta (PSBAA) challenged the constitutional validity of the *School Amendment Act*, 1994. In November 1995, the Court of Queen's Bench ruled that public school boards should have the same right as separate school boards to opt out of the Alberta School Foundation Fund (ASFF) and directly requisition municipalities. The Alberta Government appealed that decision.
- On March 31, 1998, the Alberta Court of Appeal overturned the lower court's judgment that the Alberta Government must guarantee mirror rights to public school boards, which would have enabled them to collect property taxes and opt out of the ASFF. The PSBAA has announced its intention to seek leave to appeal the decision to the Supreme Court of Canada.
- Due to the Court of Appeal ruling, opting out resolutions passed by public boards have no effect for the 1998 tax year. Opted out separate boards will continue to directly requisition municipalities under Section 150(1)(a) of the *School Act* for the 1998 tax year.

### **For further information contact:**

Education Taxation Team  
Local Government Services  
Alberta Municipal Affairs

To contact the Alberta Government  
Edmonton or Calgary call toll-free  
310-0000 and ask to be connected