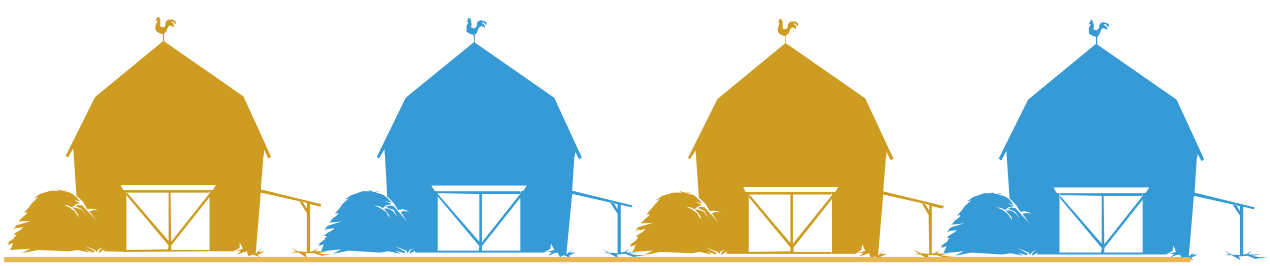
Discussion Paper
on
Farm Property Assessment and Taxation

Prepared by:
The MLA Farm Property Assessment Review Committee



August 1998

Purpose of the Discussion Paper

This discussion paper has been developed to ensure that the Government of Alberta has a full and clear understanding of the position of all interested stakeholders regarding possible changes to farm property assessment and taxation. The paper outlines a number of issues, recommendations and options relating to farm property assessment and taxation, including business tax on farming operations. The MLA Farm Assessment Review Committee is interested in your view and would appreciate your comments. Please write your comments in the spaces provided and return those sheets by November 18, 1998, to:

Assessment Services Branch
Alberta Municipal Affairs
15th Floor, Commerce Place
10155 - 102 Street
Edmonton, Alberta
T5J 4L4

A number of public meetings will be held to answer questions on the issues and gather further public input. These meetings are scheduled during the fall of 1998.

MLA Farm Property Assessment Review Committee

Background

Property assessment is the base upon which municipal property taxes and provincial education taxes are applied. Approximately $1.3 billion from property taxes (about half of all property tax collected) is currently directed to provincial funding for education. Albertans require a property assessment and tax system that is fair and stable to ensure properties throughout the province are assessed consistently and efficiently.

On January 1, 1995, the new *Municipal Government Act* came into force, giving municipalities greater flexibility to adjust to changing conditions and more authority to make decisions at the local level. Cost efficiency is expected to be better achieved through more local autonomy. In addition to increased autonomy, municipalities have assumed increased responsibility for funding of municipal operations at the local level. It is therefore important that, in recognition of this increased responsibility, there is municipal and other stakeholder input into the regulations that govern the largest municipal revenue source, the property tax.

The new *Municipal Government Act* and its attendant regulations also reflect the province's commitment to deregulating and streamlining processes. Given that the majority of assessment and tax related provisions have been deregulated under a market value assessment standard, it is important that all remaining regulated assessment provisions be reviewed to ensure that there is a fair and equitable relationship between the assessment of regulated and non-regulated properties.

One of the recommendations of the Alberta Tax Reform Commission was that government ensure a level playing field in property assessment and taxation. Alberta Municipal Affairs supports this recommendation and its business plan identifies a goal to enhance the property assessment and provincial property tax policy system to ensure uniformity and equitability.

In the past, many tax policy adjustments were made as exemptions from assessment. This is especially apparent in the area of farm property assessment. With the introduction of the new *Municipal Government Act*, direction was taken to clearly separate the functions of assessment and taxation. Adjustments for tax policy are made either as exemptions from taxation or adjustments to tax rates.

In early 1995, the province assumed responsibility for the funding of education. Approximately $1.3 billion of the $2.8 billion total education budget is funded by applying province-wide uniform tax rates on the equalized assessments of municipalities. However, the rules for assessment and taxation are not the same for rural and urban municipalities. This has furthered the need for the review of farm property assessments.

In 1995, the former Minister of Municipal Affairs, Tom Thurber, initiated the Regulated Assessment Review to gather input from stakeholders regarding the rates and regulations applied to industrial and farm assessment. Two steering committees were established to provide recommendations to the Minister; one to deal with farm property assessment issues and another to deal with industrial property assessment issues.

The Farm Property Assessment Steering Committee discussed the following issues related to farmland assessment:

- Valuation standard for farmland assessment.
- Agricultural improvements (farm buildings).
- Residential improvements.
- Residential sites.
- Assessment of woodlots.
- Assessment of land not used for farming operations.
- Business tax on farming operations.

A related issue that arose was the need to clearly define ‘farming operations’ for the purposes of property assessment and taxation.

Although unable to come to a consensus on specific recommendations, the Committee provided former Minister Tom Thurber with general recommendations and options for consideration.

In the early summer of 1997, Iris Evans, Minister of Municipal Affairs, established the MLA Committee to review the options proposed by the Farm Property Assessment Steering Committee. The members of the MLA Farm Property Assessment Review Committee are:

- Richard Marz, Committee Chairman, MLA, Olds-Didsbury -Three Hills
- Rob Lougheed, MLA, Clover Bar-Fort Saskatchewan
- Barry McFarland, MLA, Little Bow

On December 2, 1997, the Committee submitted its recommendations in a report to the Standing Policy Committee on Agriculture and Rural Development (SPC). The SPC requested that the MLA Farm Assessment Review Committee continue its review of the issues with a view to gathering as much input as possible from all interested stakeholders.

Farm Property Assessment and Taxation Issues

The MLA Farm Property Assessment Review Committee has reviewed all of the issues brought forward by the Steering Committee on Farm Property Assessment. In this discussion paper, every attempt has been made to provide needed background to each assessment and taxation issue. Although in some cases the committee has provided a recommended solution to the issue, this is not to limit discussion on the issue. Please provide your comments on the recommendation and, if possible, provide other options that you feel would address the issue in a fairer and more equitable manner.

The following issues are addressed in this paper:

1. Definition of Farming Operations
2. Assessment of Woodlots
3. Valuation of Farmland for Property Assessment Purposes
4. Intensive Versus Extensive Agricultural Operations
5. Assessment of Land Not Used for Farming Operations
6. Farm Residential Site Valuation for Assessment Purposes
7. Farm Residential Tax Exemption
8. Business Tax on Farming Operations
9. Tax Rate Subclasses for Farm Property

Farm Property Assessment and Taxation Issues

1. Definition of Farming Operations

Background

All land, other than farmland (land used for farming operations), is assessed on the basis of its market value. In order for farm property to be valued for assessment purposes on a different basis or receive the legislated assessment or tax exemptions, a clear definition of what constitutes a 'farming operation' is required. A new definition should also reflect the significant changes in the agricultural industry, especially in the area of value-added production.

Committee Recommendation

A new definition of farming operations should be introduced to clarify what uses qualify property as farmland for the purposes of assessment and taxation and to ensure that only primary agricultural uses of property receive the required assessment or tax exemptions.

The following definitions are proposed for consideration:

'Farming operation' means the raising or production of primary agricultural commodities on a commercial basis and includes:

(a) Field crops;
(b) Horticulture, including sod, flowers and nursery stock;
(c) Fish farming, fur farming and bee keeping;
(d) The raising of livestock as defined in the Livestock and Livestock Products Act;
(e) Woodlots;
(f) The storage of primary agricultural commodities and any process or action required for their storage at industry standards; and

(g) The storage, on the owner's property, of the production inputs, including farm machinery required for the production of primary agricultural commodities and any action required for their storage at industry standards;

but does not include the use of a property to the extent it is used for:

(h) The retailing of goods or services for a fee or other consideration;
(i) The cleaning, grading, processing or packaging of a primary agricultural commodity for sale or other consideration;
(j) The storage of primary agricultural commodities where the facility is managed by an association of owners established to operate the facility;
(k) The purchase and resale of primary agricultural commodities by a licensed agricultural commodity dealer; and
(l) The maintenance of livestock or other animals for recreational purposes.

'Primary agricultural commodities' means the products from farming operations and includes:

(a) The natural, unprocessed products, including sileage, resulting from the growing of plants;
(b) Livestock, as defined in the Livestock and Livestock Products Act, in a live condition;
(c) Unprocessed honey or milk, ungraded eggs, pregnant mare urine, embryos, and livestock semen;
(d) Whole fish and raw furs;
(e) Unrefined wool and antlers; and
(f) Logs from woodlots.

'Woodlot' means a parcel, or designated part of a parcel, of land for which an approved management plan has been prepared by a professional forester and implemented solely for the sustainable production of timber.

'Commercial' means the raising or production, for sale, of primary agricultural commodities on a 'for profit' basis and includes such raising or production by a non-profit organization or the Crown whether the commodities are sold for profit or other consideration.

Implications

Only property that qualifies as being used for farming operations will be assessed as farm property. All property or parts of property ***not*** qualifying as farm property will be assessed and taxed on the basis of market value. This will include both land and improvements (buildings).

Alberta Municipal Affairs is contemplating changing the definition of Farming Operations in the Standards of Assessment Regulation for the 1999 tax year pending the results of the consultation process.

2. Assessment of Woodlots

Background

Owners of woodlot operations have voiced concern about the assessment and taxation provisions that apply to sustainable woodlots.

Prior to the introduction of the Municipal Government Act in 1995, woodlots were considered a non-farm operation. Assessment of the first three acres was based on market value and the balance was based on productivity value, as if the land was used for farming operations.

The current legislation in Alberta does not consider the operation of woodlots as a farming operation. It is considered as the harvesting of a natural resource. Woodlot assessments are completed on the basis of their market value as non- farmland.

The Woodlot Association claims that the current assessment process discourages the development of sustainable woodlot operations and encourages early harvesting of the resource. In sustainable woodlot operations, selected trees are harvested for lumber and replaced with seedlings for the future.

Illustration

The production of timber on a sustainable basis is not considered a farming operation. The property is assessed on the basis of its full market value and taxed accordingly. However, if a property is fenced and used for pasturing livestock, it is considered a farming operation and subsequently assessed and taxed accordingly. A typical example of the difference in taxation can be illustrated on a parcel of treed land in the County of Wetaskiwin. As non farmland, the property would be taxed in excess of $2000 for municipal and education purposes. If the property is considered farmland, it would be taxed at less than $50 for municipal and education purposes.

Committee Recommendation

Woodlots should be included as a use of property that qualifies as a farming operation (see Definition of Farming Operations). Woodlots would be assessed on the basis of their productive value as a woodlot in a similar fashion to all other farm property.

Impact

Sustainable woodlots would be assessed on the same basis as all other farm property.

3. Valuation of Farmland for Property Assessment

Background

Farmland (land used for farming operations) is currently assessed for property tax purposes on the basis of its productive value (agricultural use value). The system rates farmland on the basis of its ability to produce an average net income under typical management practices. All other land in the province is assessed on the basis of its market value.

The present system uses a comprehensive set of rating schedules based on typical cropping and management practices, costs of production, crop yields, and crop prices from the 1971/72 crop year to the 1981/82 crop year period. Although the base values for farmland assessment are set on a capitalised cash/crop share rental basis, the rating systems have not been updated since the mid-1980s.

It should be noted that the system was intended to ensure that assessments would, wherever possible, consistently reflect agricultural market value within regions and from one region of the province to another.

However, the present rating schedules do not allow for adjustments in the assessment to account for changes in farming practices and income levels from one region of the province to another. In addition, the present rating schedules only recognise three traditional farming practices (grain and oilseed dry land farming, ranching and irrigated land farming). The system does not recognise any intensified use of land other than irrigation.

Illustration

Some areas of the province are currently assessed at 10 percent of agricultural market value while other areas are currently assessed at 40 percent of agricultural market value. The assessment of farmland is a regulated process and that has remained constant while all other assessments have changed in relation to the market place. This is significant in terms of the fair sharing of the tax burden from both a municipal and education tax perspective.

Committee Recommendation

Introduce an updated productive value system for farmland assessment. In addition, the system should be periodically reviewed to ensure it reflects current conditions in the agricultural industry.

Implications

There will be shifts in property taxation. The significance of the tax shifts that occur will depend upon the nature of the local municipal tax base. The amount of tax shift will also depend upon decisions regarding the other issues in this review.

It should be noted that there will be increases in farmland assessments due to updated base rates that reflect the stronger commodity prices and record low interest rates that the agriculture industry has recently experienced. Agricultural base rates applied to the rating schedule remained stable in the early and mid 1990s. These increases in assessment will vary depending on the area of the province where the farmland is located. This is as a result of the variation in farming practices from one area of the province to another.

These increases in assessment will likely result in increases in taxation. Again, the amount of increase will depend greatly upon where in the province a particular farm is located.

The tax bill is made up of two principal parts: the municipal levy and the education tax levy. The amount of increase in the local municipal levy will depend upon the financial requirements of the local municipality and is totally at the discretion of the local municipal council. The education tax portion of the tax bill is controlled by the provincial government and is set at a uniform tax rate, currently the same rate as for residential property. If no change is made in the current tax policy, the increase in education tax would correspond to the increase in assessed values on farm property, i.e. a 20 percent increase in assessment would result in a 20 percent increase in education tax.

4. Intensive Versus Extensive Agricultural Operations

Background

Farmland assessment is based on the property's productive value when used for the production of field crops. All buildings, other than residences, used for farming operations are exempted entirely from assessment and subsequent taxation when located in a rural municipality. In an urban municipality, these buildings are assessable and exempted to a level of 50 percent.

The majority of the growth in value-added production in agriculture in recent years has been in the area of intensive farming operations. The real property expansion (buildings and other improvements) that has accompanied this growth is exempt from property taxation in rural municipalities. In this same period, there has been, at best, no growth in the amount of farmland, especially in the well developed areas of the province. However, the infrastructure costs related to the growth in agricultural production has been substantial.

The added infrastructure costs resulting from value-added production have been borne by all the other taxpayers of the municipality through the property assessment and taxation system. The majority of the real property associated with these extra costs has continued to be exempt from all property taxes.

The variation in the property tax levels, for both municipal and education tax levies, between various agricultural operations is significant.

Illustration

The following four examples illustrate the variation in municipal and education tax levels between different agricultural operations:

NOTE: Income levels are based upon commodity prices in 1995.

Example #1:

Grain/Oilseed Operation	Confined Livestock Operation
$1 Million investment of which	$1 Million invested of which
-$900,000 invested in land	-$100,000 invested in land
-$100,000 invested in buildings	-$900,000 invested in buildings
Currently only the land is taxed	Currently only the land is taxed
Taxes = $6,300	**Taxes = $700**

Example #2: Intensive Farm Operation (Poultry Operation)

Estimated building area:	240,000 square feet
Estimated annual sales:	$4,800,000
Estimated annual profits:	$375,000

1998 Total Property Taxes = $57.00

Example #3: Intensive Farm Operation (Feedlot)

Land area:	160 acres
Capacity:	10,000 head
Estimated annual sales:	$8,000,000
Estimated annual profit:	$375,000

1998 Total Property Taxes = $630.00

Example #4: Extensive Farm Operation

Estimated land area:	10,700 acres
Estimated annual sales:	$1,700,000
Estimated annual profits:	$375,000

1998 Total Property Taxes = $45,000

Options and Impacts

Option #1: Make no change to the present system and address the local infrastructure costs through a business tax on intensive agricultural operations.

Impact: The issue of the increased infrastructure costs as a result of intensive agriculture would be addressed. However, there would still be a significant difference in the contribution to education tax between land-intensive and building-intensive agricultural operations.

Option #2: Introduce an assessment exemption amount for farm buildings. An assessment value over this predetermined amount would be subject to tax. The exemption could be a flat amount or be based on the existing farm unit assessment exemption used for farm residences.

Impact: There would be an increase in assessment and taxation on building-intensive agricultural operations. The increase would be in municipal and education tax levies. There would be an increase in the costs of assessment administration because some farm buildings would require valuation.

Option #3: Continue to exempt all farm buildings and apply an increased land assessment to reflect intensive use of the land.

Impact: There would be an increase in assessment and taxation on intensive agricultural operations. There would be a need to clearly define what constitutes an intensive agricultural operation.

Option #4: Assess and tax either the land or the buildings on each parcel, whichever results in the highest assessment.

Impact: Land-intensive operations would be taxed on land

and building-intensive operations would be taxed on buildings.

5. Assessment of Land Not Used for Farming Operations

Background

The Municipal Government Act and its attendant regulations provide that all land not used for farming operations shall be valued for assessment purposes on the basis of its market value. Under previous legislation, land not used for farming operations was valued on the basis of the first three acres at market value and the balance at productive value as if it were farmland. This provision only applied in rural municipalities. All land not used for farming operations that was located in urban municipalities was and continues to be assessed on the basis of its market value.

Owners of land not used for farming operations in rural municipalities have expressed concern over increased taxation as a result of the legislated change. The amount of the increase in taxation depends upon the location and the size of the parcel. Large parcels of non-farm property located near large urban centers have experienced significant increases in taxation.

Committee Recommendation

All land not used for farming operations should continue to be assessed and taxed on the basis of its market value.

Impact

The present valuation process for non-farmland is consistent with the province-wide system of assessing properties according to market value. However, a property could be reclassified as farmland when the use of the property meets the definition of farmland. When a change of land use occurs, the property would be reassessed and subsequently taxed in accordance with its new use.

6. Farm Residential Site Valuation

Background

Currently, the site of a residence on farmland is assessed on the basis of the market value of three acres, or a larger area in actual use, as if the site were a separate parcel. This regulated valuation applies whether the property is located in an urban or rural municipality. This policy was introduced to account for a certain area of the parcel being used for residential purposes in the same manner as residences on acreages. Acreage land and all other residential property is assessed on the basis of market value.

Some ratepayers have expressed concern that three acres is a larger area than is actually used for residential purposes.

Also, some ratepayers claim it is unfair to assess the three-acre site as if it were a separate parcel because it is not a subdivided parcel and in some cases cannot ever be subdivided.

Options and Impacts

Option #1: Make no change to the current system

Impact: Owners of residences on farmland would continue to be assessed and taxed for a residential site on the basis of the market value of a three-acre site as if the site were a separate parcel.

Option #2: No residential site would be assessed on the basis of market value. All land, including the site of a residence would be assessed on the basis of its productive value.

Impact: There would be a difference in residential taxation between residences situated on farmland versus residential acreages and residential properties located in urban municipalities. This difference would be significant especially in rural municipalities located near large urban centers. There would be a significant shift in assessment and taxation in rural municipalities located near large urban centers.

Option #3: ***Committee Recommendation***

The residential site on a residential acreage parcel would continue to be valued on the basis of the market value of a three-acre site, as if the site were a separate parcel. The site of a residence on a farm parcel would be valued on the basis of the market value of a one-acre site as part of a total farm parcel.

All residential property would be assessed and taxed on the basis of its full market value. If there is no use of the parcel other than residential use, the total parcel would be assessed and taxed on the basis of its market value.

Residential acreage parcels are typically purchased and sold on the basis of their value for residential purposes. Any agricultural use tends to be secondary. The residential site on these parcels would continue to be valued on the basis of the market value of a three-acre site, as if the site were a separate parcel.

The three-acre residential site would continue to be applied to parcels of land of 60 acres or less. There may be a need to allow for implementation of the one-acre residential site provision on parcels of 60 acres or less when the principal use of the parcel is agricultural. This could be accomplished with a principal income requirement or a threshold on farm building valuation.

The majority of farm properties are purchased and sold on the basis of the income that can be generated from farming operations. Typically, the residential use of a part of a farm property is secondary to the agricultural use of the total parcel. The residential site on these properties should be valued on the basis of the market value of a one-acre site as part of the total farm parcel.

The one-acre residential site should be applied to parcels of land of more than 60 acres. These sites should be taxed in the same manner as all other residential property. One acre has been chosen as the appropriate size as a residential site because existing legislation requires that a property be at least one acre in size to be assessed as farmland. If a property is less than one acre in size it is assessed and fully taxed on the basis of market value. In addition, there are minimum size requirements for a parcel to be developed because of the requirements for water and sewer servicing.

In both of the above cases, assessment should consider the presence of services, such as power, telephone, natural gas, water and sewer, that generally increase the demand and subsequently the market value of a property.

Impact: Assessment of residential sites on farmland that is larger than 60 acres in size will be reduced and subsequent tax reductions will occur.

7. Farm Residential Tax Exemption

Background

The residence on a parcel of farmland in a rural municipality is exempted from assessment in whole or in part, based on the assessed value of qualifying agricultural land in the owner's unit. The maximum exemption for the first residence is $61,540. Any additional residences may be exempted to a maximum of $30,770 of assessment remaining after the exemption on the first residence.

Only land owned by the owner of the parcel, or leased from the Crown or a municipality, qualifies to be included in the owner's unit. Land that is leased by the owner of the parcel from private individuals does not qualify. This is perceived by some ratepayers as unfair. It has been estimated that more than 50 percent of the farmland in the province is farmed by someone other than the landowner.

A farmer cannot use land that he owns as the basis for exemption on his residence if his residence is situated on land that he does not own.

The current policy does not allow the exemption of residences that are situated in an urban municipality. However, the assessment of farmland located in an urban municipality can be used as the basis for exemption for a residence in a rural municipality.

Some ratepayers have questioned the fairness of the exemption policy. Farmers with small or poor quality land holdings claim it is unfair that someone can qualify for more exemption on his or her residence simply because they own more land or farm a better quality of land.

Another issue relates to multiple residences that are situated on one parcel of farmland. A landowner may have his residence, plus other residences that are not owned by him, situated on his land (for example, a father and his two sons). In this example, the sons each own separate farmland. The sons' residences do not qualify for the $61,540 exemption as first residences because they are situated in the unit owned by the father. The assessment of the sons' farmland cannot be used as the basis for exemption. Under the legislation, the only way to rectify this situation is for the sons to sign a purchase agreement with the father and have it registered on the title. They would then have a legal interest in the land.

Urban taxpayers have voiced concern about a perceived unfairness of urban residences being fully taxed for education while residences in rural municipalities receive a partial or total tax exemption. This tax exemption applies to all taxes, including education.

Illustrations

Example ***#1:***	Farmer #1	Farmer #2
	Owns 4 quarters	Owns 1 quarter; rents 3
	House valued at $100,000	House valued at $100,000
	Assessed at $16,000 per quarter	Assessed at $16,000 per quarter
	Receives full exemption of **$61,540**	Receives exemption of **$16,000**
	Effective House Assessment = $100,000 - $61,540 = **$38,460**	Effective House Assessment =$100,000 - $16,000 = **$84,000**
	Total Tax at 15 mills = **$578**	Total Tax at 15 mills= **$1260**

Example ***#2:***	Residence on farmland or on a Rural Acreage	Residence in Urban Municipality
	Valued at $100,000	Valued at $100,000
	Less $61,540 exemption	No exemption
	Pays **$270** in education tax	Pays **$700** in education tax

Options and Impacts

Option #1: Maintain the present system.

Impact: There would not be any tax shifts related to this issue. However, there would continue to be questions regarding the fairness of the existing policy.

Option #2: Apply no exemptions to residences regardless of location.

Impact: This option would address the issue of fair taxation for all residential property regardless of the location of the property. All residential property would be fully assessable and taxable for all property levies, including education. There would be tax shifts to those ratepayers who are presently receiving the tax exemption. The amount of tax shift would depend upon the extent of the existing exemption, the nature of the local assessment base, and the changes made on the other assessment and tax issues under review.

Option #3: Phase-out the current exemption and shift the exemption to land used for farming operations (farmland). The farmland exemption could be either a percentage exemption or a flat exemption from tax.

Impact: Over time, this option would address the issue of fair taxation for all residential property regardless of the location of the property. All residential property would eventually be fully assessable and taxable for all property levies, including education.

8. Business Tax on Farming Operations

Background

Business tax is not a property tax. Business tax bylaws are generally put in place to offset the additional costs to a municipality that are created by the presence of business. It is a tax on the business operated on the property, not a tax on the property.

Under the previous legislation, rural municipalities were not given the authority to levy business taxes on farming operations. However, urban municipalities were given that authority.

Under the Municipal Government Act, no restrictions are placed on municipalities in relation to business tax on agricultural operations.

It should be noted that many urban municipalities that have historically levied a business tax are presently reviewing the appropriateness of the business tax as a revenue source.

Some rural municipalities are concerned about their ability to ensure that certain intensive agricultural enterprises are paying their share of infrastructure costs and are considering the implementation of a business tax.

Committee Recommendation

All municipalities should continue to be allowed to apply a business tax on farming operations. The current provisions of the Municipal Government Act regarding business tax should be amended to provide municipalities with the ability to apply a business tax on farming operations in a manner that is applicable to the agricultural industry. As an example, the legislation could require the business tax to be based on the average number of animal units on the property at any time.

Impact

A municipality will have the ability to redirect an appropriate portion of the costs of local infrastructure from all municipal taxpayers to the businesses, such as intensive operations, that are seen to be directly responsible for the extra pressure on infrastructure.

9. Tax Rate Subclasses for Farm Property

Background

The legislation provides for only one assessment class of farmland for taxation purposes. The legislation does not allow municipalities to apply separate tax rates to different types of farm property. However, municipalities can designate an unlimited number of residential assessment classes on any basis the council determines appropriate. This allows the municipality greater flexibility in dealing with local tax policy and infrastructure issues.

Committee Recommendation

Legislation should be amended to allow municipalities the flexibility to apply different tax rates on farm property depending on the type of agricultural operation taking place on the property.

Impact

This change would allow municipalities the flexibility to address local issues related to municipal taxes by applying different rates of tax on the different types of farming operations in the same manner as they currently do with residential properties. This change would not affect the current provincial education tax policy of applying a uniform rate consistently province-wide.

Comments

in Response to the Discussion Paper on Farm Property Assessment and Taxation

1. Definition of Farming Operations

In your opinion, do the proposed definitions clearly identify what should and should not qualify as ‘farming operations’ for the purposes of assessment and taxation?

Yes________ No________

Comments: ....

2. Assessments of Woodlots

Do you agree that the use of a property as a sustainable woodlot should be considered as a 'farming operation' and that the property be assessed on the basis of its productive value as a managed woodlot?

Yes________ No________

Comments:

3. Valuation of Farmland for Property Assessment Purposes

In your opinion, should farmland continue to be assessed on the basis of its productive value?

Yes________ No________

If you agree, do you believe that the productive value system should be updated periodically to reflect current farming practices, costs of production, and commodity prices?

Yes________ No________

Comments: ....

4. Intensive Versus Extensive Agricultural Operations

Do you prefer Option #1?

Yes________ No________

Comments: ....

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Do you prefer Option #2?

Yes________ No________

Comments: ....

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Do you prefer Option #3?

Yes________ No________

Comments:

Do you prefer Option #4?

Yes________ No________

Comments:

Do you believe there is a better solution to the issue?

Yes________ No________

Comments: ....

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5. Assessment of Land Not Used for Farming Operations

Should land not used for farming operations continue to be assessed and taxed on the basis of market value?

Yes________ No________

Comments:

6. Farm Residential Site Valuation

Do you prefer Option #1?

Yes________ No________

Comments: ....

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Do you prefer Option #2?

Yes________ No________

Comments:

Do you prefer Option #3?

Yes________ No________

Comments:

Do you believe there is a better solution to the issue?

Yes________ No________

Comments: ....

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7. Farm Residential Tax Exemption

Do you prefer Option #1?

Yes________ No________

Comments: ....

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Do you prefer Option #2?

Yes________ No________

Comments:

Do you prefer Option #3?

Yes________ No________

Comments:

Do you believe there is a better solution to the issue?

Yes________ No________

Comments: ....

8.Business Tax on Farming Operations

Do you agree with the recommendation?

Yes________ No________

Comments: ....

9. Tax Rate Subclasses for Farm Property

Do you agree with the recommendation?

Yes________ No________

Comments: ....

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Name and Address

The MLA Farm Assessment Review Committee thanks you for taking the time to assist us in our review of these complex property assessment and taxation issues. The Committee would also appreciate the opportunity to discuss directly with you any ideas or approaches that you may include in your response. With that in mind, we ask that you include your name and address in the following space. This information is optional.

Name: ....

Address: ....

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Please **return** your comments by **November 18, 1998** to:

Assessment Services Branch
Alberta Municipal Affairs
15th Floor, Commerce Place
10155 - 102 Street
Edmonton, Alberta
T5J 4L4