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# Advisory aspects

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## Assessment Services

### Branch update

#### Out and about

The Assessment Services Branch was invited to join representatives from British Columbia, Saskatchewan and Manitoba at a two-day education conference hosted by the Canadian Property Tax Association, from March 20 to 21, 2006 in Calgary. Executive Director Steve White discussed a number of regulations related to assessment and property tax that are scheduled for review this year. He also spoke about the Minister's Guidelines and the assessment process for pipeline property in Alberta. Branch representatives also attended several municipal and assessor conferences held in the spring.

#### Organizational update

Congratulations to Chris Uttley, who was appointed Director of the Regulated Standards and Utilities Assessment Unit after Dan Driscoll's retirement earlier this year.



Assessment Services Branch staff were on hand to answer questions at the Local Government Administrators Association conference held in March (Top: Brian Ferguson, Janet Fortin, Barry Campbell Bottom: Harold Williams, Diane Nickle, Grant Lloyd).

Congratulations to Janet Fortin of the Linear Property Assessment Unit, and Joanne Fortin of the Assessment Audit Unit on receiving their Accredited Municipal Assessor

of Alberta designations from the Alberta Assessors' Association.

In February, the branch said farewell to its business manager,

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Ian McCormack, after six years of service with the department.

### In training

The Education Tax and Assessment Advisory Unit of the Assessment Services Branch, hosted Assessment Review Board training sessions at various locations throughout the province this spring.

The unit also continued its participation in the Appraisal and Assessment Program at Lakeland College in Vermilion as follows. Barb Priddle and Peter Christiansen provided a presentation to Lakeland College students about farm land assessment in Alberta. Karac Hendriks-West gave students an overview on Alberta's assessment complaints and appeals process and unit staff also delivered an assessment principles course, a two-day seminar on assessment legislation, and a one-day session summarizing the education tax and equalized assessment process. Other branch staff delivered sessions on regulated assessment policy and the assessment audit process for Lakeland students.

### Payment-in-lieu of taxes

Randy Townsend, the Manager of Crown Property Valuations, attended two best practices workshops sponsored by the Appraisal Institute of Canada for federal payment-in-lieu of taxes properties. The workshops were held on December 8 and 9, 2005, and on February 23, 2006, in Ottawa, Ontario.

The first workshop was a follow-up to the draft reports produced

for the appraisal institute on recommended best practices on five types of federal Crown properties that are eligible for payment-in-lieu of taxes – penitentiaries, national park wilderness lands, military bases, historical sites, and ports. About 45 participants attended the workshop, including representatives from the Federation of Canadian Municipalities (FCM),



Executive Director of the Assessment Services Branch, Steve White updated attendees at the Alberta Assessors' Association annual convention in April.

the federal government (Public Works and Government Services representatives), the Appraisal Institute of Canada, the payment-in-lieu of taxes project management team and assessment staff from across Canada. Some of the best practices, such as those for historical sites or ports, do not affect assessments in Alberta because historical sites are not assessable and the province does not have any ports.

#### The first workshop had two target outcomes:

- Acceptance of the five best practices as authoritative guideline documents by stakeholders, and

- The ability for the best practices, once adopted, to be able to withstand expert review and scrutiny, to produce results that are clearly superior for stakeholders, and to enjoy broad support within the diverse stakeholder communities.

Stakeholder representatives agreed that the first workshop achieved its goals, but that some further work was required before signing off on the best practices. The workshop participants proposed the following next steps at the conclusion of the first workshop:

- The project management team would update the best practice documents with the recommendations agreed upon by the workshop participants.
- The revised documents would be presented at the second workshop (held in February 2006).
- The group as a whole accepted the fact that time constraints did not allow for an extra case study to be completed by the project management team.
- The payment in lieu of taxes representatives would work with the FCM on the impact study, and
- Recommendations would be sent to interested professional associations, such as the Alberta Assessors' Association, after the second workshop.

The second workshop was adjourned early due to the FCM's withdrawal from the process. As a result, the representatives of Public Works and Government Services believed that they had to hold discussions with their senior management, particularly in light of the fact that a new federal government had just been installed. The FCM and Public Works and Government Services

## Average Residential Selling Price in Edmonton (Courtesy of the Edmonton Real Estate Board)

YEAR	Average Home Sell Price
1962	\$12,556
1972	\$23,681
1982	\$91,405
1992	\$109,594
2002	\$150,258
2005	\$179,610

agreed to attempt to resolve their issues outside of the best practices process. At this time, it is uncertain as to when and how the development of best practices for payment in lieu of taxes will proceed.

### Auditors active

The first year of the next five-year cycle for conducting detailed assessment audits is 2006/2007. Last year, the Ministry hired a consultant to review the detailed assessment audit process and make recommendations for the next detailed audit cycle. The objectives of the review included:

- Reviewing the program objectives, process, and schedule,
- Determining the practicality and suitability of continuing with the existing audit tasks in the next five-year detailed audit cycle, and
- Recommending changes or alternatives to the audit tasks that would enhance the effectiveness and timeliness of the branch's detailed audit program.

The review has been completed and the Assessment Services Branch will be receiving a report on the findings shortly. Look for a summary of the results in a future issue of *Advisory Aspects*.

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### ASSET reporting

During the past year, assessors and municipalities have made considerable progress in adjusting to earlier ASSET submission dates. Last year by February 28, 2005, assessors for 184 municipalities had loaded their data into ASSET, passed stage 1 of the annual audit, and submitted their annual declarations. On the same date this year, that number

jumped to 327 municipalities that had loaded data into ASSET. By March 29, 2006, 341 municipalities passed stage 1 of the annual audit.

Stage 1 is carried out by the ASSET system upon receiving information from assessors. The ASSET system uses the assessment, sales, and property information reported by municipalities to determine whether the assessments meet the regulated quality standards. These include the median assessment ratio and the coefficient of dispersion for specific value range strata by actual use. This is the basis for calculating the assessment levels for the municipality, and in turn, is used to calculate the municipality's equalized assessment for residential and non-residential property classes. All strata must meet the regulated quality standards, but value ranges by actual use grouping are the only strata reviewed through the stage 1 audit process. Other strata are reviewed through other audit processes such as the detailed assessment audit process.

### Education tax requisitions

The 2006 education property tax requisitions were mailed out March 24, two days after the provincial budget was released. The requisition process began with last year's ASSET submission. With the assistance of the Assessment Audit Unit, the Education Tax and Assessment Advisory Unit reviewed the information provided by municipal assessors to ensure that it was accurately reflected in the 2006 equalized assessment. The 2006 equalized assessment was forwarded to municipalities on the legislated date of November 1, 2005.


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The 2006 education requisitions that have been sent to municipalities incorporate this year's school declaration information submitted into the ASSET system. The school declaration information in ASSET helped to provide an accurate distribution of the requisitions for municipalities that have opted out

school boards. This should help municipalities to expedite the calculations of their local education tax rates this year.

In addition to the requisition information that was forwarded to municipalities to assist them with this year's education property tax and bylaw processes, communication packages outlining details of the 2006 education property tax were

provided to provincial government MLAs as well.

Lynda Downey, the Education Tax and Assessment Advisory Unit Director, gave special thanks to Traci Bell, Pat Chelen, Diane Nickle, and Dave Sargent for their work on the education requisitions. "The effort and commitment of these individuals provided a quality product for both municipalities and the provincial government." 

## Alberta Assessors' Association convention – Summary of the Assessment Services Branch presentation (April 26, 2006)

As happens every year, Steve White, Executive Director of the Assessment Services Branch, spoke to Alberta Assessors' Association members at a bear-pit session on Wednesday April 26, 2006. The convention theme this year was "Above and Beyond," which was all about volunteerism. The following is a brief summary of Mr. White's presentation. Based on comments from Alberta Assessors' Association members at the 2005 fall symposium, Mr. White provided information on the change process for the *Municipal Government Act*, including when and how stakeholders can provide input and request legislative changes.

The role of the Assessment Services Branch is administrative in nature. The branch:

- Consults with stakeholders in a number of ways (including conferences, association meetings and working groups) to identify the issues and develop options
- Advises the Ministry's decision-makers on stakeholder views
- Develops options for change, and
- Identifies potential impacts or areas of concern.

Proposed changes to government legislation can be initiated from a number of sources; for example, interest groups, the general public, provincial government departments and MLAs. No matter how the idea for a legislative change is generated, the conceptual framework for a bill

is taken to the Agenda and Priorities Committee for consideration if the applicable Minister supports the proposed change.

If approved or accepted by the Agenda and Priorities Committee, the bill goes through the following steps:

- In-depth review by one of the six Standing Policy Committees, and
- Discussion by Cabinet and Caucus.

If approved by Caucus, the proposed legislation is finalized and presented to the Legislative Review Committee. This committee, which is made up of the chairs of the six Standing Policy Committees, conducts a final review of the draft legislation to ensure that the legal text properly reflects the policies that were agreed to by Standing Policy Committee and Caucus.

If the Legislative Review Committee approves the final draft legislation, it is printed in final form and put on Notice in the Order Paper for the Legislative Assembly.

A bill requires three readings and review by the Committee of the Whole before it can be passed. If a bill fails to pass any one of these stages, it cannot become law and must be reintroduced, usually not until the next session of the Legislature. If passed, the new legislation may be effective immediately, or it may have a later proclamation date depending on the circumstances.

A stakeholder consultation process can occur during various stages of this process. Public consultation provides the provincial government with an opportunity to hear stakeholder views on a particular issue.

### **Municipal Government Act (MGA)**

The MGA has been in force for over 10 years and is seen as a leading piece of municipal legislation in the country.

Recently, at the fall convention of the Alberta Association of Municipal Districts and Counties, the Honourable Rob Renner, Minister of Municipal Affairs, announced that it might be time to review the legislation to ensure it addresses the needs of today's municipal environment.

Before a decision can be made about an MGA review, the Minister has said he would first like to:

- Address the respective roles and responsibilities of the province and municipalities,
- Determine the cost of the municipal responsibilities, and
- Decide how such roles and responsibilities should be funded.



City assessor for Red Deer, Rod Risling asks a question at the Alberta Assessors' Association convention bear-pit session hosted by the Assessment Services Branch in April 2006.

Mr. Renner has established the Minister's Council on Municipal Sustainability to help address these issues and any other matters related to municipal sustainability. Should a review of assessment and property tax policy proceed, proposed amendments to the MGA would only be considered after a comprehensive review and consultation with stakeholders.

### **Regulations review – 2006**

There are a number of assessment and property tax related regulations that are scheduled for review in the coming year.

- Regional Shopping Centre Allocation of Assessment Regulation (AR 61/2002)
- Well Drilling Equipment Tax Rate Regulation (AR 61/2002)
- Electric Energy Generation Exemption Regulation (AR 172/2004)

*“Public consultation provides the provincial government with an opportunity to hear stakeholder views on a particular issue.”*

- Extension of Linear Property Regulation (AR 172/2004), and
- Assessment Complaints and Appeals Regulation (AR 238/2000).

### **Industrial rate review**

The Ministry has been working with engineering firms and stakeholders over a number of years to review the models used to assess various types of industrial property.

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This review has resulted in proposed updates that reflect changes in industry practices and construction standards for several types of industrial property:

- Oil and gas wells
- Pipelines
- Light oil field machinery and equipment
- Electric power systems
- Telecommunications systems, and
- Railway properties.

The Ministry is committed to keeping stakeholders informed. As an example, the Ministry is making impact information available to municipal and industry stakeholders and asking for their feedback to assist in making final recommendations. For more information regarding this initiative, go to the Municipal Affairs website at [www.municipalaffairs.gov.ab.ca](http://www.municipalaffairs.gov.ab.ca). Under the Workshops, Consultations and Registrations heading, click on Industrial Assessment Rate Review.

### Minister's Guidelines process

The Ministry is continuing to work on improving the process of producing the Minister's Guidelines, and in particular the annual modifier process.

A Minister's Guidelines team is being established to:

- Produce the Minister's Guidelines including the annual modifiers in a timely manner (by September/October of each year)
- Develop a communications plan for all stakeholders

*The Ministry is continuing to work on improving the process of producing the Minister's Guidelines, and in particular the annual modifier process.*

- Develop and publish quarterly reports on construction cost changes and allow time for stakeholder feedback, and
- Work with a consultant and stakeholders to establish improvements in developing modifiers.

The Ministry would like to engage stakeholders in the process as early as possible and will be seeking input on how they believe they would like to participate.

### ASSET update

The Assessment Services Branch of Municipal Affairs has started to develop a new Model Quality Structure (MQS) Code manual that will contain descriptions and pictures of residential and non-residential improvements applicable to the standard classification codes. The branch hopes that the manual will help to ensure that the classification codes are assigned consistently to similar improvements throughout the province.

ASSET offers a cross-reference table to map a municipality's classification codes to the ASSET standard MQS codes. This was done to avoid the expense and inconvenience for a municipality to convert to the standard MQS. A municipality's classification for each improvement on the property must be reported with the CAMA XML file.

For the 2006 ASSET submissions, a process monitor screen was introduced. This screen provides information about where the municipality's load is within the load process. Error reports can be picked up, and various report files are also accessible. This is a benefit if the report is too large, which can be problematic when transferring by e-mail. The branch has received positive comments on this new feature.

For the 2004 assessment year, 184 municipalities met the February 28 deadline for loading and declaring their assessments into ASSET. For the 2005 assessment year, the deadline for reporting data was advanced to January 31, 2006, and 227 municipalities declared by that date.

The Ministry's objective with the January 31 declaration date is to complete the annual audit and equalized assessment by March 1. This would enable the province to move to current year equalized assessments. However, implementation of this change will not be recommended until the Ministry is confident that municipalities and the province can meet targeted reporting dates.


With respect to the 2007 assessment submission into the ASSET system, the Annual Return Declaration is to be submitted by the appointed assessor by January 31. This means that the assessments submitted must meet the quality standards set out in the Matters Relating to Assessment

and Taxation Regulation before the declarations are submitted.

The regulation contains an amendment that will come into effect on January 1, 2007. The amendment requires that the assessment level for residential and non-residential property assessment classes must be 1.000. We are currently seeking

input on whether this requirement is appropriate.

### Base year modifiers (BYMs)

For 2006, the Ministry expects to receive the BYMs from a consultant by mid-August this year, in order to have them out to assessors by September. 

# Linear Property Assessment – 2006 tax year overview

The Assessment Services Branch prepared assessments for more than 418,000 linear property accounts for the 2005 assessment year (2006 tax year).

About 1,100 companies own linear property in Alberta. The total taxable assessment on linear property for Alberta's municipalities is about \$44 billion (as of January 2006). The table on this page shows the number of accounts and taxable assessment for the different types of linear property.

### Alliance Pipeline

Alliance Pipeline was not successful with its linear property assessment complaint for the 2002 tax year at the Municipal Government Board, or at the subsequent judicial review.

The appeal progressed to the Alberta Court of Appeal, and the matter was heard May 17, 2005, in Calgary. On January 11, 2006, the Court of Appeal

## Linear property for Alberta's municipalities – taxable assessment

Type of linear property	Number of accounts	Taxable assessment (annual January 2006, \$ billion)
Pipelines	197,954	\$19.8
Wells	196,054	\$15.3
Electric power transmission, distribution and street lighting systems	13,063	\$3.2
Electric power generation systems	1,155	\$3.3
Telecommunications systems	8,000	\$2.2
Cable television systems	1,191	\$0.15
Gas distribution systems	890	\$0.42
<b>Total</b>	<b>418,307</b>	<b>\$44.4</b>

handed down a decision in favour of Alliance Pipeline.

The Assessment Services Branch filed documents on March 10, 2006, applying to the Supreme Court of

Canada to hear the matter. The company filed its rebuttal with the Supreme Court on April 10, 2006. The Supreme Court will take about three to six months to determine if the case will be heard.

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## Corridor Pipeline

In regards to the Corridor (Terasen) Pipeline assessment complaint of 2003, the Municipal Government Board's decision, made on September 7, 2004, was in favour of Corridor. Legal counsel for Municipal Affairs filed for judicial review of the board's decision to the Court of Queen's Bench. In late November 2005, the Court of Queen's Bench ruled in favour of Corridor. The Ministry filed documents in February 2006 for the matter to be heard at the Court of Appeal.

## MTS Allstream

MTS Allstream (previously Allstream Corp.) appealed its 2004 tax year assessment on the basis that it does not reflect costs incurred directly by Allstream Corp. as referenced in section 1.000 of the CCRG. A Municipal Government Board hearing was held November 28, 2005, and a decision is pending.

*About 1,100  
companies own  
linear property  
in Alberta.*

The Assessment Services Branch of Alberta Municipal Affairs publishes *Advisory Aspects* three times a year. It contains assessment related information for municipal administrators and property assessors in Alberta.

## TELUS

TELUS complained about its 1997 to 2005 (tax year) linear property assessments. TELUS was successful on its 1997 tax year complaint. However, the Municipal Government Board's decision on the 1998 and 1999 complaints, which was received on April 8, 2005, upheld the assessments for those years. In August 2005, TELUS filed for judicial review of this decision.

The board's decision on the 2000 to 2003 assessments, which was received on December 21, 2004, upheld the assessments for those years as well. TELUS filed for judicial review of this decision in June 2005.

Your comments and suggestions for articles can be directed to:

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In addition to the appeals from previous years, TELUS filed a document with the Court of Queen's Bench to quash Ministerial Order L: 179/04. This ministerial order extended the time for municipalities to send out tax notices for the 2004 amended linear property assessments (2005 tax year).

Complaints about the 2004 and 2005 tax years are scheduled to be heard by the Municipal Government Board beginning November 20, 2006, and will continue until December 8, 2006 as required. TELUS also filed a complaint about the 2006 tax year amount. **A**

*Wishing you a happy  
healthy summer!*

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