

# Advisory Spect's

Spring 2002 | Number 11

*Advisory Spect's* is a quarterly publication of The Assessment Services Branch of Alberta Municipal Affairs.

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## Municipal Assessment Process in 2004 Tax Year

The timeline chart that accompanies this article (see page 2) illustrates changes in municipal assessment timelines for the 2004 tax year.

The ASSET technical committee recommended the changes during its November 16, 2001 meeting. Changes to the process are being implemented in response to the Equalized Assessment Panel's (EAP) recommendation to calculate the education requisition using the current year assessment roll rather than the previous year's outdated roll.

From the Assessment Services Branch perspective, these are the timelines for the major tasks in the assessment process. The EAP 4A Recommendation refers to moving to the current assessment for the education requisition. To support this recommendation, the annual audit

functions must be completed by February 28 of every year. As such, the municipality's assessments must be submitted, audited and declared by January 31 to allow the Assessment Services Branch 20 business days to deal with any outstanding audit issues.

For the department to achieve its deadline, municipalities will be required to meet new deadlines. Extensions will not be allowed.

In 2004, municipalities will be required to complete the following steps within specified time frames:

- **Verify sales:** Verification of sales data will be done throughout the year in order to build a sales database that can be used by municipalities throughout the province. The sales period that will be included in the 2004 tax year analysis will end on June 30, 2003.

- **Submit verification:** To facilitate the timely sharing of sales data, municipalities will submit sales verification information to ASSET regularly throughout the year. This could be weekly, biweekly or monthly, but not longer. Sales will default to a 'good sale not verified' and each municipality will provide more specific verification, adjustment and assessment information.

- **Building permit inspections:** Inspections triggered by building permits will occur between January 1 and December 31. In light of the December 31 condition date and the January 31 declaration date, the date by which the municipality must submit the

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The municipality's assessments must be submitted, audited and declared by January 31

assessments, a certain amount of "projection of completeness" will be required to balance the workload and meet the deadline.

- **Re-inspections:** Municipalities will conduct inspections that are part of the regular roll-maintenance cycle between January 1 and December 31.
- **Subdivisions:** Additions, deletions and changes to the assessment roll that result from new subdivisions or annexations being approved will be done between January 1 and December 31. Municipalities and their planning departments will need to work closely to ensure information is exchanged in a timely manner. When approved linen is received, the municipality's assessment department should prepare the changes so they can be finalized as soon as the registered plan is received.
- **Modelling and field-test models:** Municipalities will create models and test them after the June 30 sales cut-off date. Municipalities will compliance test their models using the ASSET program.
- **ASSET audit tests:** Municipalities may load their assessment roll into ASSET and conduct tests using ASSET tools whenever and how often they desire. Each time an assessment roll is loaded, the ASSET audit test will be automatically triggered. If the

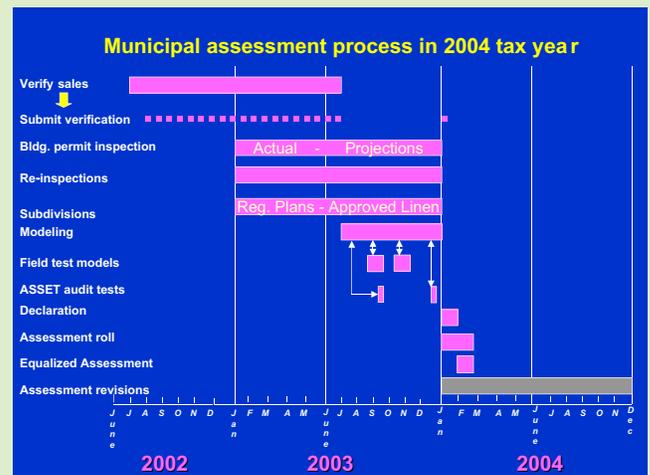
municipality wants, other analysis tests can be selected from a program list. When a new submission is made, previous submissions are automatically deleted. The Assessment Services Branch will not review a submission until the appointed assessor declares it.

- **Declaration:** The appointed assessor for the municipality must declare the assessments to be complete and correct by January 31. No extensions will be permitted. The declared assessments cannot be replaced with a new submission because the declared assessments are the ones the municipality will use for preparing the assessment roll by February 28, and then for taxation.
- **2004 assessment roll:** Municipalities will be able to prepare the roll and mail notices as soon as the assessments are audited and declared.
- **2004 equalized assessment:** The equalized assessment is the summary of the assessments by the

liability codes. By March 1, 2004 a report will be prepared for the audited and declared assessment summaries and a disposition prepared for any that are not declared. The report will be made available to municipalities and Alberta Learning.

- **2004 assessment revisions:** Municipalities are required to make periodic submissions to ensure that the information on the ASSET system is the same as their assessment roll. This would occur in the event of changes to the roll prompted by a supplementary assessment, Municipal Government Act sections 305 or 368, changes or decisions made by an assessment review board or the Municipal Government Board. Any questions about this new process should be directed to John Scott at (780) 422-8415.

John Scott,  
ASSET Business System Manager



# Assessment Education in Canada

The City of Calgary has sponsored, with assistance from Alberta Municipal Affairs, three meetings on the topic of assessment education in Canada. Representatives from municipal and provincial jurisdictions; professional assessment and appraisal associations; and institutes and education service providers from across Canada have attended.

The future of assessment education is complicated by many factors, including:

- An evolution in assessment processes.
  - The potential need for fewer appraisers in the future and smaller membership bases for professional associations.
  - Developing a vision for tomorrow's assessment office in order to better define the training and educational needs for tomorrow's assessment professional.
  - Expected labour shortages due to population demographics.
- The future of assessment education is the foundation for tomorrow's

assessment professional and the assessment profession. Alberta Municipal Affairs will be presenting this matter to the Provincial Directors of Assessment across Canada.



# Education Property Tax and Equalized Assessment Unit Report

## Alberta's 2002 Education Property Tax Requisition

In response to fiscal pressures, the province has increased its requisition to \$1.245 billion for the 2002/03 fiscal year. Requisitions were mailed to municipalities on March 22, 2002.

The province is calculating each municipality's 2002 requisition using the lesser of the following:

- An 8 percent requisition increase, by class, from the previous year;

- An average of the 1999, 2000, 2001 and 2002 equalized assessments; or
- A municipality's 2002 equalized assessment.

### Provincial Uniform Education

#### Tax Rates

- Residential/farm land 5.57 mills
- Non-residential 8.17 mills

#### Impact

The requisition increase will be absorbed, in many municipalities, by

growth in the assessment base.

Increasing the cap on requisition growth to eight percent from five percent will help to improve the distributional equity of the requisition among municipalities.

If your municipality has questions or concerns regarding the 2002 requisition, contact the Education Property Tax and Equalized Assessment Unit information line at (780) 422-7125.

*Lynda Downey, Director*

**Symposium Participants:**

*Allan Hodge, Brad Pickering, Brian Moore, Charles Johnstone, Connie Fair, Don Barr, Gord Lawson, Jerry Grad, Mark Boreskie, Murray Cooney, Myron Chilibeck, Tim Furlong, Steve White, Larry Hummel, Paul Boutin, Rod Risling, Sean Martin, Wayne Llewellyn, Doug Rundell, Kathy Gillis, Andre Gravelle, Brad Wagar, Bryan Gibbons, D. Diachun, Dennis Klem, Debbie Ann Clark, Christine Demaria, Don Davies, Gerry Hupp, Karen Wronko, Lee Swanson, Pat Dumont, Patty Pidruchney, Paul Slogget, Suzette Demott, Ian McClung*

## The following Ministerial Orders have been signed since the last issue:

MO#	APPLIES TO	REGARDING	DATE SIGNED
L: 168/01	Minister of MA	Linear Property Assessment Fees	November 13, 2001
L: 171/01	All Municipalities	2001 Minister's Guidelines	December 10, 2001
L: 174/01	MD #22	Assessment Review Board Extension to January 25, 2002	November 27, 2001
L: 176/01	Woodlands County	Assessment Review Board Extension to March 31, 2002	December 21, 2001
L: 177/01	MD #44	Assessment Roll Extension to April 12, 2002	December 14, 2001
L: 003/02	All Municipalities	Reporting Information for Assessment Audit	January 20, 2002
L: 004/02	RM of Wood Buffalo	Non-Profit Organization Taxation Exemption Application Submissions	January 16, 2002
L: 005/02	MD of Willow Creek	Extension to January 31, 2002 Assessment Roll Extension to March 31, 2002	January 22, 2002
L: 007/02	City of Edmonton	Assessment Roll Extension to March 31, 2002	January 31, 2002
L: 008/02	Lac Ste. Anne County	Equalized Assessment Information Extension to June 1, 2002 Assessment Roll Extension to April 5, 2002	February 5, 2002
L: 009/02	Sturgeon County	Equalized Assessment Information Extension to May 3, 2002 Assessment Roll Extension to April 30, 2002	February 5, 2002
L: 010/02	Lakeland County	Equalized Assessment Information Extension to June 1, 2002 Assessment Roll Extension to April 30, 2002	February 5, 2002
L: 011/02	Town of Cochrane	Equalized Assessment Information Extension to May 31, 2002 Assessment Roll Extension to April 15, 2002	February 5, 2002
L:013/02	City of Red Deer	Equalized Assessment Information Extension to April 15, 2002 Assessment Roll Extension to April 30, 2002	March 5, 2002
L:015/02	MD of Pincher Creek	Equalized Assessment Information Extension to June 1, 2002 Assessment Roll Extension to April 15, 2002	February 22, 2002
L:016/02	City of Medicine Hat	Assessment Roll Extension to March 31, 2002	March 7, 2002
L:017/02	City of Calgary	Assessment Review Board Extension to May 31, 2002	March 5, 2002
L:018/02	MD of Wainwright	Assessment Roll Extension to May 1, 2002	March 6, 2002
L:019/02	Town of Chestermere	Equalized Assessment Information Extension to May 1, 2002 Assessment Roll Extension to March 31, 2002	March 6, 2002
L:020/02	Flagstaff County	Assessment Roll Extension to April 30, 2002	March 6, 2002
L:021/02	County of Grande Prairie	Assessment Roll Extension to March 31, 2002	March 7, 2002
L:022/02	Town of Picture Butte	Assessment Roll Extension to March 28, 2002	March 12, 2002
L:031/02	Town of Taber	Assessment Roll Extension to March 29, 2002	March 13, 2002
L:032/02	Starland County	Assessment Roll Extension to March 31, 2002	March 13, 2002
L:033/02	Cardston County	Assessment Roll Extension to March 31, 2002	March 12, 2002
L:036/02	Cypress County	Assessment Roll Extension to April 30, 2002	March 15, 2002
L:037/02	MD of Ranchland	Equalized Assessment Information Extension to April 30, 2002 Assessment Roll Extension to April 30, 2002	March 18, 2002
L:038/02	Woodlands County	Assessment Roll Extension to April 3, 2002	March 18, 2002

### Staff Departures

#### Linear Property Assessment Unit

Doug McLennan

Chit Fune

Hema Achaya

#### Assessment and Property Tax Policy Unit

Norm Girard

#### Education Tax and Equalized Assessment Unit

Glen Cumming

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# Message from the Executive Director

During the spring of 2002, the Assessment Services Branch will continue to work with stakeholders to provide information on branch initiatives and activities.

Some activities of the branch include participating in conferences and symposiums, delivering information seminars, and producing publications such as guides, pamphlets and bulletins. We look forward to these opportunities to exchange ideas as we strive to improve our assessment system in Alberta.

I would like to take this opportunity to share with you the current activities of the branch. In March, we participated in the Canadian Property Tax Association (CPTA) education seminar in Calgary, and the AAMD&C conference in Edmonton. This spring,

branch staff attended the annual Alberta Assessors' Association Conference to provide branch updates and educational workshop information.

The branch is finalizing two guides on the assessment system in Alberta.

*The CAO's Guide to Property Assessment and Taxation* and *Albertan's Guide to Property Assessment and Taxation* provide information for municipal officials and the general public on Alberta's property assessment system. In 2002, the branch will continue to provide Assessment Review Board training to assist board members in carrying out their responsibilities when hearing the assessment complaints of property owners who are unhappy with their assessments.

Development of the ASSET system is also continuing. ASSET is designed to improve assessment quality standards and to facilitate the sharing of assessment information. ASSET is expected to roll out in stages and be fully operational in 2004.

The branch strives to promote a positive learning environment. We believe that continued communication with stakeholders and the provision of ongoing support will lead to an improved assessment system in Alberta. If you have any questions or concerns, please do not hesitate to contact the branch administration office at (780) 422-1377. I look forward to a continued positive working relationship with you in the future.

*Steve White, Executive Director*

## Branch Holiday Closures

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

Canada Day	July 1
Civic Holiday	August 5
Labour Day	September 2

# Assessment Audit Unit Update

## 2002 Alberta Assessors' Association Conference

The Assessment Audit Unit conducted a workshop on Friday morning of the conference dealing with annual and detailed audit submissions. The session included a review of the concepts discussed in the Assessment

Audit Guide and also examined the proposed quality standards and subsequent changes to the reporting of assessment information.

## Annual Assessment Audit Program

The annual assessment audit program will continue to apply the quality

standards in the existing Matters Relating to Assessment and Taxation Regulation (AR 289/99) to review information and statistics relative to the 2002 assessment roll. However, the assessment and sales information reported by assessors will also be analyzed in relation to the assessment

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# Assessment and Property Tax Policy Unit Update

## Correction

On page 5 of the Winter 2001/02 Advisory Aspects, the article entitled 'Assessors as Designated Officers', "section 286" should read "section 289". Section 286 of the Municipal Government Act was repealed in reference to a municipality appointing an assessor as a designated officer.

## Regulated Industrial Property Section

The Regulated Industrial Property Section has been busy working on a number of tasks since the last update. The status of recent projects is summarized below:

- *Minister's Guidelines for 2002.* These are available through the Queen's Printer. The Construction Cost Reporting Guide (CCRG) was included in the Minister's Guidelines as Appendix V.
- *Interpretative Guide to the CCRG.* The guide is available through the Alberta Municipal Affairs' website at [www.gov.ab.ca/ma/as](http://www.gov.ab.ca/ma/as) under the heading "Minister's Guidelines and Manuals."
- *Depreciation Schedules.* Section staff is continuing to review depreciation schedules for all industrial properties within the context of the CCRG.
- *Cost Rates.* The process of developing new cost rates for all regulated industrial property types is continuing.

## Regulated Rural Property Section

Municipal Affairs has released the report of the MLA Farm Property Assessment Review Committee, which contains several recommendations on how to make Alberta's farm property assessment system more equitable and up-to-date. Over the next two months the committee will hold information sessions with stakeholders on the recommendations before the government begins to implement them.

Highlights of the committee's recommendations include:

- Redefining farming operations for assessment purposes to include operations such as woodlots and exotic animal farming.
- Amending the farm land valuation process to address disparities in the assessment of intensive and extensive types of farm operations (the "footprint" concept).
- Providing municipalities with the opportunity to exempt some managed conservation land where projects are acceptable to the municipality.

- Updating the legislation to allow the municipality to establish tax rate classes similar to the residential category.
- Updating the farm productivity assessment rates.
- Amending legislation so a business tax may not be levied on property defined as a farming operation.
- Amending legislation so that farm buildings in urban municipalities are exempt from property tax, but allowing urban municipalities, by bylaw, the option to tax farm buildings at a more appropriate rate for municipal purposes.

Updating the definition of farming operations and conservation land policy will come into effect in 2003. All other changes will take effect in 2004.

The committee also recommended that it work together with the MLA Education Property Tax Review Committee to address issues related to assessment and taxation of farm residences and the education property tax on farm land.

The MLA Farm Property Assessment Review Committee was established in 1997. In 1998 and 1999 it held public

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## **APTP Unit Update continued from page 6**

meetings and consulted with a wide range of stakeholders, and prepared a discussion paper and follow-up consultation report. Since then the committee has been studying the effects of potential options with a stakeholder-working group, which included various agricultural and municipal representatives.

The MLA Farm Property Assessment Review Committee report and recommendations are available on our Web site under "What's New".

## **Procedural Policy Section**

The procedural policy area has been busy with ongoing projects since the last issue. These include:

- Assessment Review Board member training. The program is underway for its third year. As in the past, the program is receiving good reviews. To register for the program go to the Assessment Services section of the Municipal Affairs website at <http://www.gov.ab.ca/ma/as> and click on the Assessment Review Board Workshop Registration icon under the Information and Advice section.
- A number of Ministerial Orders requesting extensions have been requested and processed. A listing of these can be found in this edition of *Advisory Aspects*.
- Work on the 2001 Alberta Residential Cost Manual is progressing. The manual will be available by mid-summer.
- The Mass Appraisal and Market Value Committee, a joint committee formed by Alberta Municipal Affairs and the Alberta Assessors' Association, is working on three new modules for the best practices binder. More information regarding the modules will be available in the next issue.
- The two guides, *An Albertan's Guide to Property Assessment and Taxation in Alberta* and the *Chief Administrative Officer's Guide to Property Assessment and Taxation in Alberta* are being completed. They will be published later this year.

If you have any questions about this information, please contact me at (780) 422-1377.

*Larry Collins, Director*

## **Assessment Audit Unit Update continued from page 5**

level quality standards of 0.950 to 1.050 and of 1.000 that is being proposed for future years. The purpose of the analysis is to show municipalities and their designated assessors how the 2002 assessment roll measures up to tighter quality standards. The analysis may also indicate areas of improvement that need to be addressed by the assessor for the 2003 roll.

## **Detailed Assessment Audit Program**

The Assessment Audit Unit has developed a list of municipalities that will be scheduled for a detailed assessment audit in 2002. The department's goals include completion of detailed audits for all municipalities on a five-year cycle. Affected municipalities on the list may have been notified already or will be contacted soon by the auditor to arrange times to conduct the audits.

## **Crown Property Assessment Audit Program**

The primary schedule for reviewing assessments of provincial Crown property will be coordinated as part of the detailed assessment audit program in 2002. Crown properties in other municipalities that are not undergoing a detailed audit in 2002 will be addressed as part of the regular Crown property assessment audit program.

*Jerry Husar, Director*

## **Municipal Affairs has released the report of the MLA Farm Property Assessment Review Committee**

# Linear Property Assessment Unit Update

The Linear Property Assessment Unit completed many initiatives over the past year, which resulted in early completion of the 2002 linear assessment. It was distributed to all municipalities and companies by February 28, 2002.

The delivery medium changed. All municipalities and 60 percent of the oil and gas companies received their assessment information in PDF format on compact discs. Utility companies received their assessment information in PDF format by email.

Achievements that made this possible include:

- Development of the Property Classification/Valuation Guide for linear property not described in the linear property assessment manual.
- Implementation of new Request for Information documents issued for telecommunication and electric power system properties.
- All large telecommunication and electric power companies are now filing information electronically.

- Utilization of municipal building permits, which improves the inventory accounting process for telecom and electric power system properties.
- Many companies were provided a “pre-assessment” by e-mail using PDFs to offset effort tied to quality control.
- The Well and Pipeline Section of the branch completed an audit of “permitted” pipelines attached to gas wells.
- An examination of the well depth calculation process was completed.

Planning is underway for the development of a web-based program that will enable municipal clients to access their linear assessment information online. More details will be released as progress is made.

The well and pipeline assessors held an open house in Calgary on March 13 - 14 to assist property operators in understanding their linear assessments.

The Alliance Pipeline appeal to the Municipal Government Board ended in February. A decision is expected soon.

The unit set up booths at the Local Government Administrators Association conference in Red Deer, March 20-22, and the Alberta Association of Municipal Districts and Counties conference in Edmonton, March 25-27.

As part of the department's ongoing effort to improve the Alberta Energy & Utilities Board -based pipeline assessment, an in-house-review process began last year. It involved examining “permitted” pipeline properties to determine whether they came into service prior to being moved to “operational” status at the AEUB and should be assessable. As a result of the review, total pipeline assessment across the province increased over \$30 million on the amended assessment issued August 7, 2001.

This process will be expanded for the 2002 tax year. Assessors will use technology, field inspections and contact with industry to ensure pipeline assessments are as accurate as possible. The 2002 review has started and should be completed by late summer. Additions will be made using section 312 of the Municipal Government Act, and affected municipalities and companies will receive an amended assessment projected to be issued in September 2002.

**This service is included in your annual fee for linear assessment.**

*Steve White, Acting Director*

All municipalities and 60 percent of the oil and gas companies received their assessment information in PDF format on compact discs

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