

Advisory Spect's

Winter 2001/02 | Number 10

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

Phone: 780-422-1377

Fax: 780-422-3110

lgsmail@gov.ab.ca

www.gov.ab.ca/ma

15th Floor Commerce Place

10155 - 102 Street

Edmonton, AB T5J 4L4

Assessment and Property Tax Policy Unit Update

Regulated Industrial

The former Regulated Property Section has been split into two sections, Industrial and Farm Land. Dan Driscoll is the manager of the Regulated Industrial area. The staff in this area of the Assessment and Property Tax Policy Unit have been working on a number of significant tasks over the past few months. Many of these tasks are works in progress:

- The Minister's Guidelines for regulated property have been signed. These guidelines include the following assessment manuals:
 - Farm land
 - Linear Property
 - Machinery and Equipment
 - Railway

- Construction Cost Reporting Guide

- The Construction Cost Reporting Guide, formerly known as the Special Property Assessment Guide (SPAG), is a new procedural document that will be included in the Minister's Guidelines this year.
- Unit staff are reviewing the proposed depreciation schedules for all industrial properties as a result of recommendations that were put forward in the Construction Cost Reporting Guide.
- The process for developing new cost rates for all regulated industrial property types is under way.

Regulated Rural

Because the rural component of regulated property has gained increasing prominence since the establishment of the MLA committee, responsibility for this growing portfolio has been separated from the former Regulated Property section. John Ball has been assigned to the position of Coordinator of Rural Assessment. Here is an update on activities in John's area:

- Area staff continue to provide technical support to the MLA Committee reviewing farm property assessment and taxation issues. The committee has been working on its final report recommendations.

continued on page 2

in this issue

Is Your Assessment Fair and Accurate? | 2

Assessment Audit Unit Update | 3

E-Filing of Assessment Appeal Documents | 3

Ministerial Orders | 4

Assessment Review Board Training 2002 | 5

Education Property Tax and Equalized Assessment Unit Report | 6

ASSET | 7

Staff have been working on... developing and scheduling assessment review board training for spring 2002

- The regulatory review of the 'farm property' definition is now complete. An amendment to the *Matters Relating to Assessment and Taxation Regulation* is expected soon.
- A change has to be made to the Minister's Guidelines to take into account the consideration of managed woodlots as agricultural property.
- Training was hosted in Edmonton and Valleyview for assessors who have managed woodlots within their areas of responsibility.
- Managed woodlots will be assessed as agricultural property provided the woodlot owners have a management plan prepared by a Registered Professional Forester.
- The regulatory review process will

facilitate the exemption of some conservation land (Community Organization Property Tax Exemption Regulation).

Procedural Policy

The Procedural Policy area of the Unit has been busy with several ongoing projects since the last issue of *Advisory Aspects*. Staff have been working on:

- Developing a binder for all Chief Administrative Officers (CAOs) that will give them a great deal of Assessment Services Branch information in one place. This binder is being mailed.
- Creating a layperson's guide to assessment, a CAO's guide to assessment, a brochure for the public entitled *Is Your Property Assessment Fair and Accurate?*,

and a small booklet called *Preparing for Your Assessment Complaint and Appeal Hearing*.

- Developing and scheduling assessment review board training for spring 2002.
- Working with the Market Value Mass Appraisal Committee to ensure the best practices handbook is kept current.

If you have any questions about this information, I urge you to call me or one of my staff at 780-422-1377.

You can call toll-free by first dialing 310-0000.

Please accept our best wishes at this festive time of year. May we all be thankful for what we have and ever mindful of what we do.

Larry Collins, Director

Is Your Assessment Fair and Accurate?

The Assessment Services Branch has recently released a pamphlet entitled *Is Your Assessment Fair and Accurate?*

This pamphlet provides a brief explanation of Alberta's assessment and property tax system. It is written to help ratepayers understand the property assessment process.

The pamphlet contains information about:

- Methods of property assessment;
- How to check an assessment;
- Assessment complaints and appeals;
- Preparing for an assessment review board or Municipal Government Board hearing; and

- The hearing process and decisions.
- Alberta Municipal Affairs has sent out a supply of pamphlets to each municipality in the province. If you wish to have a copy of this pamphlet, it is available to you on the department's Internet site at www.gov.ab.ca/ma.

Assessment Audit Unit Update

Detailed audits are being conducted in the cities of Edmonton and Calgary. Data exchange is under way and the teams are meeting with the staff of each city. To cope with the size of the undertaking, the audit unit has divided into specialized work teams. Categories for which teams are responsible include single family

residential, condominium, multi-family, commercial, industrial, and exempt. All work teams are conferring with each other to ensure the two largest cities are treated equitably. Eager to improve on its current methodologies, the Audit Unit is mapping out strategies based on recommendations from the Equalized

Assessment Panel and the provincial Auditor General. Changes as a result of these deliberations will most likely be implemented in 2002.

The Audit Unit staff wish everyone good fortunes in 2002.

Jerry Husar, Director

The Audit Unit is mapping out strategies based on recommendations from the Equalized Assessment Panel and the provincial Auditor General.

E-Filing of Assessment Appeal Documents

The advancement of technology in municipal offices is changing the way that many municipalities communicate with their ratepayers. One situation that technology has significantly affected is the assessment complaint and appeal process. Some municipalities have shown interest in accepting assessment complaints and issue statements via Web sites or e-mail, but are concerned with the legalities surrounding these transfers.

The *Electronic Transactions Act* (ETA) will likely be proclaimed within the next few months. This act will ratify practices that have been

taking place surrounding electronic transfers of information, one of which is assessment review board documents. It should be noted that a municipality is under no obligation to receive any or all information in an electronic format. If a municipality decides to allow electronic filing, complaints and issue statements, as outlined under the *Municipal Government Act* (MGA) and the *Assessment Complaints and Appeals Regulation* (AR 238/2000) can be filed electronically as long as:

- Timelines as set out in the legislation are adhered to; and
- There are no sections of the legislation pertaining to assessment

complaints that prevent these electronic transactions.

It should be noted that the onus is on the sender, rather than the receiver, to ensure that a complaint or issue statement has been received, regardless of the mode of transmission. A signature is not required for assessment complaints and issue statements in the MGA or AR 238/2000. However, for cases when signatures are required, the ETA lays out specific criteria that must be followed.

Municipalities contemplating the use of the Internet for these purposes may wish to seek legal counsel regarding this issue.



3

Message from the Executive Director

At this time of year, I would like to pass on the best wishes of the staff and management of the Assessment Services Branch to you and your families.

Over the past year, the Assessment Services Branch (ASB) has concentrated its efforts on external consultation with a wide variety of people and groups to address a number of issues. You will find more detailed information on some of these consultative processes elsewhere in this *Advisory Aspects*, but I would like to touch on a few major points here.

The Equalized Assessment Panel (EAP) Technical Committee has been active in reviewing issues and making recommendations related to the implementation of the EAP's report.

The review of the Special Property Assessment Guide (SPAG) was completed with the participation of

industrial and municipal stakeholders.

The ASB assisted in reviewing the needs of the assessment profession at the Calgary Symposium on Appraisal Education. We want to be sure that the future of the profession remains bright.

As our external stakeholders no doubt realize, we have concentrated on keeping you up to date on the ASB's activities by revamping our *Advisory Aspects* newsletter and our Assessment Bulletins. Not only are these publications mailed to over 1,000 stakeholders, they are also available on the Alberta Municipal Affairs Web site at www.gov.ab.ca/ma.

We have instituted a schedule of quarterly meetings and renewed our positive working relationship with the Alberta Assessors' Association and its executive. Through cooperative efforts, we have scheduled ASB participation in association events up to and including the 2002 fall meetings.

At this time of year, I would like to pass on the best wishes of the staff and management of the Assessment Services Branch to you and your families. I look forward to working with you all in the new year.

Steve White

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

MO#	APPLIES TO	REGARDING	DATE SIGNED
L: 142/01	Village of Carmangay	Revise 2001 Property Tax Bylaw and Revise & Send Tax Notices	September 11, 2001
L: 149/01	City of Edmonton	Assessment Review Board Decision Extension to April 26, 2002	September 5, 2001
L: 160/01	SV of West Cove	Assessment Review Board Decision Extension to October 4, 2001	October 10, 2001
L: 161/01	City of Lethbridge	Assessment Review Board Decision Extension to November 30, 2001	October 5, 2001
L: 166/01	Minister of MA All Municipalities	Issuing of Equalized Assessment Extension to December 1, 2001 Appealing of Equalized Assessment Extension to January 1, 2002	October 22, 2001
L: 167/01	Town of Falher	Assessment Review Board Decision Extension to November 30, 2001	October 22, 2001

4

Assessment Review Board Training 2002

The Assessment Services Branch is once again hosting assessment review board (ARB) training sessions in various locations throughout the province. These sessions are free of charge and intended for first-time ARB members and clerks.

The following is a list of the dates and locations. All dates are in 2002:

February 6	Athabasca	Best Western	5211 - 41 Avenue
February 13	Camrose	Seniors Centre	5415 - 49 Avenue
February 27	Cochrane	Super 8	10 Westside Drive
March 6	Fairview	Dunvegan	9812 - 113 Street
March 20	Hanna	Best Western	113 Paliser Trail
March 27	Innisfail	Royal Canadian Legion	5108 - 49 Avenue
April 10	Leduc	Best Western	5207 - 50 Avenue
April 17	Morinville	Rendezvous Club	9913 - 104 Street
May 1	St. Paul	Recreation Centre	5310 - 48 Avenue
May 8	Taber	Community Centre	4712 - 50 Street
May 22	Valleyview	Curling Rink	4429 - 52 Avenue
May 29	Wainwright	Communiplex	700 - 2 Avenue

The sessions will take place from 9:00 am to 3:30 pm (lunch will be provided). Copies of the Assessment Review Board Training Manual will be supplied for those in attendance. Additional copies will be available from the Alberta Queen's Printer for \$25 each.

Each Chief Administrative Officer will receive a letter with details on how to register staff and board members for these sessions. If you would like more information on the training, please contact Karac Hendriks-West at 780-415-8394.

Assessors as Designated Officers

The requirement for an assessor to be a designated officer was included in the *Municipal Government Act* (MGA) when it came into force in 1995. The intent of the designated officer requirement is to ensure that an assessor's role in a municipality is clearly defined. This should provide ratepayers with the confidence that assessments are prepared by professionals with

appropriate knowledge and technical expertise, and within the scope of the legislation. Furthermore, the relationship of designated officer ensures the assessor's accountability to the chief administrative officer (CAO) of a municipality.

Section 285 of the MGA requires each municipality to prepare an assessment for each property in the municipality, and the assessment

must be prepared by the assessor appointed by the municipality under section 286 and as defined in section 284(1)(d) of the act. The definition states that an assessor is one who is appointed by the municipality to the position of designated officer to carry out the duties and responsibilities of an assessor under the MGA, and includes any person to whom these

continued on page 6

Branch Holiday Closures

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

Family Day	February 18
Good Friday	March 29
Easter Monday	April 1



Education Property Tax and Equalized Assessment Unit Report

2002 Equalized Assessment

The Education Property Tax and Equalized Assessment Unit has issued the 2002 equalized assessment and is preparing for the 2002 school requisition.

The equalized assessment was mailed to municipalities on November 9, 2001.

The province extended its November 1 deadline for providing the equalized assessment to municipalities to November 30. It also extended the appeal period for municipalities to January 1, 2002. The extension allowed the unit to address internal software

compatibility issues.

The equalized assessment is used for regional cost-shared programs and is included in the calculation of the varied equalized assessment used for school requisitioning purposes. In the event that the province continues to calculate the requisition using an average of equalized assessments, any errors in the 2002 equalized assessment could affect the

requisitioning base for more than one year. Therefore, your assistance is requested to carefully review the accuracy of your municipality's 2002 equalized assessment. Please report any errors or omissions to Glen Cumming at 780-422-8405 or Pat Chelen at 780-422-8406.

Equalized Assessment Variance Regulation

The *Equalized Assessment Variance Regulation* was re-enacted under

Order In Council 455/2001 on December 5, 2001. The re-enactment was proposed for two reasons: first, to ensure that requisitions remain predictable and stable, and second, to formalize the inclusion of opted-out school boards in the variation formula. The regulation clarifies that any variance formula applies equally to all school boards including those that are opted out.

This regulation allows the Minister of Municipal Affairs the authority to vary the equalized assessment that the province will use to calculate local education property tax requisitions for the 2002 and 2003 tax years. The ability to vary the equalized assessment has enabled the province to mitigate the impact of fluctuating economic conditions on education property tax requisitions in some areas of the province.

continued on page 8

continued from page 5

duties and responsibilities are delegated by the person appointed.

Section 208(1)(m) of the MGA directs the CAO to ensure that assessments, assessment rolls and tax rolls are prepared for a municipality. Section 209 of the act allows a CAO to delegate his or her powers, duties or functions to a designated officer or an employee of the municipality. This could include

delegating to a designated officer the duty to ensure that assessments and assessment rolls are prepared for the municipality.

The most substantive change to the delegation was the enactment of the *Qualifications of Assessor Regulation* (AR 54/99) on January 1, 2001. This regulation focuses on identifying the qualifications of the persons referred

to in section 284(1)(d) of the MGA and sets out who is eligible to be an assessor. The regulation does not provide exclusive scope of practice to any one professional organization, but instead presents a choice of any qualified valuation professional, thereby providing flexibility to the municipality.

Your assistance
is requested to
carefully review
the accuracy of
your municipality's
2002 equalized
assessment.



ASSET in development phase

ASSET - Alberta's new on-line assessment data-sharing program - is on track for phased-in operation starting in 2002 and full implementation in 2004.

The new ASSET (Assessment Shared Services Environment) system will provide municipalities with Internet access to on-line functions and data that will assist them with their assessment operations. The system will also lead to enhancements in provincial processes for auditing local assessments and preparing equalized assessments.

The ASSET system is being developed in response to concerns expressed by municipal officials and assessors to a panel appointed in 1999 to examine Alberta's equalized assessment process. The recommendations of the municipal and provincial members of the Equalized Assessment Panel were submitted to the government in July 2000, and subsequently accepted by Guy Boutillier, Minister of Municipal Affairs.

Stakeholders are playing a key role in bringing the new system on line, points out John Scott, ASSET business system manager with Alberta Municipal Affairs. A

technical committee of members from the municipal associations, assessment community, and the province meets every week to find ways to address the challenges and issues raised by the panel.

Alberta's assessment process will be improved in a number of ways as a result of the recommendations of the panel and the implementation of ASSET. For example:

- When ASSET is fully operational, the province will use each municipality's current assessment to prepare its equalized assessment. According to the project development timelines, data from the municipality's 2004 assessment roll will be used to prepare its 2004 equalized assessment.
- Municipalities will be able to increase the accuracy of their property assessments by sharing data with neighbouring municipalities, and by tapping into a province-wide collection of assessment-related information.
- Quality assurance standards will be more clearly defined for property assessments in Alberta. A municipality will also be able to run an audit test over the Internet

before declaring its assessment roll complete.

The technical committee sends out bulletins periodically to update stakeholders on its activities. The bulletins are also posted on the Alberta Municipal Affairs Web site. The first bulletin, published in the fall, includes a list of members and their e-mail addresses for those with questions or comments related to the committee's work.

For further information about the ASSET project, John Scott can be reached by phone at 780-422-8415 or by e-mail at john.scott@gov.ab.ca.

*ASSET Technical Committee
(left to right):
Morgan Strate, Ian Ferguson,
Roy Fegan, John Scott, Steve White
(Chairman), Bruce Ney, Todd
Brasseur, Steve Kutanzi, Brian
Ferguson. Missing from photo are:
John Elzinga, Stan Dilworth
and George Rogers.*



In 2001, the province used the variance regulation to implement a formula that included a three-year averaging of equalized assessments and a five percent requisition cap.

continued from page 6

The *Equalized Assessment Variance Regulation* was re-enacted in accordance with section 603(1) of the *Municipal Government Act* (MGA). The re-enacted regulation comes into force on December 31, 2001, and expires on December 31, 2003, in accordance with section 603(2) of the MGA.

A consultation document entitled *Proposed Re-enactment of the Equalized Assessment Variance Regulation* outlining the proposed regulation was circulated to stakeholders on July 10, 2001 for comment up to September 14, 2001. The consultation document was also provided on the department's Internet site (www.gov.ab.ca/ma), allowing input from a broader group of stakeholders.

In 2001, the province used the variance regulation to implement a formula that included a three-year averaging of equalized assessments and a five percent requisition cap. Once the MLA committee reviewing education property taxation develops a formula for the 2002 tax year, the province can calculate each municipality's share of the requisition using a varied equalized assessment. Details on the education requisition formula and the uniform rates for the 2002 education property tax are expected to be announced in conjunction with the provincial budget in the spring of 2002.

passed during the recent sitting of the legislature. The amendment dealing with the declared assessments provides the province with full authority to blend the education property tax rates in municipalities with public and separate school boards. Differences in local education property tax rates between public and separate school board supporters can occur due to changing proportions of assessment. To address this issue, the province asked municipalities to harmonize their local education property tax rates among public and separate school board supporters. Legislation is now in place to continue this practice. This creates a greater degree of fairness in taxation for property owners.

School Act

Amendments to the *School Act* were

Linear Assessment Appeals

Several appeals of well and pipeline linear assessments have occurred over the past months. Their status is:

- The AEC Oil and Gas appeal for tax year 2000 has been withdrawn. This affects the MD of Cypress.
- Enbridge Pipelines and Enbridge (Athabasca) have withdrawn their appeals for tax years 2000 and 2001.

- Several municipalities are affected.
 - A decision has been rendered regarding pipelines from abandoned wells. This affects several municipalities for the 2000 tax year. Refer to Municipal Government Board Order 168/01.
 - Decisions on municipal appeals for tax year 1999 are out and are covered by Board Order 136/01. Affected municipalities included MD 16, Yellowhead County, Lac Ste. Anne County and Lakeland County.
 - Municipal appeals for tax year 2001 have been withdrawn, affecting MD of Northern Lights, Lac Ste. Anne County and Two Hills County.
 - Alliance Pipelines' appeal for the 2001 tax year is scheduled for February, 2002. This affects several municipalities.
- For copies of the written decisions covered by the Municipal Government Board orders listed above, contact the MGB at 780-427-4864 or mgbmail@gov.ab.ca.