

Advisory Spect's

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MGA amendments provide more time for ASSET transition

The provincial government has amended the Municipal Government Act (MGA) to provide more time for the transition to the ASSET (Assessment Shared Services Environment) system and to prepare for the new equalized assessment process.

"A great deal of progress has been made by the province and its stakeholders in the move to the ASSET system," said Brad Pickering, Deputy Minister of Municipal Affairs. "We recognize that many municipal staff, consultants, and contractors have been working hard to get ready to implement ASSET, and many municipalities are ready to do so. However, we wanted to make sure there is enough time for all parties to make the transition successfully."

The amendments mean that certain changes that were to have occurred in 2004 will be delayed.

The key dates for municipalities to complete their assessment rolls and

submit their annual return data will be the following statutory dates:

◆ **February 28, 2004** - the date by which municipalities are to complete their annual assessment rolls. This date remains unchanged from previous years.

◆ **April 1** - the date by which municipalities are to complete their 2004 ASSET submission. This is the current statutory date by which municipalities are required to report their assessment and tax data.

To meet the April 1 deadline, municipalities should begin to load their assessment data into the ASSET system by the first week of March. This will allow a period of time to address any loading difficulties before April 1.

Assessors for municipalities that have not signed the *milenet* agreement and do not have online access to the ASSET system should make arrangements to provide the

assessment data (on compact discs or by email) to Alberta Municipal Affairs for loading into the ASSET system. The arrangements should be made before March 1 to give time to deal with any problems. Equalized Assessment Panel (EAP) Technical Committee Bulletin No. 03-05, which was forwarded to stakeholders earlier this month, provides details on the alternate reporting process for municipalities that have not signed the *milenet* agreement.

Funding

The ASSET Steering Committee approved the EAP Technical Committee's recommendation to provide funding to each municipality that meets the 2004 ASSET reporting requirements by the April 1 deadline. Each municipality that meets those requirements will be eligible for funding of \$1 a parcel to a maximum level of \$150,000 and a minimum level of \$500. The funding

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Development of new linear property assessment system underway

The Alberta Linear Property Assessment System (ALPAS) is a Web-based computer application that will be used by Alberta Municipal Affairs to prepare the linear property assessments and disseminate assessment notices to linear property operators and municipalities.

"The new system is intended to help ensure the timely delivery of the linear assessments and improve the quality of the linear assessments," says Harold Williams, Director of the Linear Property Assessment Unit.

Once ALPAS is fully implemented, the department will have the ability to deliver these assessments via the Internet.

"At this point, development of

the ALPAS system is almost on target," says Harold.

This system will also have the potential to allow municipalities and companies online access to their linear assessment inventories throughout the year. Linear assessment inventory information for wells and pipelines is maintained by the Alberta Energy and Utilities Board.

ALPAS will be available through *milenet*, which is the usual portal or gateway to applications used for online information reporting to Alberta Municipal Affairs.

The department expects to use ALPAS to prepare the 2003 annual linear property assessments for the 2004 tax year and to have online access operational for the

2005 tax year.

The system that is currently used will be retained as a backup until ALPAS is fully operational.

Each year, linear property assessments in Alberta generate approximately \$465 million in municipal and school taxes.

Linear assessments are prepared by the province and delivered to 1,400 companies and 400 taxing authorities. Approximately 532,000 linear accounts are assessed annually in the province.

In 2002 and 2003, the Assessment Services Branch delivered the linear property assessments on compact discs (CDs). Feedback from

municipalities and companies indicates that this format allows for more timely delivery of the assessment and is more convenient to use.

For the 2003 tax year, the CDs were delivered to stakeholders before January 31, and this date is also the target for 2004.

The development and implementation of ALPAS will greatly enhance the timeliness of linear assessments and the implementation of changes to linear property valuation rates and models.

The new system also supports the Alberta Municipal Affairs' business plan goal to have an assessment and property tax system that is accurate, understandable, predictable, transparent and timely.

Linear property assessment appeals update

TELUS

As previously reported, TELUS Corporation has outstanding linear appeals for the 1998 to the 2003 tax years. The complaints for all tax years relate to whether computer feature software installed in switching equipment is assessable, and TELUS is seeking additional depreciation not provided by the Minister's Guidelines.

The MGB heard the TELUS complaints for the 1998 and 1999 tax years in the spring of 2000, but the hearing has not been closed and the MGB has not released a decision.

The MGB hearings regarding the assessment of TELUS Corporation linear property for the 2000 to 2003 tax years were heard November 3 to 14, 2003, and November 24 to 28, 2003, in Edmonton. The hearing has not been closed and the MGB has not released a decision.

Group Telecom

Group Telecom, now owned by 360Networks, filed appeals regarding its linear property assessment for tax years 2001 to 2003. The appeals relate to the assessment of telecommunications equipment that Group Telecom claims is not subject to the regulatory authority of the Canadian Radio and Telecommunications Commission (CRTC), and is therefore not assessable in accordance with the Municipal Government Act. Group Telecom also claims that there is inequity in assessment between owners of different types of telecommunications services.



Detailed assessment audits focus on best practices

By Sheila Young
Assessment auditor
Calgary office



Between April 2002 and May 2003 the Assessment Services Branch conducted detailed audits in 100 municipalities as part of its five-year detailed audit program. During a detailed audit, assessment auditors take a comprehensive look at the municipality's practices and procedures related to legislation and regulations and to the administration of assessment.

The assessor and the auditor communicate throughout the entire detailed audit process. Communication with other municipal officials is usually less frequent. For example, the auditor meets with the chief administrative officer (CAO) at the onset of the audit and again when the audit is complete.

The draft report is delivered to the CAO and the results are discussed with him or her after the assessor has responded to the findings and recommendations.

In the detailed audits conducted to date, auditors found that assessors and municipal officials received the auditors positively and assisted the auditors in a cooperative, professional and competent manner.

Following are some of the common results or findings from the detailed audits that

identify opportunities to improve practices and procedures used by assessors within the context of best practices in Alberta.

Best practice

◆ Finding: Nearly all assessors state that they reinspect properties on a five-year cycle. However, the inspection dates are not always entered on the computer assessment system so the reinspection cycle cannot be verified.

◆ Finding: Interior property details that may affect the value of buildings and structures are sometimes not up-to-date. Current property details lead to correct assessments.

◆ Finding: Some municipalities have assigned

a duplicate roll number to two parcels of property. Each parcel should have a unique roll number on the assessment roll to ensure that all assessable properties in the municipality can be accounted for.

◆ Finding: Some assessors are not receiving all of the building and development permits from the municipality on a regular basis. Building and development permits can trigger the need for inspections, which in turn help to ensure up-to-date property details and more accurate assessments.

◆ Finding: Some assessors do not produce a formal document to show how the annual assessment

program is administered. This information helps councils, administrators and the public to understand the assessment process used in the municipality by the assessor.

◆ Finding: Some assessors have divided the municipality into too many market zones for audit purposes, leaving too few sales to conduct a reliable statistical analysis. Market zones should contain sufficient sales to enable the auditor to determine whether the regulated quality standards are met.

For more information contact: Sheila Young (403) 297-5723, or Brian Ferguson at (780) 422-8396.

MGA amendments

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amount for each municipality will be based on its 2002 assessment year audit parcel counts.

Municipalities that have not signed the *milenet* agreement and do not have online access to ASSET will be eligible for the funding if they successfully complete the alternate loading process and meet the ASSET tests for compliance with provincial standards for assessment quality, as described in the

Assessment Bulletin ASSET Alternative Reporting Processes No. 03-05.

2004 Equalized Assessment

The recent MGA amendments mean that the 2004 equalized assessments will not be based on 2004 taxable assessment data, but rather on the 2003 taxable assessment data that municipalities were asked to report in the traditional manner (by October 31, 2003).

The recent amendments were included in the

Municipal Government Amendment Act, 2003 (Bill 46), which was passed by the legislature on December 4, 2003.

Further details on the ASSET time lines, the alternate loading process for municipalities without *milenet*, and the proposed funding levels are included in recent bulletins from the EAP Technical Committee.

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Annexation orders and the education property tax

Annexation orders may include conditions to alleviate significant property tax increases for property owners located in an annexation area.

The conditions often reflect terms that have been agreed upon by the two municipalities during annexation negotiations.

In these cases, it is important that municipal administrators are aware of the implications these agreements have for setting the appropriate education property tax rates.

For example, an annexation order may state that the property tax rates in an annexed area will remain the same as those set in the municipality from which the land is annexed. This condition applies to both municipal and education property taxes.

In addition, if a separate school board is located within one or both of the municipalities, the education property tax rates must be appropriately blended. To satisfy the requirements of Section 164(2.1) of the School Act, municipalities with separate school boards need to provide the

Assessment Services Branch (ASB) of Alberta Municipal Affairs with a report of the assessments, distinguished by school support declarations and by annexation agreements.

The process for calculating the blended rates to meet the legislative requirements is complex.

If your municipality would like assistance in

calculating local education tax rates to meet the conditions of an annexation agreement, please contact the Education Tax and Equalized Assessment Unit of Alberta Municipal Affairs at (780) 422-7125.

Appeal update

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Hearings to deal with the appeals for tax years 2001 and 2002 were held in February 2003. Two decisions arose from these hearings. MGB order 059/03 ruled that the Group Telecom equipment is assessable as linear property. Under MGB order 135/03, the MGB ruled that each of the assessments for the data component of the assessments under appeal be reduced by four per cent.

360Networks has filed appeals on the GT Telecom property for 2003 as well. A hearing was held on October 27, 2003 to set evidence exchange dates and hearing dates. Merit hearings are scheduled for April 13 to 23, 2004.

Terasen Pipelines

Terasen Pipelines has filed a complaint regarding the linear property assessment for the 2003 tax year on its Corridor Pipeline.

The company claims it was not able to use the pipeline to the anticipated capacity

due to production problems in 2002, and has requested that the assessment for the pipeline be reduced.

An MGB hearing for this complaint is scheduled for March 8 to 19, 2004, in Calgary.

Calculation formula

Most of the complaints filed by companies for the 2002 assessment were related to well properties. Property owners questioned whether the calculation formula used to prepare the assessment was correct.

At the time the amended assessments were sent out (August 22, 2003), all of these complaints had been withdrawn, as it was determined the formula was correct.

Alliance Pipeline

Alliance Pipeline Ltd. appealed its 2000 linear property assessment. The appeal was based on whether the designated linear assessor properly interpreted s.291(2)(a) of the MGA.

The MGB heard the appeal and issued decision

MGB#106/02. It stated that based on the evidence, the subject pipeline was capable of being used for the transmission of gas in accordance with s. 291(2)(a) of the Act and was properly assessed for the 2001 tax year.

The appellant was not satisfied with this decision and has filed for judicial review of the MGB decision.

On October 20 and 21, 2003 the Court of Queen's Bench heard the judicial review of board order 106/02 in Calgary. A decision on this matter is expected soon.

Appeal totals

The number of linear appeals filed for the 2003 tax year was approximately 16,000, including appeals arising from amended assessments. To date, 14,100 appeals have been withdrawn.

The remaining 1,900 appeals have either been dealt with through a joint recommendation to the board by the appellant and the department, by the MGB, or else are awaiting hearing dates or the release of a decision by the MGB.