

DRAFT

TERMS OF REFERENCE AND ACTION PLAN

AUMA TASK FORCE ON ASSESSMENT

BACKGROUND:

AUMA prepared an initial policy paper on assessment in June, 2009 entitled *Issues Identification* (Attachment 1).

Some 40 issues in the current assessment and taxation system were noted, which AUMA believes should be reviewed and, in many cases, corrected.

A second policy paper, entitled *Addressing the Issues* was subsequently prepared in July, 2009 (Attachment 2).

It took the larger *Issues Identification* paper and made some suggestions on what might be reviewed and corrected more easily, and what might require lengthier study.

At its Convention in November, 2009, it was resolved as follows with respect to the mandate of a Task Force on Assessment:

NOW THEREFORE BE IT RESOLVED that the Alberta Urban Municipalities Association examine and report on the multiple issues and potential solutions discussed in the 2009 AUMA papers on assessment; and

FURTHER BE IT RESOLVED that the AUMA Board strive to adhere to the following goals and principles as it carries out its work in 2010:

1. *The assessments for all property should be based upon the principles of a true annual market value assessment system;*
2. *All exemptions, whether from assessment or taxation, should be reviewed in an open and transparent manner to ensure that they continue to be appropriate and provide the results for which they were intended;*
3. *Any exemptions that are continued should become exemptions from taxation, not assessment, in order that they continue to be open and transparent;*
4. *There should be a clear separation between the political assessment policy decision making and the administration of the assessment system; and,*
5. *Municipalities should have input into the decision-making process.*

The overarching issue under review is **fairness** (impartiality) **and equity** (just to all) for the property taxpayers in Alberta.

If a taxpayer is not paying his fair share because of inequities in the current property tax system, then whatever he is able to avoid paying is collected from the other property taxpayers, who otherwise would not have to pay that amount.

Over a billion dollars annually is potentially involved.

OUTLINE OF THE ISSUES:

All issues identified in the AUMA policy papers can be categorized into one of the following three areas:

1. *Market Value Versus Regulated Assessment*, and a review of the lack of transparency in the current system and a review of the many policies/practices in use today which **do not conform** to the principle of real market value.
2. *Assessment Exemptions Versus Tax Exemptions* and a review of the lack of transparency in the current system and a review of the lack of explanation and information around why certain exemptions exist at all.
3. *The Administration of the Assessment Function* and a review of the current lack of separation between the political and administrative oversight of the assessment/taxation system, a review of the lack of municipal input into the processes, a review of the manner of dealing with assessment complaints and appeals and a review of the lack of succession planning and training regarding assessors in Alberta.

ACTION PLAN:

For the Task Force to be successful, several actions will be required by the AUMA Board and the Task Force.

It is acknowledged that this project is both politically and time sensitive.

Actions will include the following:

- Ongoing oversight by the Municipal Governance Standing Committee and briefings of Committee by the Chair of the Task Force;
- Identification of and completion of the appointment of all Task Force members;

- The calling of an early meeting of the Task Force in January, 2010, as soon as possible after the first meeting of the Municipal Governance Standing Committee;
- Establishing timelines to accommodate consultation, discussion and the preparation of a report on assessment in Alberta for the Board, for submission to the 2010 Convention.