



Alberta Assessors' Association

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March 1, 2016

Honourable Danielle Larivee
Minister of Municipal Affairs
#204 Legislature Building
10800 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Larivee

RE: CREATION OF A CENTRALIZED AUTHORITY FOR THE PREPARATION OF INDUSTRIAL ASSESSMENTS

STAKEHOLDER ADVISORY COMMITTEE CONSULTATION REPORT

On behalf of the Alberta Assessors' Association, I am enclosing the Association's recommendations in response to the December 16, 2015 Discussion Document provided to the Stakeholder Advisory Committee ("SAC") members.

We have shared, by copy of this letter, the enclosed report with the other members of the SAC so that there can be an informed discussion at the March 23, 2016 SAC meeting. We look forward to receiving the submissions of other stakeholders, in advance of the March 23, 2016 meeting, so that the Association's SAC representatives can review those submissions and be prepared for the meeting.

The December 16, 2015 Discussion Document suggests that the creation of a centralized authority to prepare industrial assessments is an issue on which there is consensus among stakeholders. We would appreciate receiving some further background on the source of the consensus in advance of the March 23, 2016, SAC meeting.

The Association has completed a careful analysis of this issue, and does not support the creation of a central agency to prepare industrial assessments on behalf of municipalities.

We do recognize that stakeholders (including the Association) have identified a number of problems that should be addressed. To that end, we offer three options to consider 'who' should prepare the assessment. However, it is the Association's view that the problems identified by stakeholders are best resolved by changes to the legislation, and the creation of an Assessment Commissioner, not by creating a centralized authority to prepare industrial assessments.

We are proposing substantive and detailed suggestions to improve the clarity of the legislation, and therefore improve the consistency of its application which would ensure continued correct and equitable assessments province wide.

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The Association's recommended approach is as follows:

- (a) Municipalities would retain responsibility to prepare the assessments for all property in the municipality (except for linear property);
- (b) The position of an Assessment Commissioner would be created, with a mandate to be responsible for training assessors and industry representatives;
- (c) The Assessment Commissioner would be supported by an Advisory Board, with Advisory Board representatives appointed by municipal organizations, the Association and industry;
- (d) The creation of an Industrial Composite Assessment Review Board ("ICARB") with appointments by municipal organizations, and with the Presiding Officer for a hearing panel to be from the Municipal Government Board;
- (e) Enhanced training for ICARB members, and case management authority for the ICARB;
- (f) Amendments to the *Municipal Government Act*, the *Construction Cost Reporting Guide*, and the *Machinery & Equipment Minister's Guidelines* to clarify definitions, clarify terminology, update age life tables, update the depreciation tables; and
- (g) Amend the *Machinery & Equipment Minister's Guidelines* to implement the well site equipment standardization report that was completed in 2012 with extensive stakeholder consultation.

In coming to this recommendation, the Association considered the most cost effective way to solve the problems identified while achieving the objectives found in the MGA, including local autonomy and the encouragement of regionalized service delivery. We considered the goals expressed by all stakeholders and evaluated the Association's recommendation against whether the goals would be realized.

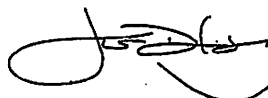
We are confident the solution we are proposing, on behalf of our membership of property assessors, will provide optimal benefit.

We would like to thank you for providing the Association with an opportunity to meaningfully participate in the consultation process, and would be happy to provide further clarification if that would assist you.

Sincerely,



Lawrence Buchar
President



John Lindsay
President-Elect

Enc.

- cc. Honourable Deron Bilous, Minister of Economic Development and Trade
- cc. Honourable Joe Ceci, President of Treasury Board and Minister of Finance
- cc. Mr. Brad Pickering, Deputy Minister
- cc. Ms. Meryl Whittaker, Assistant Deputy Minister
- cc. Mr. Steve White, Executive Director Assessment Services Branch
- cc. all Stakeholder Advisory Committee members



EXECUTIVE SUMMARY

CREATION OF A CENTRAL AGENCY TO PREPARE INDUSTRIAL ASSESSMENTS

ALBERTA ASSESSORS' ASSOCIATION – REPORT TO THE STAKEHOLDER ADVISORY COMMITTEE

IN PREPARATION FOR THE MARCH 23, 2016 MEETING

BACKGROUND: The Stakeholders were asked to address the questions in the December 16, 2015 Discussion Document (a copy of which is attached). Those questions related to changing the *Municipal Government Act* (“MGA”), by creating a centralized assessment agency responsible for the preparation of the assessments of industrial property located in all municipalities.

Specifically the SAC was asked to address the following questions:

1. *What are the outcomes that centralization of industrial property assessment should aim to achieve?*
2. *What would be the best way to make a centralized assessment body transparent to stakeholders?*
3. *What are the pros and cons of different organizational models for centralized assessment (ie. Within Municipal Affairs vs an independent organization?)*

The Discussion Document leaves the impression this issue was a consensus item among stakeholders during the MGA review consultation.

RECOMMENDATION OF THE ALBERTA ASSESSORS' ASSOCIATION

The Association recommends that municipalities maintain responsibility for preparing the assessments of all property within the municipality (with the exception of linear property), along with the following legislative changes:

- The creation of an Assessment Commissioner with a mandate to provide ongoing training for assessors and industry representatives **[please see Appendix E];**



- The creation of an Advisory Board to the Commissioner **[please see Appendix E]**;
- The creation of an Industrial Composite Assessment Review Board (or ICARB), **[please see Appendix E]**;
- Amendments to the *Municipal Government Act*, *Construction Cost Reporting Guide* (“CCRG”), and *Machinery and Equipment Minister’s Guidelines* to clarify definitions, clarify terminology, update anticipated age lives, update the assessment year modifier, and update depreciation tables **[please see Appendix D]**; and
- Amend the *Machinery and Equipment Minister’s Guidelines* to implement the well site standardization study completed in 2012. This will promote consistency, cost efficiencies, and allow local assessors to focus their expertise on property assessed using the CCRG **[please see Appendix D]**.

FACTORS CONSIDERED: In coming to its recommendation above, the Association weighed:

- (i) whether there was consensus among stakeholders;
- (ii) the MGA objective to recognize local autonomy, and the goal of municipalities to maintain that autonomy;
- (iii) whether there were benefits to regionalization and if so, how could those be achieved in a cost effective manner;
- (iv) the goals of all stakeholders, including industry, especially the desire for greater consistency in the preparation of industrial assessments, and the desire for additional training;
- (v) the problems identified in the December 16, 2015 Discussion Document;
- (vi) the Code of Conduct which binds Association members;
- (vii) the most cost effective and timely option to maintain the local investment in resources needed to prepare assessments, while achieving the goals and addressing the problems identified;
- (viii) the municipalities’ need to obtain timely and responsive information from the assessment department for annual and long term budgeting; and
- (ix) the requirement of some municipalities to retain assessors with knowledge of industrial assessments to annually audit the assessment prepared by a central agency, and from time to time file a complaint against their own assessment.



ANALYSIS SUMMARY: In the course of preparing a response to this issue, a number of significant questions arose:

- (a) **Was there consensus among municipalities and municipal organizations that a new agency should be created to prepare industrial assessments?**

The Association understands that industry supports industrial assessment prepared by a central agency. However, the Association has not seen the same position advanced by a majority of municipalities, or the municipal organizations like AAMD&C or AUMA.

- (b) **What types of properties are included in the term “industrial property”?**

The term ‘industrial property’ is not defined in the legislation, or in the Discussion Document. This term could include an entire spectrum of properties assessed by the local assessor, from a tank at a wellsite, to a gas plant, a high throughput grain elevator; a chemical plant and an upgrader [please see **Appendix B**]. We are proceeding on the assumption that all of these types of properties would be assessed by a centralized authority.

- (c) **Are the problems identified in the Discussion Document a priority for the majority of stakeholders?**

Having regard for the objectives of the *Municipal Government Act* and stakeholder goals, the Association agrees that finding solutions for the problems identified would support the majority of legislative and stakeholder goals. [please see **Appendix C**]

- (d) **Would the creation of a centralized authority to prepare industrial assessments, solve the problems identified in the Discussion Document?**

The Association is of the view that changing ‘WHO’ assesses industrial property by creating a centralized authority will not solve the problems identified, and would be costly. It would result in the loss of local knowledge about industrial properties, the loss of local autonomy, and require municipalities to audit the preparation of assessments by a central authority.

The problems identified in the Discussion Document need to be solved by a combination of approaches including, changes to legislation and the creation of an Assessment Commissioner with a mandate to provide ongoing training [please see **Appendices D, E and F**].



(e) What would be the most cost effective and timely manner to address the problems identified in the Discussion Document?

The problems would need to be solved through a combination of methods, including, changes to legislation, the creation of an Assessment Commissioner, and the creation of a dedicated Industrial Composite Assessment Review Board (“ICARB”). There is a perceived lack of consistency in the interpretation and application of the legislation regarding the assessment of industrial property. The Association agrees that there are a large number of areas where the wording of the legislation would benefit from clarification. Clarification of the legislation, coupled with training on the legislation, would address the perceived lack of consistency.

The CCRG and the *Machinery and Equipment Minister’s Guidelines*, were initially written as guidelines - not regulations. Legislative drafting conventions have not been used, and this has led to uncertainty in the interpretation. Both of these regulations were written many years ago. They have not kept pace with modern construction methods, and were written prior to the scope of the large mega-projects. Consistency in the interpretation and application of the CCRG and the *Minister’s Guidelines* would improve if these legislative changes were made.

The anticipated age lives and depreciation tables in the *Machinery and Equipment Minister’s Guidelines* were initially developed for use in the 1984 Assessment Manual. As a result these tables are over 30 years old, and have not been updated.

The Association believes that its members, the representatives of property owners, and assessment review board members, would benefit from ongoing training. **[please see Appendices D, E, and F]**

Stakeholders devoted considerable effort in 2012, along with industry and Municipal Affairs, to the development of standardized groupings of well site equipment. The aim was to have regulated rates developed for use in assessing these groupings. Implementing these changes would create efficiencies and promote consistency. The Association recommends that the standardized groupings be implemented to support local assessors and industry. The implementation of standardized grouping with regulated rates would improve consistency. We estimate that approximately 70 – 80 % of the industrial accounts on the assessment roll in most municipalities, would be affected by this standardization. Under the existing valuation standard, there is a high administrative burden on industry and assessors to maintain this inventory. Moving to standardized groupings of well site equipment would lessen this administrative burden on assessors and industry. If time and cost savings are achieved it would allow local assessors to focus their expertise on the preparation of assessments for property assessed using reported costs and the CCRG.



There is a perception sometimes expressed by industry representatives, that municipal assessors are pressured to make assessment decisions to achieve a tax outcome. The Association's members are bound by the Association's Code of Conduct and Professional Standards, and can be subject to a disciplinary action by the Association if there has been a breach of the Code of Conduct. The Code of Conduct, the oversight by the Assessment Commissioner and the provincial audit unit, will ensure that assessments are prepared in accordance with the legislation.

CONCLUSION

The Association has considered its recommendation from the approach of finding solutions to the problems identified in the Discussion Document. We do not support the idea that moving to a centralized assessment authority will, on balance, solve the identified problems. Moving to a centralized authority will be costly and require a large investment in the creation of new computer systems, and resourcing the central authority with assessors and other experts. In the current economic times, this initiative does not seem a wise expenditure. There are other less costly, and more effective options, to address the problems identified.

Indeed moving to a central assessment authority would create new problems as municipalities would be required to closely scrutinize the assessments prepared by a central authority for correctness and equity. If the assessment is prepared by a central authority, then from time to time a municipality will file a complaint against their own assessment, or a municipality might seek to become an intervenor in a complaint filed by a property owner. The Discussion Document has not considered the role that the municipality would play if there was a central assessment authority preparing the industrial assessment for the municipality.

For some municipalities industrial properties form a large percentage of their assessment base. Municipalities rely heavily on the local assessor to prepare the assessment roll to meet both the timing requirements of the MGA, and the municipality's own timing requirements. For example, some municipalities send their assessment notices in early January, and others send a combined assessment and tax notice later in the spring. This flexibility would be much more difficult to accommodate with a central authority.

Municipalities rely on the local assessor to provide them with timely and responsive information to meet current municipal requirements for long term budgeting, and tax projections. The Association is concerned that these necessary reporting requirements have not been considered in the discussion of a centralized authority.



The Discussion Document posed 3 questions:

1. *What are the outcomes that centralization of industrial property assessment should aim to achieve?*
2. *What would be the best way to make a centralized assessment body transparent to stakeholders?*
3. *What are the pros and cons of different organizational models for centralized assessment (ie. Within Municipal Affairs vs an independent organization?)*

The outcomes which any proposed changes should hope to achieve include:

- Clarification of the legislation;
- Updating the regulated rates and depreciation tables;
- Creation of the position of the Assessment Commissioner;
- Increased training for assessors, industry representatives and board members; and
- Implement the standardized well site groupings to create efficiencies and promote consistency.

Transparency in the preparation of assessments (whether prepared by a municipality or a central body) is achieved by:

- Separating assessment policy from tax policy;
- Clarification of the legislation;
- Updating regulated rates;
- Updating depreciation tables, along with explanations to explain the updates; and
- Creation of the role of the Assessment Commissioner with a mandate to work with assessors and industry representatives to find solutions to problems like expectations around s. 295 requests and responses to s. 299 requests.

We have addressed the pros and cons of different organizational models in Appendix D.

The Association also considered the creation of a central agency under the control of municipalities, with the creation of the Assessment Commissioner, the Advisory Board and the ICARB.



We felt that the two critical elements to achieve the identified goals were:

- (i) changes to legislation; and
- (ii) the creation of the Assessment Commissioner and ICARB.

For this reason, the Association is of the view that the benefits of regionalization (with the lowest cost) could be achieved by the keeping the assessments prepared locally with oversight and training by the Commissioner and by implementing the changes to the legislation identified in this report. This is a sustainable model which would be cost effective, and promote consistency. The creation of the ICARB is effectively a regionalized board, and part of the mandate of the Assessment Commissioner would be to work toward common understandings and practices.

We look forward to developing a solution to the problems identified in the December 16, 2015 Discussion Document with the SAC.

We invite other stakeholders to contact the Association through the following email address: comments@assessor.ab.ca.

Alberta Assessor's Association – March 1, 2016

Lawrence Buchar – President, and John Lindsay - President Elect

Stakeholder Advisory Committee Representatives

Karen Burnand, Rural Director, and Brian Lutz, Urban Director



Stakeholder Advisory Committee

Question for Discussion

Title: Centralization of Industrial Property Assessment

Raised by: Meryl Whittaker, ADM for Municipal Assessment and Grants

Question:

What are the outcomes that centralization of industrial property assessment should aim to achieve?

Background:

Alberta has one of the most decentralized assessment frameworks among Canadian provinces.

- BC Assessment is an agency that prepares assessments for all property in the province.
- Saskatchewan also has an agency that prepares assessments for all property, though municipalities can choose to opt out of their services (as most of the larger cities have).
- The models used by most other provinces are variations of the BC, SK or AB models.

During *Municipal Government Act* Review consultations, some stakeholders expressed concern that there is a lack of consistency in the assessment of industrial property across the Province and over time. There are several reasons for this:

- Industrial property is not formally defined, and comprises an array of property types assessed in different ways by two authorities with two appeal mechanisms. A single industrial facility may contain several different property types.
- Legislation, regulations and Minister's Guidelines are interpreted subjectively and have been difficult to keep current as industrial facilities grow more complex and valuable.
- Municipal assessors (often private contractors) are sometimes unable to inspect properties and obtain information as property owners may not be cooperative and resources are limited.
- There are no formal training programs for industrial property assessors.

No decisions have been made on this issue. The department is currently investigating potential means of addressing the causes of inconsistency in industrial property assessment, including various models of centralization.

Additional Questions:

If the province were to centralize industrial assessment

- What would be the best way to make a centralized assessment body transparent to stakeholders?
- What are the pros and cons of different organizational models for centralized assessment (i.e. within Municipal Affairs vs. an independent organization)?



APPENDIX “A”
VALUATION STANDARD SPECTRUM FOR “INDUSTRIAL PROPERTY”

VALUATION STANDARD & PROPERTY EXAMPLES	PROS	CONS
<p style="text-align: center;">MARKET VALUE</p> <ul style="list-style-type: none"> • Land • Structures • Buildings at compressor station, forestry, gas plants, power plants, etc. 	<ul style="list-style-type: none"> • Ensures each property owner pays their fair share of taxes • Transparent • Responsive to market changes • Can use different approaches to value if data available 	<ul style="list-style-type: none"> • Fluctuates – hard to budget • Difficult to use 3 approaches to value for special purpose buildings which do not sell in the market place • Is there really a market value for structures at a special purpose facility? • How to ensure fair contribution to the tax base in light of some decisions from other provinces that these buildings have only a nominal value • Time/resources required currently for smaller regulated “non CCRG” property types
<p style="text-align: center;">REPORTED CONSTRUCTION COSTS, CCRG & MINISTERS’ GUIDELINES</p> <ul style="list-style-type: none"> • M&E (forestry, SAG D, Compressor Stations, Refinery, Fractionation, upgrader, Extraction Gas Plant, etc.) • Linear (generation) equipment at a power plant, co-generation at a processing plant or upgrader 	<ul style="list-style-type: none"> • Requires professional judgment • Assessment based on original construction costs (reproduction cost) • Assessment reflects local costs 	<ul style="list-style-type: none"> • Education needed on construction schedules, industry terms, estimating practices, how productivity is estimated • Wording of the CCRG lacks clarity in some sections • Unique equipment and unique costs • The age lives in the Machinery & Equipment Ministers’ Guidelines need updating • The depreciation table in the M&E Ministers’ Guidelines has not been updated for over 30 years • Guidance on how to effectively age M&E would be valuable • The process for developing the AYM needs to be re-visited (out of step with cost increases)
<p style="text-align: center;">REGULATED RATES MINISTERS’ GUIDELINES</p> <ul style="list-style-type: none"> • M&E – equipment at wellsite (separator package, SWB, Dehydrator, Satellite, etc.) • Linear property <ul style="list-style-type: none"> • Wells • Pipelines • Transmission lines • Telecom systems 	<ul style="list-style-type: none"> • Regular inspection cycle ensures inventory is accurate • Ability to use AER data • Standardization of equipment & construction costs 	<ul style="list-style-type: none"> • Costs included in the rates are not transparent • AER data populated by industry & data collected by AER doesn’t always align with assessment needs • The age lives in the Machinery & Equipment Ministers’ Guidelines need updating • The depreciation table in the M&E Ministers’ Guidelines has not been updated for over 30 years • Guidance on how to effectively age M&E would be valuable • The process for developing the AYM needs to be re-visited (out of step with cost increases) • Time / Resources currently required for smaller regulated “Non CCRG” property assessments



**APPENDIX “B”
WHAT IS MEANT BY THE TERM “INDUSTRIAL” PROPERTY – MGA DEFINITIONS & VALUATION STANDARDS**

Site Description	Land	Market Value	Structure	Market Value	M&E Rates	M&E CCRG	Linear Property (Wells) Rates	Linear Property Pipeline Rates	Linear Property Generation CCRG
Sawmill, Stud Mill, Plywood, OSB, or Wallboard Plants	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Pulp/Paper Mill	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Sulphur/ Fertilizer Plant	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
Grain Elevator, Pelletizing Plant (feed), or Seed Cleaning Plant	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
Manufacturing, Refinery (Metal), Steel Mill, Tire Plant, or Roofing Plant	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
Food Processing-Dairy Creamery, Feed or Flour Mill, Cannery, Meat Packing Plant, Refinery (Sugar), Soft Drink Plant	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
Bulk Storage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					
Chemical, Acid, Methanol, Cement, Insulation, Ethanol or Coal Processing Plant	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
Rail Loading and Storage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					



**APPENDIX “B”
WHAT IS MEANT BY THE TERM “INDUSTRIAL” PROPERTY – MGA DEFINITIONS & VALUATION STANDARDS**

Site Description	Land	Market Value	Structure	Market Value	M&E Rates	M&E CCRG	Linear Property (Wells) Rates	Linear Property Pipeline Rates	Linear Property Generation CCRG
Oil Well site Separator, MR, SWB, Satellite	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Oil Delivery LACT (Custody Transfer)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Facilities Battery, Terminal Tank Farm, Pump Station, Custom Treating, or Cavern Waste Facility									
In-Situ Oil Sands Battery & Injection, (SAGD), Oil Sands Mine Extraction, Oil Sands, Upgrader, Refinery, Enhanced Recovery Scheme etc.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



**APPENDIX “B”
WHAT IS MEANT BY THE TERM “INDUSTRIAL” PROPERTY – MGA DEFINITIONS & VALUATION STANDARDS**

Site Description	Land	Market Value	Structure	Market Value	M&E Rates	M&E CCRG	Linear Property (Wells) Rates	Linear Property Pipeline Rates	Linear Property Gen CCRG
Gas Well site Separator, Meter Run, Dehydrator, Satellite	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Gas Delivery Meter Station	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Gas Facilities Gas Plant, U/G Gas Storage, Gas Gathering, Sulphur Recovery, Acid Gas Disposal or Inj., Fractionation, Carbon Capture Sequestration (CCS), Deep Cut or NGL Extraction, Straddle Plants, or Compressor Stations etc	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



APPENDIX “C”
STAKEHOLDER – ASSESSMENT GOALS & OBJECTIVES

MGA	MUNICIPALITIES	AAA	INDUSTRY
<ul style="list-style-type: none">Local autonomy and decision makingAchieve savings through regionalization of services where practicable (regional ARB's)Complaint/appeal system with members appointed by MunicipalitiesFair & equitable assessmentTransparency in the preparation of assessments (s. 299/S. 300)Training for ARB Board Members and Clerks	<ul style="list-style-type: none">Maintain local autonomyAchieve efficiencies through regional ARBAppointments to assessment review boards to be made by the municipalityEquitable assessments within the municipality and between municipalitiesTransparency in how assessments are prepared (eg what costs are in regulated rates)Training for ARB Board Members and ClerksTimeliness and responsive reporting from their assessorConfidence and trust in the preparation of their assessment baseSeparate tax policy from assessment	<ul style="list-style-type: none">Provide educational opportunities for Association membersServe as a stakeholder in the development of assessment policyEquitable Assessments within and between municipalitiesTransparency in the assessment processAppear before Board members who have training in running a fair hearing, and who are knowledgeable about regulated assessment and regulated propertiesAssist in development of regulated ratesTimely production of the assessment rollMaintain high standards of practice (Standards of Practice)Promote professionalism of Association members (Code of Conduct)Separate tax policy from assessmentBe responsive to enquiries from municipalities regarding annual and long term growth predictionsClarity in the legislation (definitions and valuation standards)Clarity in the legislation (documents to be provided by the property owner under s. 295 and s. 296)Clarity in the legislation (explanation of the assessment to be provided by the assessor under s. 299 and s. 300)	<ul style="list-style-type: none">Legislation which caps the non-residential tax rateTransparency in the preparation of assessments (assessor's responses under s. 299 and s. 300)Assessment review board members who are trained and who are not municipal councillorsEnsure that assessors maintain confidentiality of the data reported to the assessorSeparate tax policy from assessment (don't want assessment equity influenced by tax policy)Consistent application of the legislation to promote equityMeaningful right of complaint against the assessmentPredictable M&E and linear assessments for budgeting



APPENDIX “D”
PROS/CONS OF THE RECOMMENDED ALTERNATIVES

	PROS	CONS	LEGISLATIVE CHANGES NEEDED
Recommendation #1 Assessment done by municipalities with the addition of: a) Assessment Commissioner; b) Advisory Board for the Commissioner; c) Changes to definitions and valuation standards including well site standardization; and d) Creation of the ICARB. [SEE APPENDIX E]	<ul style="list-style-type: none">Consistency of interpretation and application should improve (because the Commissioner would have the primary responsibility for training).Maintain local assessment preparationMaintain local investment in computer systems and peopleICARB would have trained Board members and case management toolsAdvisory Board would be appointed by Municipalities and IndustryAssessment Commissioner.Minimal cost to implement (compared to Models #2 and #3)Would allow Municipal Affairs staff to spend resources to update Ministers Guidelines (Eg. M&E Schedule C tables are over 30 years old)	<ul style="list-style-type: none">Industry would still have multiple points of contact for reporting.Industry would receive multiple tax bills	<ul style="list-style-type: none">Definitions need to be updated and clarifiedThe demarcation points between structures, M&E and linear property need to be clarified because of different valuation standards and tax policyCCRG needs updating for current construction methodsCCRG terminology needs to be written using legislative drafting conventionsWell site standardization (project started several years ago should be implemented)M&E Ministers' Guidelines needs updating for age lives, Schedule C table, effective aging methodology, and clarification of how to apply and quantify Schedule D additional depreciationThe costs included in the regulated rates need to be more transparent

APPENDIX “D”
PROS/CONS OF THE RECOMMENDED ALTERNATIVES

	PROS	CONS	LEGISLATIVE CHANGES NEEDED
Recommendation #2 Create a new independent Agency with Assessment Commissioner; Advisory Board, and ICARB [SEE APPENDIX E]	<ul style="list-style-type: none">• Industry would have one point of contact• Consistency of interpretation of legislation would improve• Commissioner would have primary responsibility for assessor training.• ICARB would have trained Board members with case management powers and evaluative ADR, municipal recommendations for Board appointments.	<ul style="list-style-type: none">• Municipal investment in systems and people – lost.• Cost to hire staff.• Cost to create new computer systems.• Cost and time needed to review historical data.• Number of staff needed.• Lawsuits against the province by assessors who have developed businesses providing assessment services to municipalities.• Lack of local knowledge in assessment.• How would this be paid for?• What would the role of the municipality be? Could they file a complaint against their own assessment? Who would have standing to file for leave?• What would the obligations be to explain assessment decisions to the municipality?• How responsive would the new agency be to reporting to the municipality for budgeting purposes (annual and long term)?	<ul style="list-style-type: none">• Definitions need to be updated and clarified• The demarcation points between structures, M&E and linear property need to be clarified because of different valuation standards and tax policy• CCRG needs updating for current construction methods• CCRG terminology needs to be written using legislative drafting conventions• Well site standardization (project started several years ago should be implemented)• M&E Ministers' Guidelines needs updating for age lives, Schedule C table, effective aging methodology, and clarification of how to apply and quantify Schedule D additional depreciation• The costs included in the regulated rates need to be more transparent

APPENDIX “D”
PROS/CONS OF THE RECOMMENDED ALTERNATIVES

	PROS	CONS	LEGISLATIVE CHANGES NEEDED
Recommendation #3 Assessment done by Municipal Affairs with the following assumptions <ul style="list-style-type: none">No Assessment CommissionerThe tax bill sent by the municipalityNo ICARBNo legislative changes to definitions, training and valuation standards, etc	<ul style="list-style-type: none">Industry would have one point of contact.Consistency of interpretation and application of the legislation <u>may</u> improve.	<ul style="list-style-type: none">Municipal investment in computer systems and people – would be lost.No entity solely responsible for assessor training on the CCRG.No entity solely responsible for training of Board members on regulated assessment, and project estimating and construction.Creation of a new computer system to input CCRG data.The cost and time needed to review historical files.Staffing issues, number of people needed.Lawsuits against province by assessors who have developed businesses providing assessment services to municipalities.Lack of separation between policy development, preparation of the assessment and audit.Lack of local assessment knowledge.Where would cost to establish and run new unit come from?What Board would complaints be heard before and is there local input to the Board member appointment?What would the role of the municipality be? Could they file a complaint against their own assessment? Who would have standing to file for leave?What would the obligations be to explain assessment decisions to the municipality?How responsive would Municipal Affairs be to reporting to the municipality for budgeting purposes (annual and long term)?	<ul style="list-style-type: none">Definitions need to be updated and clarifiedThe demarcation points between structures, M&E and linear property need to be clarified because of different valuation standards and tax policyCCRG needs updating for current construction methodsCCRG terminology needs to be written using legislative drafting conventionsWell site standardization (project started several years ago should be implemented)M&E Ministers' Guidelines needs updating for age lives, Schedule C table, effective aging methodology, and clarification of how to apply and quantify Schedule D additional depreciationThe costs included in the regulated rates need to be more transparent

APPENDIX “E”

Mandate of the Commissioner, Advisory Board and ICARB

Role of the Commissioner

- The Commissioner should be an accredited assessor with experience in regulated assessment, or at a minimum meet the *Qualifications of Assessor Regulation*.
- The Commissioner would be appointed by the Minister of Justice.
- The Commissioner’s mandate would be to develop assessor training sessions with the AAA. The training to be offered through the Association and be available to all Association members (both accredited assessors and associate members). Industry representatives who are not accredited assessors can join the Association as an associate member.
- The Commissioner would work with the Regulated Policy Unit of Municipal Affairs to ensure transparency in the development of regulated rates, updating the Minister’s Guidelines (age lives, Schedule C tables, etc), developing agreed upon reporting cost reporting formats (s. 295 requests), developing reasonable reporting formats for s. 299 requests, and implementing the 2012 well site standardization study stakeholder report.
- The Commissioner would work with the Audit Unit to identify areas for new training and then develop the training with AAA.
- The Commissioner and the AAA could work together to develop an assessment specialty designation in regulated assessment (M&E and Linear Property).
- The Commissioner would receive input from the Advisory Board
- The Commissioner would provide training to the ICARB members on regulated assessment, the CCRG, construction planning, project estimating, etc.
- The cost to staff the Commissioner’s office would be much less than resourcing either a new unit in Municipal Affairs or a newly created agency.
- The Commissioner’s mandate described above will help to ensure assessment policy and legislation is applied consistently across the province



Assessment Commissioner Advisory Board – 7 Members

- 4 members would be appointed by municipalities and the AAA (2 by AAMD&C, 1 by AUMA and 1 by AAA)
- 2 members would be appointed by industry
- The Chair would be appointed by the Minister of Justice
- The Chair ensures regular stakeholder consultation, and provides feedback to Commissioner
- This proposal ensures the Commissioner is independent of Municipal Affairs and is independent of municipalities and industry. The Chair on behalf of the Board would bring changes forward for the Commissioner's consideration.

INDUSTRIAL COMPOSITE ASSESSMENT REVIEW BOARD ("ICARB")

- Board members would be appointed by the Minister of Justice from a pool of candidates recommended by AAMD&C and AUMA. The Board would consist of approximately 9 - 12 members to represent municipal appointments, effectively a regional composite assessment review board.
- The Presiding Officer of an ICARB panel would be from the Municipal Government Board ("MGB").
- Attached is a chart summarizing the hearings which took place since the creation of the CARB in 2010. The chart has including a summary of the issues and the length of the hearing. This will provide an idea of the volume and type of hearings. Industry is often concerned that municipal councillors sit on the CARB and we have addressed that concern as well.
- There is a gap in the existing legislation which the ICARB would solve. The main issue in the hearings in Column D, concerned whether particular aspects of a power plant should be assessed as a structure (assessed by the municipality at market value) or assessed as linear property (assessed by the province at a regulated value). The CARB can only make decisions regarding whether the aspect of the property under dispute was a structure. If the CARB had ruled that the disputed item was linear property, then the CARB has no ability to make a change to the linear roll to add the item to the linear roll. To fix this gap, we propose that when this type of issue is identified on the Complaint Form, the ICARB would give notice to the linear assessor who would have standing to appear as a party at the hearing. The ICARB could make a change to either the municipal roll or the linear roll.



- The Board Members (and proposed Presiding Officers from the MGB) would be required to take a training program. The Association recommends the Certificate in Tribunal Administrative Justice program provided by the Foundation of Administrative Justice (or equivalent). This training is approximately 70 hours and consists of the following: (i) two days of training in basic principles of procedural fairness, (ii) two days of training on evidence, (iii) two days training on interpreting legislation, (iv) two days training on decision making, (v) two days training on decision writing, and (vi) two days training on running an effective hearing.
- Provide the Board members with an equivalent amount of training on regulated assessment, including site visits to different industrial properties, the use of various construction planning documents, project estimating, and measuring productivity.
- Provide the ICARB with active case management powers (for example, compelling a better description of the issues under complaint, allowing for Preliminary Hearings to hear applications for document production or a site inspection).
- The ICARB would have jurisdiction to order document production or a site visit whether or not a complaint has been filed.
- Provide the ICARB with the power to conduct Evaluative Alternate Dispute Resolution. Under this process an ICARB member (who would not sit as a panel member if there was a hearing) reviews the evidence & argument then meets with parties to advise how the ICARB member sees the case. The purpose is to encourage parties to resolve issues themselves after receiving input from an ICARB member.



	A	B	C	D	E	F	G
Municipality	Wellsite Land	Type of Improvements s. 291	Additional Depreciation for M&E	Buildings at Powerplants, Structures or Linear Property	CCRG	Councillors on the Panel	Length of Hearing(s) (Including Preliminary Hearings)
RMWB 2010 Tax Year					<input checked="" type="checkbox"/>	X	2 weeks
RMWB 2011 Tax Year					<input checked="" type="checkbox"/>	X	7 weeks
RMWB 2012 Tax Year					<input checked="" type="checkbox"/>	X	8 weeks
RMWB 2013 Tax Year					<input checked="" type="checkbox"/>	X	1 week
RMWB 2014 Tax Year					<input checked="" type="checkbox"/>	X	8 weeks
RMWB 2015 Tax Year					<input checked="" type="checkbox"/>	X	3 weeks
Kneehill 2013 Tax Year	<input checked="" type="checkbox"/>					X	1 week
Red Deer County 2013 Tax Year	<input checked="" type="checkbox"/>					X	1 week
Red Deer County 2014 Tax Year	<input checked="" type="checkbox"/>					X	1 week
Lacombe County 2014 Tax Year	<input checked="" type="checkbox"/>					X	1 week
MD of Taber 2015 Tax Year	<input checked="" type="checkbox"/>					?	1 week to be heard in May 2016
Foothills 2010 Tax Year			<input checked="" type="checkbox"/>			?	1 week



	A	B	C	D	E	F	G
Municipality	Wellsite Land	Type of Improvements s. 291	Additional Depreciation for M&E	Buildings at Powerplants, Structures or Linear Property	CCRG	Councillors on the Panel	Length of Hearing(s) (Including Preliminary Hearings)
MD of Greenview 2012 Tax Year				<input checked="" type="checkbox"/>		X	1 week
MD of Greenview 2013 Tax Year				<input checked="" type="checkbox"/>		X	1 week
Paintearth 2013 Tax Year				<input checked="" type="checkbox"/>		X	1 week
Special Areas 2012 Tax Year				<input checked="" type="checkbox"/>		X	1 week
Special Areas 2013 Tax Year				<input checked="" type="checkbox"/>		X	1 week
Special Areas 2015 Tax Year				<input checked="" type="checkbox"/>		?	Scheduled for 2 weeks in November 2016
Wheatland 2013 Tax Year		<input checked="" type="checkbox"/>				X	1 week
Wheatland 2014 Tax Year		<input checked="" type="checkbox"/>				X	1 week



APPENDIX “F”

PROBLEMS IDENTIFIED IN SAC BRIEFING NOTE – DECEMBER 16, 2015 – ASSUMING NO OTHER CHANGES TO LEGISLATION

	Different Types of Property at One Site	Different Valuation Standards	Differing Assessors	2 Boards CARB & MGB	Legislation Interpretation & Applied Differently	Legislation not Keeping Pace as Properties Grow More Complex	Assessors Having Trouble Getting Inspections	Assessors Having Trouble Obtaining Cost Documents	No Formal Training
Recommendation #1 Assessment done by municipalities with the addition of: a) Assessment Commissioner; b) Advisory Board for the Commissioner; c) Changes to definitions and valuation standards including well site standardization; and d) Creation of the ICARB. [See Appendix E]	<ul style="list-style-type: none">Changing “WHO” assesses won’t solve this issueNeeds to be addressed in the MGA definitions	<ul style="list-style-type: none">WHO assesses won’t solve without changing valuation standards	X	<ul style="list-style-type: none">Changing “WHO” assesses won’t solve this issueCreation of the ICARB as described in Appendix E	<ul style="list-style-type: none">Changing “WHO” assesses won’t necessarily solve this issueThe key is providing training for assessors and industry representatives along with changes to definitions, and the creation of the ICARB	<ul style="list-style-type: none">Changing “WHO” assesses won’t necessarily solve this problemAssessment Commission and Advisory Board work with Regulated Policy Unit to ensure rates and depreciation tables currentTraining for assessors and the ICARB	<ul style="list-style-type: none">Changing “WHO” assesses will not solve this problemICARB needs authority to order access for inspection even before there has been a complaint filed	<ul style="list-style-type: none">Changing “WHO” assesses will not solve this problemICARB needs authority to order production even before a complaint has been filedNeed clarification of expectation of what cost documents are to be producedStandardize RFI reporting (s. 295)	<ul style="list-style-type: none">Changing “WHO” assesses will not necessarily solve this problemAssessment Commissioner and AAA responsible for trainingTraining would be available for industry representatives as well
Recommendation #2 Independent Agency with Assessment Commissioner; Advisory Board, and ICARB [See Appendix E]	<ul style="list-style-type: none">“WHO” assesses won’t solve this issue without changing MGA definitions	<ul style="list-style-type: none">WHO assesses won’t solve this problem, need to change the valuation standards	<input checked="" type="checkbox"/>	<ul style="list-style-type: none">A single assessment authority won’t solve this problem	<ul style="list-style-type: none">Maybe, but not without training for assessors and industry representatives	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without changes to the legislation	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without changes to the legislation	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without changes to the legislation	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without a body primarily responsible for training
Recommendation #3 Assessment done by Municipal Affairs with the assumptions: <ul style="list-style-type: none">No Assessment CommissionerThe tax bill sent by the municipalityNo ICARBNo changes to definitions, etc	<ul style="list-style-type: none">Changing “WHO” assesses won’t solve this issueNeeds to be addressed in the MGA definitions	<ul style="list-style-type: none">Changing “WHO” assesses won’t solve the problem without changing the valuation standard	<input checked="" type="checkbox"/>	<ul style="list-style-type: none">A single assessment authority wouldn’t address this problem	<ul style="list-style-type: none">Maybe, but not without training for assessors and industry representatives	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without changes to the legislation	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without changes to the legislation	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without changes to the legislation	<ul style="list-style-type: none">A single assessment authority won’t solve this problem – without a body primarily responsible for training

APPENDIX “G”
DO THE RECOMMENDATIONS ACHIEVE THE OBJECTIVES IN THE MGA

MGA	Local Decision Making	Achieve Savings Regionalization	Fair & Equitable Assessment	Meaningful Complaint System	Local Input to ARB Member Appointment	Training for ARB Members	Annual Assessment
Recommendation #1 Assessment done by municipalities with the addition of: a) Assessment Commissioner; b) Advisory Board for the Commissioner; c) Changes to definitions and valuation standards including well site standardization; and d) Creation of the ICARB. [SEE APPENDIX E]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendation #2 Create a new independent Agency with Assessment Commissioner; Advisory Board, and ICARB <ul style="list-style-type: none">Assumes legislative changes recommended by AAA [SEE APPENDIX E]	X	?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendation #3 Assessment done by Municipal Affairs with the following assumptions <ul style="list-style-type: none">No Assessment CommissionerThe tax bill sent by the municipalityNo ICARBNo legislative changes	X	?	?	?	?	X	<input checked="" type="checkbox"/>

APPENDIX “G”

DO THE RECOMMENDATIONS ACHIEVE MUNICIPAL OBJECTIVES?

MUNICIPALITIES	Stable Assessment Base (Predictable M&E)	Municipal Input to ARB Appointment	Transparency	Cost Effectiveness	Separate Tax Policy from Assessment	Timeliness in Assessment Reporting	Local Knowledge and Decision Making	Training for Board Members	Confidence and Trust in Preparation of Assessment
Recommendation #1 Assessment done by municipalities with the addition of: <div><div>a) Assessment Commissioner;</div><div>b) Advisory Board for the Commissioner;</div><div>c) Changes to definitions and valuation standards including well site standardization; and</div><div>d) Creation of the ICARB.</div></div> [SEE APPENDIX E]		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendation #2 Create a new independent Agency with Assessment Commissioner; Advisory Board, and ICARB <div><div>• Assumes legislative changes recommended by AAA</div></div> [SEE APPENDIX E]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Recommendation #3 Assessment done by Municipal Affairs with the following assumptions <div><div>• No Assessment Commissioner</div><div>• The tax bill sent by the municipality</div><div>• No ICARB</div><div>• No legislative changes</div></div>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

APPENDIX “G”

DO THE RECOMMENDATIONS ACHIEVE INDUSTRY’S GOALS?

INDUSTRY	Predictable Assessment for Budgeting	Transparency	Meaningful Right of Complaint	Trained ARB Members	Consistent Application of Legislation	Fewer Assessors to Report to	Minimal Increase in Tax Rate to Implement	Cap on the Non-Residential Tax Rate	Provide a Check on Municipal Influence on the Assessment
Recommendation #1 Assessment done by municipalities with the addition of: a) Assessment Commissioner; b) Advisory Board for the Commissioner; c) Changes to definitions and valuation standards including well site standardization; and d) Creation of the ICARB. [SEE APPENDIX E]		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	X	<input checked="" type="checkbox"/>	_____	<input checked="" type="checkbox"/>
Recommendation #2 Create a new independent Agency with Assessment Commissioner; Advisory Board, and ICARB • Assumes legislative changes recommended by AAA [SEE APPENDIX E]	?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	X	_____	<input checked="" type="checkbox"/>
Recommendation #3 Assessment done by Municipal Affairs with the following assumptions • No Assessment Commissioner • The tax bill sent by the municipality • No ICARB • No legislative changes	?	X	X	X	?	<input checked="" type="checkbox"/>	X	_____	<input checked="" type="checkbox"/>

APPENDIX “G”

DO THE RECOMMENDATIONS ACHIEVE AAA'S OBJECTIVES

	Professionalism of AAA Members	Provide Education	Stakeholder for Policy Development	High Standards in Practice	Separate Tax Policy From Assessment	Clarify Legislation	Transparency in the Assessment Process	Training for ARB Members	Responsive Preparation of the Roll and to Municipal Inquiries
Recommendation #1 Assessment done by municipalities with the addition of: a) Assessment Commissioner; b) Advisory Board for the Commissioner; c) Changes to definitions and valuation standards including well site standardization; and d) Creation of the ICARB. [SEE APPENDIX E]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendation #2 Create a new independent Agency with Assessment Commissioner; Advisory Board, and ICARB • Assumes legislative changes recommended by AAA [SEE APPENDIX E]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	?
Recommendation #3 Assessment done by Municipal Affairs with the following assumptions • No Assessment Commissioner • The tax bill sent by the municipality • No ICARB • No legislative changes	?	X	?	?	?	X	X	X	?