



AGENDA ITEM

Supplementary Assessment Bylaw

March 11, 2021

BACKGROUND

In 2017, Lacombe County prepared a supplementary assessment roll. This was the first time in over two decades for the County to take such action. For 2018, 2019, and 2020, no supplementary assessment was prepared as development in both industrial and residential properties slowed, and any potential gains were outweighed by the time and cost of developing the roll.

At its July 28, 2020 Prebudget Meeting, County Council adopted a resolution directing Administration to prepare a Supplementary Assessment Bylaw for the 2021 taxation year. For this bylaw to be in effect for 2021, Council would have to adopt the bylaw before May 1st. With changes to legislation in 2019, this bylaw would remain in effect until repealed.

Administration has drafted a bylaw, which is attached to this agenda item.

ANALYSIS

The supplementary assessment serves to ensure fairness between new developments. As December 31st is used as the date of measure for new development (October 31st for designated industrial property) for the following year, developments completed after this date will only be assessed for partial completion and will not be assessed and taxed fully until the following year, even though the new development may be in use. The supplementary assessment applies to improvements that are completed after the above deadlines. For designated industrial assessments, the property also has to be in use.

The supplementary assessment's goal is to ensure properties are taxed during this period. The supplementary assessment roll is an important tax policy tool for high growth municipalities where a large number of developments are being completed throughout the year. It is also applicable in communities with constant residential development where houses are being built continuously throughout the year.

In fact, of the 40 communities with supplementary assessments over 15 could be considered high growth communities. Supplementary assessments are primarily used by urban municipalities. Of the 40 municipalities with a supplementary



assessment, only 3 rural municipalities prepare supplementary assessments, Strathcona, Sturgeon, and Wetaskiwin.

The development most impacted by the supplementary assessment is typically residential development as this is the primary development activity for most communities. In the case of the County, development has been slow for the past number of years with improvement beginning in 2020.

Though the bylaw generates additional revenue for the County, there are several other factors to consider:

1. There is a cost to developing the roll. This cost is in terms of staff time. As this is not an activity currently completed by staff, other work such as the annual reinspection process may have to be scaled back.
2. Unlike most of the communities who have a supplementary assessment bylaw, the County does not issue occupancy permits and most new homes in the County do not have County utilities. This makes it difficult to have a defensible and consistent completion date process. In most cases, the County will rely on information provided by the property owner
3. This reliance on information from the property owner increases the paperwork and information that property owners have to provide to the County. This additional process is inconsistent with the Province's "Red Tape" reduction initiatives.
4. This is especially true in efforts to attract new commercial and industrial business. Though the tax cost for potential new development will vary, there could be the perception of a higher tax regime in the County versus neighbouring rural municipalities with the presence of a supplementary assessment.

ALTERNATIVES

1. Receive report for information and take no further action.
2. Give three readings to the bylaw as presented.
3. Provide Administration an alternate course of direction.

BUDGET IMPLICATIONS

The 2021 budget does not include any revenue from a potential supplementary assessment tax. Any revenue from a supplementary tax could be used to reduce the amount drawn from the Tax Stabilization Reserve.

The last time the County prepared a supplementary assessment, the County generated approximately \$6,200 in municipal taxes from 34 residential properties and \$15,600 from 19 non-DIP industrial/commercial properties.



LEGISLATIVE RESPONSIBILITIES

- Section 313 of the Municipal Government Act outlines the authority for municipalities to create a supplementary assessment roll. This section also outlines the May 1st deadline for approval of a supplementary assessment bylaw by Council.
- Section 314.1 of the Municipal Government Act delegates preparation of supplementary assessment related to designated industrial property to the provincial assessor.
- Section 325.1 of the Municipal Government Act states that a supplementary assessment bylaw remains in force after the year it is approved until is repealed.

PUBLIC PARTICIPATION

Lacombe County sees the value in engaging and informing the public/stakeholders through a variety of mediums as outlined in the *Policy AD(40): Public Participation Policy*. The appropriate level of engagement for each public participation opportunity is selected on a project-to-project basis. For this item, the following engagement will take place:

- *Inform*: To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.

In addition to the normal communications channels of the County's website and County News, Administration would also include add information in the annual tax bulletin sent with the County's tax/assessment notices in the Spring.

STRATEGIC PLAN

The following elements of the County's Strategic Plan are relevant to this issue:

Our Vision: "An attractive, balanced and progressive community".

Our Mission: "To build a safe and vibrant community through leadership, innovation and healthy relationships".

Key Principles: Include: Fair and Objective in our decisions and in how we treated individuals.



Strategic Priority: - (1) Explore new Sources of Revenue. (2) Strategize how to deal with losses in revenue.

RECOMMENDATION

That Council receive this report for information.

PREPARED BY: Michael Minchin, Director of Corporate Services

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REVIEWED BY: Tim Timmons, County Manager

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