

## Request for Decision

<b>Title</b>	<b>Bylaw 1586/22 – Supplementary Assessment Bylaw – Three Readings</b>
<b>Proposed Motion</b>	<ol style="list-style-type: none"> <li>1. That Council give first reading of Bylaw 1586/22.</li> <li>2. That Council give second reading of Bylaw 1586/22.</li> <li>3. That Council consider third reading of Bylaw 1586/22.</li> <li>4. That Council give third reading of Bylaw 1586/22.</li> </ol>
<b>Administrative Recommendation</b>	That Sturgeon County implement supplementary assessments as a tax policy tool to support the equitable distribution of service cost recovery.
<b>Previous Council / Committee Direction</b>	<p><u>December 14, 2021 Regular Council Meeting</u> Motion 556/21: That Council give third reading of Bylaw 1563/21.</p> <p><u>January 28, 2020 Regular Council Meeting</u> Motion 035/20: That Council give third reading of Bylaw 1475/20.</p>
<b>Report</b>	<p><u>Background Information</u></p> <ul style="list-style-type: none"> <li>• Supplementary assessment reflects an increase in value of a property during the current tax year. This typically occurs when properties under construction are completed or become occupied during the current tax year.</li> <li>• Supplementary assessments are also completed when Industrial projects are completed and/or Machinery &amp; Equipment becomes operational during the current tax year.</li> <li>• Supplementary assessment and tax provide for equity among property owners. When new construction is completed or occupied, the owners receive municipal services. Supplementary assessment and taxes contribute towards the cost of providing these services.</li> <li>• Supplementary assessments help to balance and more evenly distribute the service cost recovery formula by updating the assessment values of properties that are completed, become occupied, or become operational during the current tax year.</li> <li>• Sturgeon County completed supplementary assessments for the 2017, 2018, 2019, and 2020 taxation years. The results were as follows:</li> </ul>

- The 2016 assessment was supplemented by 37 properties: 34 residential properties and 3 non-residential properties. Residential prorated assessment added approximately \$4.5 million, and the non-residential prorated assessment added approximately \$77 million. Total assessment approximately \$81.1 million.
- The 2017 assessment was supplemented by 67 properties: 61 residential properties, 1 non-residential property, 1 payment in lieu of tax (PILT) property, 1 Designated Industrial Property (DIP) and 3 linear properties. Residential prorated assessment added approximately \$5.5 million, and the non-residential property and DIP added approximately \$41.5 million. The PILT property added about \$2.9 million. The linear properties added \$1.9 million. Total assessment approximately \$51.8 million.
- The 2018 assessment was supplemented by 54 properties: 44 residential properties, 1 non-residential property, 1 payment in lieu of tax (PILT) property, 3 DIP and 5 linear properties. Residential prorated assessment added approximately \$5.8 million, and the non-residential property and DIP added approximately \$29.5 million. The PILT property added about \$0.5 million. The linear properties added \$8.4 million. Total assessment approximately \$44.2 million.
- The 2019 assessment was supplemented by 48 properties: 35 residential properties, 1 non-residential property, 4 DIP and 8 linear properties. Residential prorated assessment added approximately \$3.4 million, and the non-residential property added 11.5 million, and DIP added approximately \$1.24 billion. The linear properties added \$2.9 million. Total assessment approximately \$1.26 billion.
- A supplementary assessment bylaw applies to the year in which it is passed only if it is passed before May 1 of that year.
- A supplementary assessment bylaw is required to levy property taxes on completed construction and/or projects becoming operational during 2022 and thereafter.
- When a municipality passes a supplementary assessment bylaw it remains in place in accordance with section 325.1 of the *Municipal Government Act* (MGA), which states, “Bylaws enacted under section 297 or 313 remain in force after the year in which they are enacted and apply in respect of subsequent years until they are repealed.”
- There are approximately 40 residential properties that may be affected for 2022 should Council support supplementary assessments. Some non-residential, linear, and Designated Industrial Properties may also be affected in 2022.

#### External Communication

- Assessment Services applies a communication program to advocate assessment and taxation fairness. When implementing supplementary assessments, stakeholder communications advocate supplementary

	<p>assessments function to enhance taxation fairness for Sturgeon County residents.</p> <ul style="list-style-type: none"> <li>• Supplementary Assessment notification will be published in the Sturgeon County FYI of the <i>Morinville Free Press</i>, the <i>Redwater Review</i>, and the <i>St. Albert Gazette</i> (digital). Notification will also be published in the County Connections and Sturgeon County's website under the Assessment Services section.</li> <li>• A notification letter will be attached to all new construction permits through Planning &amp; Development Services.</li> </ul> <p><u>Relevant Policy/Legislation/Practices</u></p> <ul style="list-style-type: none"> <li>• By bylaw, supplementary assessment and supplementary property tax is authorized in accordance with sections 313, 314, and 369 of the <i>Municipal Government Act</i>.</li> </ul>
<p><b>Implication of Administrative Recommendation</b></p>	<p><u>Strategic Alignment</u></p> <p><b>Operational Excellence</b> – Implementing supplementary assessment and tax aligns with operational excellence.</p> <ul style="list-style-type: none"> <li>○ Long term financial planning and sustainability.</li> <li>○ Careful debt and reserve stewardship.</li> </ul> <p>Additionally, supplementary assessment can help reduce or mitigate differences between the predicted and actual assessment and stabilize annual budgets.</p> <p><u>Organizational</u></p> <ul style="list-style-type: none"> <li>• Should Council support supplementary assessments, 2022 inspections will be completed in May for the 2021 “new builds” that were only partially completed or not started by December 31, 2021. Properties still not completed in May 2022 will be inspected again in September.</li> <li>• Approximately 40 supplementary assessment and tax combined notices could be sent by Financial Services in late October 2022. The tax payment deadline will be 30 days from mailout.</li> <li>• Legislative Services will implement a secondary appeal process, 60 days from the time of mailout.</li> </ul> <p><u>Financial:</u></p> <ul style="list-style-type: none"> <li>• There would be minimal operational costs. Additional advertising/awareness budget can be supplemented from existing operational budget allocated to cyclical and annual inspections.</li> <li>• Tax revenue generated may help offset future tax increases.</li> <li>• Residential supplementary tax impact although minimal contributes towards equitable taxation and the service cost recovery formula.</li> <li>• There are non-residential, Linear, and DIP properties that could be completed in 2022 and qualify to be supplementary assessed.</li> </ul>
<p><b>Alternatives Considered</b></p>	<p>Council could defeat the Bylaw.</p>

<b>Implications of Alternatives</b>	<p><u>Strategic Alignment:</u> None.</p> <p><u>Organizational:</u></p> <ul style="list-style-type: none"> <li>• Omits revenue that can be allocated to fulfill financial or capital initiatives.</li> <li>• Implementing supplementary assessments only in reaction to major projects risks perception of targeting a specific industry or assessed person(s).</li> </ul> <p><u>Financial:</u> Tax revenue loss could be significant:</p> <ul style="list-style-type: none"> <li>• Residential supplementary tax loss is currently minimal.</li> <li>• Non-residential properties and designated industrial properties, including linear rail, completed in 2022 would be assessed but tax revenue would not be collected until 2023.</li> </ul>
<b>Follow up Action</b>	1. Levy supplementary taxes (Financial Services, 2022).
<b>Attachment(s)</b>	1. Attachment 1: Bylaw 1586/22
<b>Report Reviewed by:</b>	<p>Luis Delgado, Manager, Assessment Services</p> <p>Andrew Hayes, General Manager, Financial Services &amp; Chief Financial Officer</p> <p>Reegan McCullough, County Commissioner – CAO</p>

## Strategic Alignment Checklist

**Vision:** *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

**Guiding Principles:** Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
<b>Planned Growth</b>			
<ul style="list-style-type: none"> <li>Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Modern broadband and digital capabilities</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Low cost, minimal red-tape regulations</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Thriving Communities</b>			
<ul style="list-style-type: none"> <li>Beautiful, surprising places with high standards; integrated natural spaces &amp; trail systems; healthy and resilient</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Engaging cultural, historical, and civic amenities; strong community identity and pride</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Environmental Stewardship</b>			
<ul style="list-style-type: none"> <li>Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Sustainable development; partnerships with industry and others to drive emission reductions</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Collaborative Governance</b>			
<ul style="list-style-type: none"> <li>Predictable and stable external relationships; volunteer partnerships</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Meaningful connections with Indigenous communities</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Respectful and informed debate; clear and supportive governance processes</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Operational Excellence</b>			
<ul style="list-style-type: none"> <li>Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Future focused thinking to proactively respond to emerging opportunities and challenges</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Alternative revenue generation and service delivery models integrated strategic and business planning</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>