

From: [MA Minister](#)
To: [President](#)
Subject: Alberta Municipal Affairs Responses to 2018 AUMA Endorsed Resolutions
Date: Thursday, January 17, 2019 1:05:51 PM
Attachments: [Alberta Municipal Affairs Responses to 2018 AUMA Endorsed Resolutions.pdf](#)

Dear Mr. Morishita,

Further to the letter of December 14, 2019, from the Honourable Shaye Anderson, Minister of Municipal Affairs, regarding the Alberta Municipal Affairs Responses to 2018 AUMA Endorsed Resolutions, our office has been notified the incorrect attachment accompanied the letter from Minister.

Please accept our apologies and find attached the correct document providing the responses from the ministry.

Please do not hesitate to contact our office should you require anything further in this regard.

Thank you for your understanding.

Office of the Minister of Municipal Affairs.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.

Alberta Municipal Affairs Responses to the Alberta Urban Municipalities Association 2018 Endorsed Resolutions

- 2018.A1 Alberta Municipal Benchmarking Initiative
- 2018.A2 Provincial Government Consultation and Communication Protocol with Municipalities
- 2018.A3 Designated Industrial Property Requisition Tax Rate
- 2018.E1 Cannabis Assessment and Taxation
- 2018.E3 New Funding Model to Replace the Municipal Sustainability Initiative

WHEREAS the Alberta Municipal Benchmarking Initiative (AMBI) is a collaboration of small and large municipalities;

WHEREAS this initiative has developed and implemented a framework that has enabled a continuous multi-year benchmarking process for the participating municipalities;

WHEREAS participating municipalities received key benefits in sharing ideas, using the network to discuss results and share practices and strategies collaborating on creative solutions to improve performance; and

WHEREAS participating municipalities received additional funding in March 2018 from the Alberta Community Partnership (ACP) to continue updating the benchmark reports with data from recent years.

IT IS THEREFORE RESOLVED THAT the AUMA encourage municipalities to participate and collaborate, utilizing the AMBI grant from Alberta Municipal Affairs for ongoing benchmarking comparisons; and

FURTHER BE IT RESOLVED THAT the AUMA lobby the Government of Alberta to provide funding for the Alberta Municipal Benchmarking Initiative program.

Government Response

Alberta Municipal Affairs

The Alberta Community Partnership (ACP) program continues to support the improvement of viability and long-term sustainability of municipalities by providing support for regional collaboration and capacity building initiatives.

Alberta Municipal Affairs has provided two grants totaling \$450,000 in support of the Alberta Municipal Benchmarking Initiative. Specifically, as it relates to Alberta Urban Municipalities Association Resolution 2018.A1, the 2017/18 ACP funding supported a second phase to collect and integrate additional data into the municipal service delivery benchmarking framework in eight service areas including water, wastewater, fire, police, solid waste, roadways, snow and ice management, and transit. All ACP grants are subject to application eligibility and program guidelines

Contact: Susan McFarlane, Director, Grant Program Delivery, 780.644.1243 or susan.mcfarlane@gov.ab.ca

WHEREAS municipalities have a responsibility for the provision of good government, the provision of services, facilities, or other things that in the opinion of council, are necessary or desirable for the municipality and to develop and maintain safe and viable communities as per the *Municipal Government Act* RSA 2000 c. M-26;

WHEREAS the municipal/provincial relationship is vital to ensure that such good government and services can effectively be provided;

WHEREAS the challenges of effective consultation and communication between municipal and provincial government are evident and are impeding municipal government from effectively fulfilling its duties and calls into question the province's commitment to working with municipal elected officials to their fullest capabilities;

WHEREAS a municipality is a creature of the province with a limited amount of natural person powers given to it by the *Municipal Government Act*; and

WHEREAS the province is required by that same legislation to provide municipalities with clear and concise direction which would require direct interaction.

IT IS THEREFORE RESOLVED THAT that the Alberta Urban Municipalities Association (AUMA) advocate for the Government of Alberta to engage municipalities in establishing and implementing a consultation and communication protocol, which recognizes and acknowledges the legislated significance of municipal elected officials.

Government Response

Alberta Municipal Affairs

The Government of Alberta recognizes municipalities as key partners in serving Albertans, and strives to work closely and collaboratively with municipal governments wherever possible. This has been exemplified by the collaborative co-development of city charters with the cities of Edmonton and Calgary, as well as the multi-year review of the *Municipal Government Act (MGA)*, during which both the Rural Municipalities of Alberta and the Alberta Urban Municipalities Association were directly at the table as members of the *MGA* Review Steering Committee, as well as being directly engaged in each working group and focus group throughout the entire process.

The Minister of Municipal Affairs (MA) is the lead minister in working with municipalities and their associations. Other ministers remain open to meeting with municipal representatives on ministry-specific issues wherever possible, recognizing that these ministers also have significant numbers of other stakeholders to focus on as well. Municipalities are encouraged to approach individual ministers whenever an issue-specific meeting is required. Where this approach is not effective for some reason, municipal officials may contact the Minister of MA for help in facilitating such meetings where possible.

Contact: Gary Sandberg, Assistant Deputy Minister, Municipal Services and Legislation, 780.422.8034 or gary.sandberg@gov.ab.ca

WHEREAS the Province of Alberta has taken over responsibility for the assessment of all designated industrial property;

WHEREAS municipalities are required to collect and forward a requisition to the province to cover the cost of the centralized assessment process; and

WHEREAS the administrative cost of tracking, collecting, and forwarding the requisition to the province exceeds the entire value of the requisition in some municipalities.

IT IS THEREFORE RESOLVED THAT the Alberta Urban Municipalities Association request that the Government of Alberta amend the *Municipal Government Act* to enable municipalities to cover the value of the requisition as they see fit, rather than requiring them to carry out a prescribed requisition process.

Government Response

Alberta Municipal Affairs

Under Section 359.3(2) of the *Municipal Government Act (MGA)*, the Minister must set the property tax rate for the Designated Industrial (DI) property tax requisition. This requisition enables government to recover the costs associated with the preparation and defense of DI property assessments.

Alberta Municipal Affairs recognizes that there may be an undue administrative burden associated with administering small requisition amounts. The ministry will explore ways to address the municipal cost associated with administering the DI tax requisition to determine potential solutions that would be compliant within the *MGA* and meet the intent of the current system.

Contact: Steve White, Provincial Assessor, Assessment Services Branch, 780.422.8398 or
steve.white@gov.ab.ca

WHEREAS the legalization of cannabis has led to the development of cannabis grow operations in Alberta communities;

WHEREAS cannabis grow operations are industrial-scale facilities that represent considerable servicing costs for municipalities;

WHEREAS current wording in the Municipal Government Act and Matters Relating to Assessment and Taxation Regulation does not clearly enable municipalities to tax cannabis grow operations; and

WHEREAS other ratepayers will be forced to subsidize the servicing of cannabis grow operations unless municipalities are clearly enabled to tax them at fair market value.

IT IS THEREFORE RESOLVED THAT the Alberta Urban Municipalities Association request the Government of Alberta to amend appropriate legislation and regulations to clearly enable municipalities to assess and tax cannabis grow operations at fair market value.

Government Response

Alberta Municipal Affairs

Under current Alberta legislation, cannabis-producing facilities meet the farming operations definition, meaning the various components of a cannabis-producing facility would be assessed and taxed as follows:

- The land is classed as “farm land” and is assessed using regulated rates and procedures set out in the Alberta Farm Land Assessment Minister’s Guidelines to which municipalities set specific tax rates.
- Buildings used for farming operations, including cannabis production, are fully exempt from assessment (and subsequently taxation) in rural municipalities and will also be in urban municipalities by 2022 (50 per cent tax exempt in 2017, 60 per cent in 2018, 70 per cent in 2019, 80 per cent in 2020, 90 per cent in 2021, and 100 per cent in 2022).
- Farm buildings in urban municipalities are under the non-residential tax class and municipalities set their own rate.

Farm buildings used for growing, warehousing and storing of raw product are treated the same as above and any portion of buildings that have other uses, such as processing or a commercial/business, are fully assessable and taxable.

The Government of Alberta appreciates the challenges municipalities are facing and is investigating assessing and taxing cannabis growing operations. The government was also pleased to introduce the Municipal Cannabis Transition Program (MCTP) on October 15, 2018.

The MCTP will assist municipalities through a two-year transition period following cannabis legalization by providing funding to support increased enforcement and other implementation costs related to cannabis legalization. The program is anticipated to provide \$11.15 million over two years. Funding is targeted at municipalities that are responsible for their own policing costs.

Contact: Ethan Bayne, Assistant Deputy Minister, Municipal Assessment and Grants, 780.415.1717 or ethan.bayne@gov.ab.ca

WHEREAS AUMA's vision is that Alberta's municipalities have an enduring partnership with the Government of Alberta that recognizes the shared responsibility to fund the infrastructure that Albertans rely on to maintain economically, environmentally and socially resilient communities;

WHEREAS the Government of Alberta has announced that Alberta's largest municipal infrastructure funding program, the Municipal Sustainability Initiative (MSI), will expire in 2021-22 and be replaced with a new infrastructure grant program;

WHEREAS municipalities require funding from the province to be more predictable, especially given the update of the *Municipal Government Act* that requires municipalities to approve three-year operating and five-year capital budgets;

WHEREAS in order for Alberta's communities to continue to offer a high quality of life and remain economically competitive, future municipal funding needs to grow with the long-term infrastructure needs in Alberta's communities;

WHEREAS the Government of Alberta announced in Budget 2018 that the new infrastructure grant program will use a funding formula based on revenue sharing;

WHEREAS Alberta's municipalities support a revenue-sharing model that will grow with the economy and offer predictability for financial planning while being responsive to the realities of the province's revenue sources;

WHEREAS a funding model linked to the province's total revenue (excluding federal transfers) limits the risk of any loss in funding if the province were to change how it sources its revenue; and

WHEREAS if the annual funding is calculated based on the province's actual revenues from two years prior, municipalities can more accurately forecast their short and long-term infrastructure funding.

IT IS THEREFORE RESOLVED THAT the AUMA advocate that the Government of Alberta legislate and index annual funding under the new infrastructure program as a fixed percentage of the province's total revenue excluding transfers from the federal government and that the annual funding amount be calculated based on the province's actual revenue from two years prior.

Government Response

Alberta Municipal Affairs

Our government understands the critical importance of stable and predictable infrastructure funding to Alberta's municipalities. We are committed to the development of a legislated funding framework and have engaged the municipal associations in discussions on the key components of this framework. We are looking forward to continuing the dialogue with the municipal associations and reaching a consensus on a predictable model that is responsive to the province's fiscal environment.

Contact: Ethan Bayne, Assistant Deputy Minister, Municipal Assessment and Grants, 780.415.1717 or ethan.bayne@gov.ab.ca