



**COUNCIL WORKSHOP
MEETING AGENDA
Tuesday, January 28, 2020**

1. ORDER – 10:00 a.m.

2. APPOINTMENTS / DEPARTMENTAL ITEMS

a) 10:00 a.m. County Manager's Office

i) Bill 7 and Bill 29 Discussion

√

Renee

b) 10:30 a.m. [In-Camera in accordance with Sections 16(1),
21(1),24(1) & 25(1)] – Preparation for Tax Share Agreement
Negotiations Committee Meeting, January 28th

Duane

3. ADJOURNMENT

√ Attachment Provided

Page 1 of 1



Report to Council Workshop

REPORT NAME

Bill 7 and Bill 29 Discussion

IMPLICATIONS

Reason: Bill 7 and Bill 29 – received royal assent in 2019. The intent of the workshop is to explain the bills and discuss Leduc County's position on the use of this legislation.

Authority (MGA/Bylaw/Policy): Bill 7: the Municipal Government (Property Tax Incentives) Amendment Act and Bill 29 Municipal Government (Machinery and Equipment Tax Incentives) Amendment Act, 2019

Funding Required: n/a

Funding Source: n/a

BACKGROUND

Information on Bill 7 and 29 from Government of Alberta website¹:

Bill 7: the *Municipal Government (Property Tax Incentives) Amendment Act* – received royal assent June 28, 2019 and will:

- allow municipalities to decide if, and how, to implement the tax incentives by passing a single bylaw that will:
 - offer incentives to reduce, exempt or defer the collection of property taxes for non-residential properties for up to 15 years, with the option for renewal
 - establish an eligibility criteria and application process to streamline tax incentive offers, instead of requiring a separate council resolution or bylaw for each property

Bill 29: the *Municipalities Government Amendment Act (Machinery and Equipment Tax Incentives)* – received royal assent December 5, 2019 and will:

- allow municipalities to pass a bylaw enabling them to reduce or eliminate property taxes for up to 15 years on machinery and equipment

These changes make Alberta a highly attractive destination for investment by providing one of the longest municipal tax incentive timelines in North America:

- Saskatchewan allows property tax incentives for up to 5 years
- B.C. allows them for up to 10 years
- Louisiana offers 5-year incentives with an option to renew for an additional 5 years
- Texas offers local tax incentives for up to 10 years

Submitted by: Renee Klimosko, General Manager of Financial and Corporate Services

Reviewed by: Duane Coleman, County Manager

Date: January 21, 2020

General regional discussions:

- Use of Bill 7 has not been enacted by municipalities in our region at this time
- Informal, unwritten agreement between Mayors in the region to not utilize the legislation
- City of Edmonton has discussed harmonization of mill rates in the region and have indicated the potential use of this legislation to accomplish this for specific properties

Edmonton Global's position:

- No formal position has been communicated at this time

Unknowns:

- What is the Government of Alberta's position on Bill 7? What was the scale of project that was envisioned when this legislation was put into place?

Potential risks to the utilization of the legislation:

- Potential discord within business community (those that receive incentives vs those that do not)
- Potential discord between municipalities
 - Lack of regional coordination could create a "race to the bottom"
- Favors the businesses with strong lobby effort capabilities
- Tax burden passed on to other ratepayers in the municipality

Points of discussion:

- What is Leduc County's position on the use of this legislation?
- What is our regional message?
- What is our economic development position?
- If we were to consider its use, what would be our threshold, scale, magnitude of project?

Future steps, if needed, to utilize legislation:

- Criteria to be determined
- Establish application process and administrative workflow
- Creation and approval of a bylaw

ATTACHMENTS

Bill 7
Bill 29

¹ (Source: <https://www.alberta.ca/property-tax-incentives.aspx>)

2019 Bill 7

First Session, 30th Legislature, 68 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 7

MUNICIPAL GOVERNMENT (PROPERTY TAX INCENTIVES) AMENDMENT ACT, 2019

THE MINISTER OF MUNICIPAL AFFAIRS

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 7

BILL 7

2019

MUNICIPAL GOVERNMENT (PROPERTY TAX INCENTIVES) AMENDMENT ACT, 2019

(Assented to _____, 2019)

HER MAJESTY, by and with the advice and consent of the
Legislative Assembly of Alberta, enacts as follows:

Amends RSA 2000 cM-26

1 The *Municipal Government Act* is amended by this Act.

**2 Section 127 is amended by adding the following after
subsection (1):**

(1.1) Where an area of land is the subject of an exemption or deferral granted under section 364.2 by one municipal authority and an order referred to in subsection (1) annexes all or part of that land to another municipal authority, the order must require the receiving municipal authority to continue the exemption or deferral in respect of the annexed land, subject to any terms the Lieutenant Governor in Council considers appropriate.

**3 Section 303(h.1) is amended by adding “or 364.2” after
“section 364.1”.**

Explanatory Notes

1 Amends chapter M-26 of the Revised Statutes of Alberta 2000.

2 Section 127 presently reads in part:

127(1) An order to annex land to a municipal authority may

- (a) require a municipal authority to pay compensation to another municipal authority in an amount set out in the order or to be determined by means specified in the order, including arbitration under the Arbitration Act,*
- (b) dissolve a municipal authority as a result of the annexation, and*
- (c) deal with any of the matters referred to in section 89.*

3 Section 303(h.1) presently reads:

303 The assessment roll prepared by a municipality must show, for each assessed property, the following:

4 Section 303.1 is amended by adding the following after clause (h):

- (h.1) if a deferral of the collection of tax under section 364.2 is in effect for the property, a notation of that fact;

5 Section 305 is amended

- (a) **in subsection (3) by striking out** “section 364.1 or 368” **and substituting** “section 364.1, 364.2 or 368”;
- (b) **in subsection (3.1) by striking out** “section 364.1 or a deferral under that section” **and substituting** “section 364.1 or 364.2 or a deferral under one of those sections”.

6 Section 329 is amended by adding the following after clause (g.1):

- (g.2) if any property in the municipality is the subject of a deferral granted under section 364.2, a notation of the amount deferred and the taxation year or years to which the amount relates;

7 The following is added after section 364.1:

Tax incentives for non-residential property

364.2(1) In this section,

- (a) “deferral” means a deferral under this section;
- (b) “exemption” means an exemption under this section;
- (c) “non-residential” means non-residential as defined in section 297(4).

(h.1) if a deferral of the collection of tax under section 364.1 is in effect for the property, a notation of that fact;

4 Section 303.1 presently reads in part:

303.1 The provincial assessment roll must show, for each assessed designated industrial property, the following:

(h) if the designated industrial property is exempt from taxation under Part 10, a notation of that fact;

5 Section 305 presently reads in part:

(3) If exempt property becomes taxable or taxable property becomes exempt under section 364.1 or 368, the assessment roll must be corrected for the current year only and an amended assessment notice must be prepared and sent to the assessed person.

(3.1) If the collection of tax on property is deferred under section 364.1 or a deferral under that section is cancelled, the assessment roll must be corrected and an amended assessment notice must be prepared and sent to the assessed person.

6 Section 329 presently reads in part:

329 The tax roll must show, for each taxable property or business, the following:

(g.1) if any property in the municipality is the subject of a bylaw or agreement under section 364.1 to defer the collection of tax, a notation of the amount deferred and the taxation year or years to which the amount relates;

7 Tax incentives for non-residential property; judicial review of decision under section 364.2.

(2) A council may by bylaw, for the purpose of encouraging the development or revitalization of non-residential properties for the general benefit of the municipality, provide for

- (a) full or partial exemptions from taxation under this Division for non-residential property, or
- (b) deferrals of the collection of tax under this Division on non-residential property.

(3) A bylaw under subsection (2)

- (a) must set criteria to be met for a non-residential property to qualify for an exemption or deferral,
- (b) must establish a process for the submission and consideration of applications for an exemption or deferral in respect of non-residential property,
- (c) must not provide for an exemption or deferral to have effect in respect of a property for more than 15 consecutive taxation years, but may, if the council considers it appropriate, provide for subsequent exemptions or deferrals of 15 consecutive taxation years or less to be applied for and granted in respect of the property, and
- (d) if the bylaw provides for any person other than the council, including a designated officer, to refuse to grant an exemption or deferral or to cancel an exemption or deferral, must establish a process for applications to the council for the review of those decisions and must specify the period of time within which the application must be made.

(4) If after reviewing an application the municipality determines that the non-residential property meets the requirements for a full or partial exemption or for a deferral, the municipality may grant the exemption or deferral.

(5) An exemption or deferral must be granted in a written form that specifies

- (a) the taxation years to which the exemption or deferral applies, which must not include any taxation year earlier

than the taxation year in which the exemption or deferral is granted,

- (b) in the case of a partial exemption, the extent of the exemption, and
- (c) any condition the breach of which will result in cancellation under subsection (6) and the taxation year or years to which the condition applies.

(6) If at any time after an exemption or deferral is granted under a bylaw under this section the municipality determines that the property did not meet or has ceased to meet a criterion referred to in subsection (3)(a) or that a condition referred to in subsection (5)(c) has been breached, the municipality may cancel the exemption or deferral for the taxation year or years in which the criterion was not met or to which the condition applies.

(7) Where a municipality refuses to grant or cancels an exemption or deferral, the municipality must send a written notice to the applicant stating the reasons for the refusal or cancellation and, if a review of the decision is available under subsection (3)(d), the date by which any application for that review must be made.

(8) Where a municipality grants or cancels an exemption or deferral in respect of designated industrial property, the municipality must notify the provincial assessor and provide any other information requested by the provincial assessor respecting the exemption, deferral or cancellation.

(9) Subject to subsection (6), any order referred to in section 127(1.1) and the criteria and conditions on which an exemption or deferral was granted, the exemption or deferral remains valid regardless of whether the bylaw under which it was granted is subsequently amended or repealed or otherwise ceases to have effect.

Judicial review of decision under section 364.2

364.3(1) Where a decision made under a bylaw under section 364.2 in respect of an exemption or deferral is the subject of an application for judicial review, the application must be filed

with the Court of Queen's Bench and served not more than 60 days after the date of the decision.

(2) No councillor, designated officer or other person who makes a decision under a bylaw under section 364.2 is liable for costs by reason of or in respect of a judicial review of the decision.

8 Section 460 is amended

(a) by repealing subsection (7) and substituting the following:

(7) Despite subsection (5)(j),

- (a) there is no right to make a complaint about an exemption or deferral given by agreement under section 364.1(11) unless the agreement expressly provides for that right, and
- (b) there is no right to make a complaint about a decision made under a bylaw under section 364.2 in respect of an exemption or deferral.

(b) by adding the following after subsection (14):

(15) An assessment review board has no jurisdiction to deal with a complaint about any matter relating to an exemption or deferral under section 364.2, including a refusal to grant an exemption or deferral or a cancellation of an exemption or deferral under that section.

9 Section 460.1(2) is amended by adding “and (15)” after “section 460(14)”.

8 Section 460 presently reads in part:

(7) Despite subsection (5)(j), there is no right to make a complaint about an exemption or deferral given by agreement under section 364.1(11) unless the agreement expressly provides for that right.

(14) An assessment review board has no jurisdiction to deal with a complaint about designated industrial property or an amount prepared by the Minister under Part 9 as the equalized assessment for a municipality.

9 Section 460.1(2) presently reads in part:

(2) Subject to section 460(14), a composite assessment review board has jurisdiction to hear complaints about

(a) any matter referred to in section 460(5) that is shown on

(i) an assessment notice for property other than property described in subsection (1)(a), or

(ii) a business tax notice or an improvement tax notice,

RECORD OF DEBATE

Stage	Date	Member	From	To
		Questions and Comments	From	To
Stage	Date	Member	From	To
		Questions and Comments	From	To
Stage	Date	Member	From	To
		Questions and Comments	From	To
Stage	Date	Member	From	To
		Questions and Comments	From	To

2019 Bill 29

First Session, 30th Legislature, 68 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 29

**MUNICIPAL GOVERNMENT (MACHINERY
AND EQUIPMENT TAX INCENTIVES)
AMENDMENT ACT, 2019**

THE MINISTER OF MUNICIPAL AFFAIRS

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 29

2019

MUNICIPAL GOVERNMENT (MACHINERY AND EQUIPMENT TAX INCENTIVES) AMENDMENT ACT, 2019

(Assented to _____, 2019)

HER MAJESTY, by and with the advice and consent of the
Legislative Assembly of Alberta, enacts as follows:

Amends RSA 2000 cM-26

1 The *Municipal Government Act* is amended by this Act.

2 Section 364.2 is amended

(a) in subsection (1) by repealing clause (c);

(b) by repealing subsection (2) and substituting the following:

(2) A council may, by bylaw, for the purpose of encouraging the development or revitalization of properties in an assessment class specified in section 297(1)(b) or (d) for the general benefit of the municipality, provide for

(a) full or partial exemptions from taxation under this Division for property in one or both of those assessment classes, or

(b) deferrals of the collection of tax under this Division on property referred to in clause (a).

(c) in subsection (3)

Explanatory Notes

1 Amends chapter M-26 of the Revised Statutes of Alberta 2000.

2 Section 364.2 presently reads in part:

364.2(1) In this section,

- (a) “deferral” means a deferral under this section;*
- (b) “exemption” means an exemption under this section;*
- (c) “non-residential” means non-residential as defined in section 297(4).*

(2) A council may by bylaw, for the purpose of encouraging the development or revitalization of non-residential properties for the general benefit of the municipality, provide for

- (a) full or partial exemptions from taxation under this Division for non-residential property, or*
- (b) deferrals of the collection of tax under this Division on non-residential property.*

(3) A bylaw under subsection (2)

- (i) in clause (a) by striking out** “a non-residential”;
- (ii) in clause (b) by striking out** “in respect of non-residential property”;
- (d) in subsection (4) by striking out** “non-residential”.

- (a) must set criteria to be met for a non-residential property to qualify for an exemption or deferral,*
 - (b) must establish a process for the submission and consideration of applications for an exemption or deferral in respect of non-residential property,*
- (4) If after reviewing an application the municipality determines that the non-residential property meets the requirements for a full or partial exemption or for a deferral, the municipality may grant the exemption or deferral.*

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