

Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for March 20, 2024
Ramada Hotel – Oak Room 1818 Victoria Avenue, Regina; or
Virtual Meeting Microsoft Teams

Urban Advisory Committee

Members Present:

Audrey Trombley, SAMA Board Member
Myron Knafelc (ex officio), SAMA Board Chair
Kevin Tooley, City of Warman
Bryan Matheson, Town of Lumsden
Bruce Fidler, Town of Creighton
Brian Hicke, Saskatchewan School Boards Association
Danielle Sorenson, Saskatchewan Assessment Appraisers' Association

Members Absent

Randy Goulden, Committee Chair, SAMA Board Member, Urban Sector
Dawn Lunning, SAMA Board Member, City Sector
April Phillips, City of Melfort
Walter Strelasky, City of Melville
Mike Strachan, Village of Torquay
Jamie Brandrick, Town of Borden
Doug Allan, Provincial Association of Resort Communities of Saskatchewan

Rural Advisory Committee

Members Present:

John Wagner, Committee Chair, SAMA Board Member, Rural Sector
Myron Knafelc (ex officio), SAMA Board Chair
Jim Angus, SAMA Board Member
Richard Marleau, SAMA Board Member, Rural Sector
Maurice Werezak, Division 5, R.M. of Fish Creek No. 402
Kim Herbst, Division 6, R.M. of Progress No. 351
Garry Dixon, Provincial Association of Resort Communities of Saskatchewan
Norm Hall, Division 4, R.M. of Elfros No. 307
Jeff Sedor, Saskatchewan Assessment Appraisers' Association

Members Absent:

Shawn Kramer, SARM Division 3
Sacha Martens, Division 2, R.M. of Lake Johnston No.102
Robin Thompson, Division 1, R.M. of Maryfield No. 91
Judy Harwood, Saskatchewan Association of Rural Municipalities
Janet Kotylak, Saskatchewan School Boards Association

Observers Present:

Kelly Munce, Ministry of Government Relations
Abayomi Akintola, Ministry of Government Relations
Betty Roger, SAMA CEO

Observers Absent:

Jean-Marc Nadeau, Saskatchewan Urban Municipalities Association
Christa-Ann Willems, Saskatchewan School Boards Association
Marty Baroni, Urban Municipal Administrators Association of Saskatchewan

SAMA Administration Present:

Shaun Cooney, SAMA TS&P
Danny Zatylny SAMA QAD

SAMA Administration Absent:

Kevin Groat, Committee Secretary, SAMA
Karlo Simonson, SAMA QAD

Observers Present:

Dami Ogundiwin, Ministry of Government Relations
Douglas Armbruster, Saskatchewan School Boards Association
Rod Quintin, SAMA Representative (waiting on appointment), RM of Dundurn No. 314
Michelle Boechler, Division 2, Rural Municipal Administrators' Association
Betty Rogers, SAMA CEO (joined virtually after lunch)

Observers Absent:

Jay Meyer, Saskatchewan Association of Rural Municipalities
Carol Bellefeuille, Division 2, Rural Municipal Administrators' Association

Guests Present:

Katarzyna Boken-Callbeck, Ministry of Agriculture

SAMA Administration Present:

Susanna Hadi, Committee Secretary, SAMA
Todd Treslan, SAMA ASD
Danny Zatylny, SAMA QAD

SAMA Administration Absent:

Andrew Workman, SAMA TS&P
Karlo Simonson, SAMA QAD

Agenda Item	Decision/Resolution:
1. Call to Order	John Wagner, Chair of the Rural Advisory Committee, called the meeting to order at 10:01 am.
2. Opening Remarks	John Wagner welcomed everyone to the meeting.
3. Introductions	In-person attendees introduced themselves.
4. Approval of the Meeting Agenda	MOTION by Norm Hall that the agenda be approved. Carried
5. Minutes from the Previous Business Meeting held November 29, 2023	MOTION by Bruce Fidler that the minutes of the November 29, 2023, joint Rural and Urban Advisory committee's business meeting be adopted as circulated. Carried
6. Business Arising from the Minutes of each respective Committee	<ul style="list-style-type: none"> • At the last meeting there were concerns from a Resort Member about property owners not being notified prior to a re-inspection being completed on a municipality. The Resort Member indicated there were no notification letters forwarded ahead of SAMA's property inspections. SAMA Administration advised they would follow up on the concerns. • Following the meeting, SAMA Administration reviewed if letters were sent out to the RM where the Resort Member had concerns. In this case, SAMA confirmed notification letters were sent to all property owners ahead of the reinspection. • Carol Bellefeuille was incorrectly listed as a Division 4, RMAA representative in the previous meeting minutes. Carol should have been listed as the Division 2, RMAA representative.
7. <u>SAMA Update</u>	
Item 7a: CEO Report	PowerPoint presentation by Todd Treslan, SAMA ASD.
	<u>Committee Comments</u>
	<u>Rural Member:</u> Is MySAMA scheduled to launch in 2024?
	<u>SAMA Administration:</u> MySAMA has been in existence for several years where municipal clients can electronically submit their annual maintenance list, building permits and building plans that were previously submitted to SAMA through mail or fax. This is also the portal where SAMA delivers the maintenance and revaluation numbers to clients.

The new feature being added to MySAMA is the addition of electronic assessment returns. SAMA is expecting testing to be complete around the end of March and this new feature to be rolled out in 2024. This will allow municipal clients the ability to download, fill in and submit their annual returns just like their annual maintenance lists.

MOTION by Kevin Tooley that the Committees receive the CEO report.

Carried

Item 7b: Assessment Services Division Report

PowerPoint presentation by Todd Treslan, ASD.

Committee Comments

Urban Member: When SAMA re-inspects a municipality, is it common for property values to have a substantial shift for that roll year?

SAMA Administration: A re-inspection can result in changes to assessments depending on the length of time since the previous re-inspection and if changes were not picked up through maintenance over the years.

Municipal members are encouraged to reach out to your regional SAMA office should you have questions or concerns. SAMA can also meet with municipal councils to provide additional background on the results of a re-inspection.

Additional Discussion: Following the above question and response, SAMA Administration and the Urban Member discussed a specific property and the changes that were found on the re-inspection. The basement was finished in 1988 but was not added to the assessment until the recent re-inspection. SAMA Administration indicated this shows the importance of re-inspections programs to find updates to properties that may have been missed through maintenance or other re-inspections.

Further discussion occurred regarding how municipalities can handle public concern with large assessment changes. SAMA Administration provided options of available assistance from SAMA, such as holding a SAMA open house in the municipality. At the open house, SAMA would present and allow for discussion, including the ability for property owners to meet with SAMA staff to discuss and review their property.

Rural Observer: Due to there being a common mill rate for the education tax, the only shifting to review for a municipality would be changes caused by the property's class, age, or another characteristic. The revenue sharing formula is based on the population and, therefore, would not be affected by a re-inspection.

For the municipal tax portion, the municipality has the ability to adjust the mill rate based on their budget requirements.

Rural Member: Is SAMA at full complement of staff?

SAMA Administration: SAMA recently filled two positions in the Regina region. There are some vacancies to fill in the Yorkton region with interviews scheduled for next week.

SAMA has experienced difficulties filling vacant positions due to the small pool of qualified appraisers within the province. This is due to most appraisers already being employed at SAMA or another Assessment Service Provider (ASP). Generally, it takes approximately five years to train and become a fully licensed appraiser with the Saskatchewan Assessment Appraisers' Association (SAAA). SAMA continues to look at different recruitment techniques to attract potential applicants to the organization and to the assessment profession.

MOTION by Maurice Werezak that the Committees receive the SAMA ASD report.

Carried

Item 7c: Assessment Governance Report

PowerPoint presentation by Shaun Cooney, TS&P.

Committee Comments

SAMA Board Member: What does GIS stand for?

SAMA Administration: GIS stands for geographical information systems.

Urban Member: SAMA should potentially caveat that the increase to assessments caused by the revaluation may not equate to a similar property tax increase because municipalities will adjust their mill rates to meet their budgetary needs, which may only involve a minimal mill rate shift.

SAMA Administration: That is correct. Based on a revenue neutral concept an increase to assessments does not necessarily equal an increase to tax dollars. The provincial total assessment against the tax levies are an estimate, as it can be anticipated that municipalities budgetary requirements will increase in order to keep pace with inflation. SAMA's focus and purpose is to get accurate assessments and ensure they reflect the base date.

Urban Member: Thank you for the background. The concern from our perspective is more on the education tax side of the equation for property owners due to it having a fixed mill rate.

Would a shorter revaluation cycle result in fewer assessment appeals?

SAMA Administration: The shorter cycle would not necessarily result in fewer appeals as SAMA is already seeing a reduction in appeals versus previous revaluations. The primary issue is that the appeals we not get are becoming more complex and, due to that complexity, require additional time at all appeal levels.

There are pros and cons to a shorter cycle. For example, if there is a rapidly increasing or decreasing market, a shorter cycle would be beneficial in terms of reflecting these value changes and keeping assessments more current. However, market values in Saskatchewan seem to have stabilized over the last couple revaluations making this less of an issue.

The downside to a shorter cycle would be that assessment shifting happens more frequently, which could lead to increased appeals. Currently the first year of a four-year revaluation cycle has the largest number of appeals, and then there is a reduced number of appeals for the balance of the cycle as things stabilize. Having a two-year cycle would result in entirely new assessed values being sent out every two years, and this could result in a greater number of appeals overall than for a four-year cycle. The main issue that requires addressing is the timeliness for receiving appeal decisions.

Rural Member: The agricultural sector is excited by the implementation of GIS and its potential as a useful tool for SAMA.

Is SAMA planning to share GIS information with other government organizations, such as the Water Security Agency, that already use GIS?

SAMA Administration: SAMA has been communicating with other organizations, such as Water Security and Farm Credit Canada, and has a representative on a collaborative committee for sharing of imagery and base layers. The opportunity for further cooperation with other government organizations is available, but not fully known at this time as the committee is in its infancy.

SAMA is currently piloting several projects, such as the digital mapping of agland. This process was developed in house and is unique to SAMA's work, so it may be less suited for sharing across different platforms. However, there are other areas of GIS development that SAMA could work with other agencies and ministries on. This is something that SAMA will remain open to.

SAMA Board Member: For background, agland is valued using a provincial market index for productivity. For the upcoming 2025 revaluation, the 40% increase is provincial wide and not location specific. The development of the provincial wide model was deliberate to eliminate shift lines.

MOTION by Norm Hall that the Committees receive the Assessment Governance report.

Carried

8. Assessment Appeal Update:
Item 8a: Assessment Appeals and Court of Appeal Update

Power point presentation by Darwin Kanius, TS&P.

Committee Comments

There were no questions or comments from the Committee.

MOTION by Bruce Fidler that the Committees receive the Assessment Appeals and Court of Appeal Update report.

Carried

Break from 12:06 am to 12:45 pm

Betty Rogers, SAMA CEO joined the meeting online.

9. Revaluation and Policy Developments:
Item 9a: Oil and Gas Land Site Valuation Issue

PowerPoint presentation by Dean McCartney-Fuchs, TS&P.

Committee Comments

SAMA Observer: Based upon SAMA's estimated shift, this recommendation would result in an approximate property tax value increase around \$4.3 million using 8 mills. An additional area to consider is that there may be subsequent steps to adjust existing lease payments to landowners due to the increasing costs.

Does SAMA anticipate that these changes will trigger additional appeals?

SAMA Administration: SAMA is correcting an inequity within the current valuation procedures to ensure that all owned and leased primary industrial land will be treated in an equitable fashion pursuant to legislation. The inclusion of the other sectors, pipeline and mining, with oil and gas sector to ensure equity should reduce the potential for additional appeals.

SAMA will be requesting the reporting of leased areas from PIL property owners in order to determine an accurate assessment on those lands as opposed to assuming the usage of the land. SAMA has discussed this reporting requirement with industry but that does not negate the chance of appeals.

SAMA's goal is to address these concerns for 2025 due, in part, to the appeal currently at the Court of Appeal. For example, the appeal could result in the Court recommending that primary industrial land properties, whether owned or leased, should be valued using agricultural rates which would result in substantial assessment reductions for municipalities and the province.

SAMA Board Member: Would the leased industrial land assessment go to the landowner or to the lessee?

SAMA Administration: Based on SAMA's policy recommendation, the assessment for the PIL use area would go to the lessee.

SAMA Board Member: Previously, if an oil and gas company leased the land, an agricultural rate was applied to the assessment and it was directed to the landowner. Conversely, if the oil and gas company owned the land, an industrial rate was applied. An appeal was launched requesting that the oil and gas company's owned land should have the same rate applied as found on similar leased land.

Prior to the appeal, there had been no concerns raised by the oil and gas sector, agricultural sector or by municipalities. The appeal has identified equity concerns, with identical land being assessed in two different fashions, that needs to be addressed and corrected.

Additional Discussion: SAMA Administration and SAMA Board Members held additional discussions surrounding the assessment being sent to the lessee and confirmed that with the policy proposal farmers and ranchers will not pay additional taxes on their land. The industrial land rate would be applied to the actual leased area with assessment going to the lessee. Subsequently, the leased area would be removed from the farmer's assessment.

SAMA Board Member: What is the final rate that SAMA will apply to leased properties?

SAMA Administration: The industrial rate applied is dependent on the intensity of the use of the particular property. For the 2025 revaluation, there are three different rates: industrial low is \$3,300/acre, industrial medium is \$21,000/acre and industrial high is \$73,000/acre.

The estimates that were provided are based upon a typical industrial land area of three acres because SAMA does not know the actual land area of leased industrial properties. SAMA believes the \$500 million increase in total oil and gas land assessment is a reasonable estimate, but the final amount will depend on each individual property.

Additional Discussion: A SAMA Board Member, SAMA Observer and a Rural Member held a brief discussion regarding *The Surface Rights Acquisition and Compensation Act* which was recently updated. Additionally, they discussed the potential ramifications of SAMA's recommendation and that concerns may arise if the amount the lessees are willing to pay the lessors decreases due to the increasing property tax burden to the lessee. This is an area that falls outside of the scope of SAMA's review and the

requirement to restore assessment equity, but it is a potential consequence.

MOTION by Brian Hicke that the Committees receive the Oil and Gas Land Site Valuation Issue report.

Carried

Item 9b.1: 2025 Revaluation –Assessment Trends

PowerPoint presentation by Shaun Cooney, TS&P.

Committee Comments

SAMA Board Member: Ontario is the largest assessment jurisdiction in Canada. Due to the COVID-19 pandemic, a decision was made to essentially freeze assessment values in Ontario. Has SAMA Administration received any update on when they are planning to implement new values? Previous indications were a plan to revalue properties in 2025 with a 2023 base date.

SAMA Administration: SAMA has not received any update on Ontario's next revaluation. From previous information, they have been continuing to roll values forward. However, the long delay in implementing new assessments has resulted in the potential for new assessments to cause significant shifting from previous levels of assessment that have been frozen for the previous 6-7 years.

The situation in Ontario is an example of the importance of maintaining a consistent revaluation cycle, which Saskatchewan chose to do during the COVID-19 pandemic. Due to updating values in 2021, and because of sectors recovering since the pandemic, the likelihood of significant assessment shifting has decreased for Saskatchewan's 2025 revaluation.

MOTION by Maurice Werezak that the Committees receive the 2025 Revaluation Assessment Trends report.

Carried

Item 9b.2: 2025 Revaluation – Quality Coordination Program

PowerPoint presentation by Darwin Kanius, TS&P.

Committee Comments

There were no questions or comments from the Committee.

MOTION by Audrey Trombley that the Committees receive the 2025 Revaluation – Quality Coordination Program Report

Carried

10. Future Developments

Item 10a: Provincial Assessment System Review by International Property Tax Institute (IPTI)

PowerPoint presentation by Shaun Cooney, TS&P.

Committee Comments

SAMA Observer: In reference to the areas of focus, on slide 4 of the presentation, was the shortening of the revaluation cycle and changing of the base date recommended on best practise? Additionally, was the recommendation viewed from a business case perspective (i.e. is the benefit worth the cost)?

SAMA Board Member: Cost was not considered in the initial discussion. However, cost will be an area of consideration for municipalities moving forward. Initially, SAMA was funded 65% by government and 35% by urban and rural municipalities, which has decreased to 60% for government and shifted to 40% for municipalities.

Additionally, a key concern with the IPTI options for change includes the ability for SAMA and other ASPs to properly staff their areas to accommodate more frequent revaluations and other options such as shortening the base date lag.

For example, based on a discussion with the City of Edmonton, there are 400,000 properties and they have a staff of 128 people. Currently in Saskatoon, they have 100,000 properties and only nine appraisers. There would be a significant cost to acquire the necessary trained staff to satisfy the IPTI recommendations. Therefore, other options may need to be looked at such as the trending of values versus establishing new values each cycle, which is a practice done in Alberta.

Some recommendations that appear reasonable include updates to the appeal system such as allowing one appeal per cycle, allowing higher value appeals to go directly to the SMB, and restricting appeal decisions to only affect the value of the property under appeal as these should help streamline the appeal process further.

Additional Discussion: Further discussion was had between the SAMA Observer, SAMA Board Member and SAMA Administration concerning the cost to facilitate the recommendations and the differences between BC, which has a self-determined budget and ability to adjust for staffing, versus Saskatchewan, whose budget has funding constraints. There are also considerations for the need to administer values twice as often and the municipal requirement of reviewing tax policy twice as frequently. The cost versus the benefit needs to be given consideration, especially in relation to a possible stabilized market.

MOTION by Jim Angus that the Committees receive the Provincial Assessment System Review by IPTI report.

Carried

11. Other Business

Item 11a: Next Urban and Rural Advisory Committees meeting scheduled for November 27, 2024.

MOTION by Kevin Tooley to adjourn the meeting at 2:05 pm.

Carried