

**Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for March 29, 2017
Sandman Inn - Great Room
1800 Victoria Avenue East, Regina, SK**

Urban Advisory Committee

Members Present:

Al Heron, Committee Chair, SAMA Board Member,
Urban Sector
Myron Knafelc, (ex officio), SAMA Board Chair
Dawn Luhning, SAMA Board Member, City Sector
Audrey Trombley, SAMA Board Member
Dale Domeij, SUMA (Villages)
Bruce Fidler, SUMA (Towns)
Barry Elderkin, SUMA (Towns)
Kevin Tooley, SUMA (Cities)
Walter Streelasky, SUMA (Cities)
Lee Finishen, SUMA

Members Absent

Mike Strachen, SUMA (Villages)
Marla Walton, Saskatchewan School Boards Association
Brandon Danielson, Saskatchewan Assessment
Appraisers' Association
Howard Schweitzer, Provincial Association of Resort
Communities of Saskatchewan

Rural Advisory Committee

Members Present:

John Wagner, Committee Chair, SAMA Board Member
Myron Knafelc (ex officio), SAMA Board Chairman
Murray Purcell, SAMA Board Member, Rural Sector
Jim Angus, SAMA Board Member
Jeannie DeRochers, SARM (Division 1)
Delbert Schmidt, SARM (Division 2)
John Chavtur, SARM (Division 3)
Roman Charko SARM (Division 4)
Wade Sira, SARM (Division 5)
Garry Dixon, Provincial Association of Resort
Communities of Saskatchewan
Roger Frey, Saskatchewan Assessment Appraisers'
Association

Members Absent:

Rod Wiens, SARM
Gordon Meyer, SARM (Division 6)
Kim Gartner, Saskatchewan School Boards Association

Observers:

Irwin Blank, CEO, SAMA

Observers Absent:

Rodney Audette, Urban Municipal
Administrators Association of Saskatchewan
Laurent Mougeot, Saskatchewan Urban
Municipalities Association, Executive
Director
Theresa Wilson, Saskatchewan School Boards
Association
Kelly Munce, Ministry of Government
Relations

SAMA Administration:

Shaun Cooney, SAMA Administration
Gord Senz, SAMA Administration

Observers:

Brian Sych, Ministry of Government
Relations
Tim Weinbender, Saskatchewan School
Boards Association
Garry Dziadyk, Rural Municipal
Administrators' Association of Saskatchewan
Irwin Blank, CEO, SAMA

Observers Absent:

Jay Meyer, SARM Executive Director

SAMA Administration:

Steve Suchan, Committee Secretary

Guests:

Jason Penner, Ministry of Sask Ag & Food

Agenda Item:**Decision/Resolution:**

- | | |
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| 1. Call to order | Co-Chairs John Wagner (Chair, Rural Advisory Committee) and Al Heron (Chair, Urban Advisory Committee) called the meeting to order at 9:58 AM. |
| 2. Opening remarks | <p>John welcomed everyone to the meeting. It was announced that with Neal Hardy's retirement last fall, Myron Knafelc has been appointed by the Provincial Government as the Chair of the SAMA Board. New SAMA Board members include Dawn Luhning, replacing Wade Murray, and Audrey Trombley, replacing Myron Knafelc.</p> <p>The new Board Chair thanked the group for attending today's meeting. Board wants to listen and learn from the group regarding today's presentations.</p> |
| 3. Introductions | Introductions by individuals present. |
| 4. Approval of meeting agenda | <p>MOTION by Bruce Fidler that the committees approve the Agenda as presented.</p> <p style="text-align: right;">Carried</p> |
| 5. Minutes of the previous meeting held November 18, 2016 | <p>MOTION by Kevin Tooley that the minutes of the November 18, 2016 joint Rural and Urban Advisory Committees business meeting be adopted as circulated.</p> <p style="text-align: right;">Carried</p> |
| 6. Business arising from the Joint Minutes | SAMA administration followed up on action item from the last meeting. The assessment of frac tanks are temporary in nature and considered as equipment with the drilling of a new well. As such they are not assessed. |

Item 7: SAMA Update

Item 7a: CEO Report

Irwin Blank provided a Power Point presentation.

Committee Comments

SSBA Rep: In the case of a new house in a small community such as Morse, the cost of the house will never be recovered when it is sold. Is this considered in the assessment?

SAMA Administration: The market adjustment factor (MAF) will account for the difference in the new cost of a house and the property will actually sell for.

PARCS Rep: With regards to calculating a tax, is there consideration for the 2017 tax policy changes for the residential property class?

SAMA Administration: For 2017 the residential property class rate went from 70% to 80%. This does impact the taxable aggregate assessment for residential property in a municipality. If they wish, municipalities can further manage any resulting shifts with municipal tax tools such as mill rate factors.

RMAA Rep: Has noticed that SAMAvue doesn't show 2017 values.

SAMA Administration: 2017 values on SAMAvue are reported as municipalities gazette their assessment rolls.

Urban Rep: There are some potential solar power energy developments being proposed, how are they assessed?

SAMA Administration: Any applicable land plus the structure with associated foundation is assessed. This same practice applies to wind turbines. Equipment used to operate a building, such as heating, ventilation and air conditioning, is considered to be part of the structure and is thus assessed. Items such as computers, desks, solar panels, wind turbines are considered to be personal property and are not assessable. If the solar or wind development is owned by the provincial government, such as Sask Power, it may be fully exempt from taxation.

Rural Committee Chair: Are provincial grant in lieu properties assessed?

SAMA Administration: These properties are assessed as per provincial legislation. Grants in lieu of taxes paid varies with the various provincial government entities.

Board Chair: There are a number of things happening at the same time as the revaluation such as a decreasing market in some areas and provincial budget changes that will impact how the revaluation will be perceived. This in turn will impact the tax policy decisions of municipalities. It will be important that property owners have information about the revaluation how their properties are assessed to understand what is occurring.

Urban Rep: Are there still old assessment appeals to be dealt with?

SAMA Administration: Yes there are still outstanding appeals from 2013-16. This topic is covered later in the meeting. This issue adds to revaluation risks and tax risk to municipalities.

Rural Rep: Is there a way to make appeal system faster?

SAMA Administration: The agreement to adjust process is working well with regards to Boards of Revision. Is currently a backlog of appeal decisions with many of these relating to upcoming Court of Appeal hearings. It is hopeful that the system will be able to keep up going forward once these matters are dealt with. As well the SMB is improving its hearing processes to improve capacity and improving the time to render a decision. The delayed appeal process has a substantial impact as the potential tax loss at risk increases with each year the appeal continues to be outstanding.

Urban Rep: There are properties that haven't been viewed in some time, this is a problem.

SAMA Administration: SAMA's strategic direction is to double our capacity to inspect properties from 50,000 to 100,000 properties per year. Looking back over the last twenty years, with the various work programs including annual maintenance, appeals and revaluations performed by staff it has been difficult to prioritize inspections and as a result information is getting old. That is why SAMA Board has looked at this, discovered an estimated \$30M being left on the table every year, and is using policy, processes and technology strategies to double our capacity to do inspections without additional staff resources.

SAMA Board member: One action a municipality can do is to ensure municipal administration and council are diligent to identify changes and get them on the annual maintenance list.

Rural Rep: How are assessments done when there is a commercial activity in a farm yard?

SAMA Administration: Practices and policies are in place to assess a commercial activity a farm yard. Just have the administrator contact SAMA to discuss the details.

Urban Rep: How are assessments of vacant lots done?

SAMA Administration: Vacant urban land is valued using the sales comparison approach.

PARCS Rep: How is the assessment of campsites in an agricultural area performed?

SAMA Administration: The land is valued as per comparable land in the area. Zoning is an important consideration. SAMA's Cost Guide has information regarding how to apply development costs as needed where camp ground developments are in place.

SSBA Rep: How are agricultural water lines assessed?

SAMA Administration: Agricultural water lines are not assessed. In addition, agricultural use improvements are exempt from taxation.

Rural Rep: Are water lines at a potash line assessable?

SAMA Administration: It depends, if they are a part of "extracting a mineral resource", they may be assessable. Each situation needs to be reviewed on its own merits.

MOTION by Tim Weinbender that the committees receive the CEO presentation.

Carried

Item 7b: Assessment Services
Division Report

Power Point presentation by Kevin Groat, Assistant Managing
Director, Assessment Services Division (ASD).

Committee Comments

General discussion regarding 2017 revaluation property class percentage of value changes to residential (70% to 80%) and non-arable (range) land (40% to 45%). Clarification that a farm house falls into the residential class for tax class purposes. Clarification that the non-arable tax class used to be close to arable tax class (50% vs 55%), but was adjusted about 12 years ago due to struggles in the cattle industry (the BSE crisis) and that provincial government is now bringing the two agricultural land classes closer together again.

MOTION by Dale Domeij that the committees receive the presentation.

Carried

Item 8: Current Developments

Item 8a. Proposed 2015 Cost
Guide Amendments

Power point presentation by Shaun Cooney that provides highlights of the report provided to the Committees.

Committee Comments

Was noted that the Cost Guide is available on SAMA's website. Some sections that relate to specific Marshall and Swift rates will be masked due to license requirements, but these sections are available upon request.

No issues raised by the Committees with regards to the proposed changes.

MOTION by Jeannie DeRochers that the committees receive the report and presentation.

Carried

Item 8b: 2017 Revaluation
Update

Shaun Cooney provided a PowerPoint presentation.

Committee Comments

Rural Rep: How can the agricultural land classes double in value when the soil productivity and parcel size hasn't changed; it is a productivity based valuation model?

SAMA Administration: Changes in value are due to the provincial average increase in market values for agricultural land from the previous base date of January 1, 2011 to January 1, 2015. The SARM Rep is correct that there are no changes to the physical information used to assess agricultural land parcels for the 2017 Revaluation. This same market update occurs with commercial and residential property.

Rural Rep: They have non-producing oil wells with no owner. These are basically orphaned wells. Who pays the taxes and back taxes? How do you find the owner?

Ministry Rep: Will follow up with the Rural Rep on this matter as this is a taxation issue.

Board Member: With regards to the education component of the orphaned well issue, there are processes in place to deal with the matter. The municipality needs to talk to the school division if it goes into arrears.

Board Member: Going forward into 2018, one change announced with the provincial budget is that school taxes will be going directly to provincial government. Will be changes to 17 pieces of legislation needed to implement this change.

MOTION by Delbert Schmidt that the committees receive the presentation.

Carried

Break for lunch at 12:05pm, resumed at 1:00 pm

Item 8c: Court of Appeal
Update on Property Assessment
Appeals

Steve Suchan provided a PowerPoint presentation.

Committee Comments

RMAA Rep: Does SAMA provide appraiser training for SMB hearings?

SAMA Administration: Yes, this is in development.

PARCS Rep: At most Board of Revision hearings, panel members don't take very many notes, which limits how they support their appeal decisions.

SAMA Administration: There is no certification process or requirements to be a Board of Revision panel member.

Rural Rep: Would it not be a benefit to have someone sit for a longer term rather than just one year? They would then benefit from training. Another option would be to have another entity such as having economic development boards take over some of this work?

SAMA Administration: Anything that improves consistency is a positive step.

MOTION by John Chavtur that the committees receive the presentation.

Carried

Item 8d: SARM Resolution

Steve Suchan provided a power point presentation to the Committees.

Committee Comments

Urban Rep: On initial review, having the assessment roll insurance sounds interesting. Is there something from the other provinces that have dealt with this topic?

SAMA Administration: To our knowledge there is nothing in Canada that has been successfully implemented. Ontario and BC, leaders in

property assessment initiatives, have looked at it but have had no success in implementing it.

SAMA QAD member: It seems like in the past there hasn't been an issue on this matter. BoRs and SMB are behind on appeals, creates a risk for appeals once they get more than a year behind. Will always be issues with appeal risks.

Rural Committee Chair: These appeals noted in the resolution all relate to commercial properties. Could possibly look at narrowing valuation parameters to help manage appeal issues? For example, exclude sales from outside of the province? Is possible to talk to the Ministry to see if wording can be developed to prevent sales from outside the province being used?

Board Chair: The Board is taking this matter seriously. Current Board members have either sat on council or are on council currently and have personal experience regarding the tax impacts of these types of appeal losses. He and the SAMA CEO will be meeting with the RM of Prince Albert to discuss this matter further.

MOTION by Bruce Fidler that the committees receive the report.

Carried

Item 9: Future Developments

Item 9a: Agency Strategic Directions for 2018-21

Power point presentation by Irwin Blank.

Committee Comments

Urban Rep: Does the Board have a succession plan for SAMA staff?

SAMA Administration: Yes, from the CEO level and down. Discussions and planning are occurring and is a work in progress.

RMAA Rep: With the new technology, can you make notes of what the assessor did to prepare the assessment and share this with the RM?

SAMA Administration: This would be SAMA's internal working notes that sometimes contains personal information . These notes could be cleaned up and made available to the municipality. This has previously been done on an ad hoc basis.

Board Chair: SAMA wants to stay on top of technology going forward. The Board will be looking at annual maintenance fee options to help keep current with technology.

Rural Rep: How is the fee for technology currently paid?

SAMA Administration: SAMA requisitions municipalities directly with this being the last year of the project. Any future proposals will be discussed with stakeholders including SARM and SUMA. The currently estimated maintenance cost is 50% of the current annual TI Program cost.

MOTION by Audrey Trombley that the committees receive the report.
Carried

Item 9b: SAMA TI Program Update

Power point presentation by Irwin Blank.

Committee Comments

General discussion on value of GIS and GPS with property assessment administration. While interesting, SAMA currently see's limited value of GPS component at this time, it would help with finding properties, travelling in a municipality etc.

MOTION by Lee Finishen that the committees receive the report.
Carried

Item 9c and d: 2021 Revaluation Preparations -

Shaun Cooney and Steve Suchan provided a power point presentation to the Committees.

Manual, Board Orders

Committee Comments

Cost Guide, Handbook, Policy Considerations

SSBA Rep: With regards to the agricultural land productivity model review, there have been increases in salinity (alkali).

SAMA Administration: Current assessment practices currently allow adjustment for items such as salinity with the adjustment based up the percentage loss in yield.

SAAA Rep: With regards to the pasture model, SRC did update their pasture rating model; this information could be reviewed.

Rural Rep: Crop Insurance would have limited information on pasture yields in the south west part of the province. There could be other studies, such as by the U of S that may have some information.

SAMA Administration: The more recent SRC study would have gathered available information and analyzed it for their grazing capacity estimates. As such SAMA can hopefully focus on the SRC materials as a key resource for reviewing the pasture land productivity model.

Rural Rep: There is a lot of farmland that has access problems because of water. Land values have dropped. Are there adjustments for this?

SAMA Administration: Like salinity, there are procedures for addressing matters such as flooding and major access issues with this review typically happening during re-inspections.

Rural Rep: What can a ratepayer do when they have serious flooding issues? Has heard of cases where ratepayers have taken municipalities to Court for not providing access.

SAMA Administration: Agricultural land access issues can be considered in the assessment with each situation considered on its own merits. If it is shown that a parcel of land has a major/permanent access issues, it can be considered in the assessment calculation.

Rural Committee Chair: With regards to the Quill Lakes, SAMA has given notification to the affected municipalities that SAMA can review affected parcels. Thus far there has been limited uptake.

PARCS Rep: There has been past discussions regarding shortening revaluation cycle, any recent developments on this?

SAMA Administration: Cities have expressed interest in a shorter cycle, RMs prefer a longer cycle. Feedback by some industry reps suggest that a one year revaluation cycle is likely too short, with perhaps a two to three year cycle being ideal. SAMA's is on a four year cycle. If the Saskatchewan government were to adopt a shorter cycle, SAMA would need an additional 10-15% in resources to successfully implement the change. Another consideration is that smaller municipalities would have administrative challenges in implementing shorter revaluation cycles.

MOTION by Murray Purcell that the committees receive the presentation.

Carried

Item 9e: Legislated Reporting Dates Relating to Regulated Property

Steve Suchan provided a power point presentation to the Committees.

Committee Comments

No issues raised with SAMA Administration's plan to monitor current improvements in voluntary earlier reporting by the various industry groups rather than requesting legislative changes at this time.

MOTION by John Chavtur that the committees receive the presentation.

Carried

Item 10: Other Business

Item 10a: SAMA 2017 Annual Meeting

Irwin Blank reviewed the AGM brochure and invited the committee members to attend the meeting scheduled for April 12th.

To date there have been no resolutions to be considered at the AGM

MOTION by Al Heron that the committees receive the verbal report.

Carried

Emergent Item

SAMA CEO: Discussion was raised through the City/Commercial Advisory Committees that due to the cost of holding "face to face" meetings, future meetings should be held by video conference.

Are there any comments by the Rural and Urban Advisory Committee members? Currently SAMA doesn't have the equipment to host a video conference. Options include have a conference call with the regular meeting.

General discussion noted that a good deal of networking occurs at

these meetings that is lost in a video conference. It is advantageous to have these groups meet and network on a regular basis to focus on property assessment policy and issues. Video conferences seem to work better with smaller groups with a limited number of agenda items being discussed. SAMA could look into Skyping options.

SAMA Board Member: Is aware of a couple of options and can frame them out in more detail with the Board at an upcoming Board planning session.

Rural Rep: Likes the face to face meetings and sees two meetings a year as reasonable.

Board Chair: Currently reluctant to go to a video conference process. Is better to meet on a regular basis to discuss matters face to face and plan rather than have to meet and deal with issues after they have occurred.

SAMA Board Member: Could consider covering City Committee member travel costs? Informal consensus seems to support continued face to face meetings.

Action Item: SAMA will examine this matter further and bring it back to the Committees at the next round of meetings in the fall.

Emergent Item

Rural Rep: Would like clarification regarding the assessment and taxation of intensive livestock operations (ILOs) and other similar commercial oriented activities in RMs.

SAMA Administration: SAMA's role is assessment focussed. Generally speaking, if the development is for farm purposes, would be exempt from taxation.

SSBA Rep: They have 30 Hutterite colonies in their school division. Some are getting industrialized with steel/cement products being manufactured.

Board Member: The local assessor for the respective municipality needs to follow up on these items and report commercial operations to the SAMA to have them assessed as appropriate.

Item 10b: Next scheduled urban/rural advisory committee meeting

SAMA Administration announced that the next meeting is scheduled for November 15, 2017 with the meeting being held at the Sandman Inn, Regina.

MOTION by Tim Weinbender that the meeting be adjourned.

Carried

Meeting adjourned at 3:30 PM.

Steve Suchan,
Rural Advisory Committee Secretary

Kevin Groat,
Urban Advisory Committee Secretary