

Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for November 29, 2022
DoubleTree Hotel – Swift Current Room 1975 Broad Street, Regina; or
Virtual Meeting Microsoft Teams

Urban Advisory Committee

Members Present:

Randy Goulden, Committee Chair, SAMA Board Member, Urban Sector
Dawn Lunning, SAMA Board Member, City Sector
Audrey Trombley, SAMA Board Member
Myron Knafelc (ex officio), SAMA Board Chair
Kevin Tooley, City of Warman
Walter Strelasky, City of Melville
April Phillips, City of Melfort
Bryan Matheson, Town of Lumsden
Brian Hicke, Saskatchewan School Boards Association
Norma Hewitt-Lendrum, Saskatchewan Assessment Appraisers' Association

Members Absent

Bruce Fidler, Town of Buffalo Narrows
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
Richard Marleau, SAMA Board Member, Rural Sector
Jim Angus, SAMA Board Member
Shawn Kramer, SARM Division 3
Maurice Werezak, Division 5, R.M. of Fish Creek No. 402
Kim Herbst, Division 6, R.M. of Progress No. 351
Judy Harwood, Saskatchewan Association of Rural Municipalities
Garry Dixon, Provincial Association of Resort Communities of Saskatchewan
Janet Kotylak, Saskatchewan School Boards Association

Members Absent:

Sacha Martens, Division 2, R.M. of Lake Johnston No.102
Robin Thompson, Division 1, R.M. of Maryfield No. 91
Norm Hall, Division 4, R.M. of Elfros No. 307
Jeff Sedor, Saskatchewan Assessment Appraisers' Association

Observers Present:

Kelly Munce, Ministry of Government Relations
Kelly Hoare, Urban Municipal Administrators Association of Saskatchewan
Betty Rogers, SAMA CEO
Peter Ryan, SAMA

Observers Absent:

Christa-Ann Willems, Saskatchewan School Boards Association
Jean-Marc Nadeau, Saskatchewan Urban Municipalities Association

SAMA Administration Present:

Kevin Groat, Committee Secretary, SAMA
Karlo Simonson, SAMA QAD
Shaun Cooney, SAMA TS&P

Observers Present:

Dami Ogundiwin, Ministry of Government Relations
Abayomi Akintola, Ministry of Government Relations
Douglas Armbruster, Saskatchewan School Boards Association
Barry Hvidston, Division 4, Rural Municipal Administrators Association of Saskatchewan.
Betty Rogers, SAMA CEO
Peter Ryan, SAMA

Observers Absent:

Jay Meyer, Saskatchewan Association of Rural Municipalities

Guests Present:

Katarzyna Boken-Callbeck, Ministry of Agriculture

SAMA Administration:

Kim Hardy, Committee Secretary, SAMA
Todd Treslan, SAMA ASD
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 10:00 am.
2. Opening remarks	John welcomed everyone to the meeting.
3. Introductions	In person attendees introduced themselves.
4. Approval of meeting agenda	MOTION by Kevin Tooley that the agenda be approved. Carried
5. Minutes from the previous meeting held March 22, 2022	MOTION by Janet Kotylak that the minutes of the March 22, 2022 joint Rural and Urban Advisory committee’s business meeting be adopted as circulated. Carried
6. Business arising from the Joint Minutes	No business arising.
7. <u>SAMA Update</u>	
Item 7a: CEO Report	PowerPoint presentation by Betty Rogers, SAMA’s CEO.
	<u>Committee Comments</u> No comments by the Committees.
	MOTION by Richard Marleau that the Committees receive the CEO report. Carried
Item 7b: Assessment Services Division Report	PowerPoint presentation by Todd Treslan, ASD.
	<u>Committee Comments</u> Board Member: SAMA has been spending a lot of money on legal costs. It is a good thing that some of the appeals are providing clarity in areas of legislation and assessment practices that were previously unclear. SAMA Administration: It does take time and sometimes you do need the courts to weigh in on regulations and assessment practices. Board Member: Another thing to note is that SAMA did improve their inspection capacity partly because of updated technology. This involved investment from municipalities to update to the new technology. Board Member: With the upgrade in technology, SAMA went to a system where tablets are used for data entry instead of using paper and writing things down. This means data entry can happen at the site and improve efficiency.

Urban Member: I wanted to ask about the process when SAMA is coming to a community to do reinspection's. I did hear in the community that I am from that there have been certain businesses that did not want to cooperate with SAMA staff. It might improve the response from community members if SAMA lets the RM/Town office know so they can communicate this to the public. This can also provide the opportunity to further explain what SAMA does and to explain that you are not necessarily there to increase property values.

SAMA Administration: For reinspection projects, we usually engage with council and send a letter to property owners letting them know that SAMA is coming to inspect their property. What you may be talking about is part of SAMA's maintenance program. In the past, we did cold calls. Recently, we have implemented procedures to communicate the inspections ahead of time.

SAMA CEO: SAMA is working on contacting property owners ahead of when maintenance inspections are being completed. This can also contribute to creating more awareness of inspections and provide the opportunity to explain assessment and different processes.

MOTION by Audrey Trombley that the Committees receive the SAMA ASD report.

Carried

8. Current Developments

Item 8a: Assessment Governance Report

PowerPoint presentation by Shaun Cooney, TS&P.

Committee Comments

Board Member: Just to clarify for anyone new to the process, there are separate service providers in Saskatchewan aside from SAMA. SAMA's Quality Assurance Division (QAD) oversees all the service providers.

MOTION by Jim Angus that the Committees receive the Assessment Governance report.

Carried

Item 8b: Provincial Assessment System Review by International Property Tax Institute

Power point presentation by Shaun Cooney, TS&P.

Committee Comments

Urban Member: How much did the IPTI report cost?

SAMA Administration: SUMA commissioned the report and would have to be asked directly for that information.

Board Member: One comment I wanted to make is that we really like the current arable land model. It is productivity based and

every quarter in the province gets a rating based on productivity. All the sales in the province get pooled together to get an average price per acre for arable land and that gets applied to every quarter to produce an assessment. There are very few appeals on the model and usually the appeals have to do with incorrect physical data that can be corrected with an agreement to adjust.

MOTION by Audrey Tremblay that the Committees receive the IPTI Review report.

Carried

Item 8c: Precedent Setting Assessment Appeals Update

PowerPoint presentation by Darwin Kanius, TS&P.

Committee Comments

Board Member: Earlier on I made a comment regarding SAMA getting more concise decisions related to legislation and assessment procedures through appeal decisions which should mean less appeals. Would you agree with that?

SAMA Administration: Yes, I would agree. It has certainly taken a while for the market valuation standard and all the nuances in legislation to make its way through the system. Assessment is a complex job with complex rules and regulations that we try to articulate simply. The challenge is supporting assessments when dealing with tax agents whose job it is to look for weaknesses in assessment practices and regulation. I think it is really important to have good communication during the process. If you have strong communication and prepare strong submissions from the start, the decision makers will have an easier time making good decisions.

SAMA Administration: The assessment lawyers have met with some SAMA staff, and they have had many discussions regarding appeals. What they are predicting is less success for tax agents at the SMB and the Court of Appeal because case law is gradually improving. The tax agents may pursue appeals at the judicial level at the Court of King's Bench as a final step in the process of firming up provincial assessment and taxation rules.

MOTION by Kim Herbst that the Committees receive the Appeals Update report.

Carried

Break from 11:45 am to 12:30 pm

9. Future Developments

Item 9a: 2021 Revaluation – Oil and Gas Site Land Valuation Issue

PowerPoint presentation by Andrew Workman, TS&P.

Committee Comments

Board Member: I just wanted to get some clarification on this. Are the appeals based on the landowner appealing because the rates for owned land are higher than the rates for leased land?

SAMA Administration: It is an interesting case. They admit that the manual has been applied correctly to the owned parcels. They are arguing that there is an equity issue between leased versus owned land, and that until the leased lands are brought forward to be comparable to the owned lands equity has not been achieved within the Saskatchewan Assessment Manual.

Board Member: An area I see where there will be a big change is land owned by the Ministry of Agriculture. Traditionally, if someone is leasing land from the Ministry, they would pay the taxes. Generally, in turn, the lease fees are decreased. Whereas, if someone is leasing land from a private owner, the owner would pay the taxes. This would require a closer look by the Ministry if the rate change occurred as it impacts the lessee.

Urban Member: You mentioned \$2500-\$55,000 for site rates. What would be the average?

SAMA Administration: The average in that range would be tough to say. It would be a blend of industrial high at \$55,000 and industrial medium at \$27,000-\$28,000. The manual outlines that heavily utilized land will get the high rate whereas something like a road or cooling pond will get the medium rate. What was occurring in the past on the low rate, is that is used to be a proxy for agricultural rates.

Board Member: One thing that is interesting is that landowners who get paid for the sites on their property will often want multiple sites because they get paid more per site then if there was a multi-well site because they will only get paid for one site. When it comes to leased land, they are fine with multi-well sites because they are not making money off the sites.

MOTION by Kevin Tooley that the Committees receive the 2021 Revaluation – Oil and Gas Site Land Valuation Issue report.

Carried

Item 9b: 2025 Revaluation

i. Publications and Policy Considerations

PowerPoint presentation by Andrew Workman, T&P.

Committee Comments

Board Member: Can you comment on the threshold for the TAF, you said it was less than 5?

SAMA Administration: The deduction increases once you go below the 5 turn threshold to a maximum of 70%.

Rural Member: You talked about a discount on producing wells with a low production capacity. Does that take into consideration oil and water or just oil? I am curious because with the price of oil going up there are a lot of low oil wells coming back online. Some of the wells that are low producing result in a lot of traffic on the roads.

SAMA Administration: The qualifying production includes both oil and water*. There is a calculation that uses water and oil although water is not a big contributor. Few oil wells currently receive the production adjustment factor because it is calibrated against operational costs and the price of oil. As the price of oil increases it becomes more difficult to get a production adjustment factor. Where we see it more often is in gas wells as the gas industry has struggled the last several years.

**Note: SAMA Administration wanted to clarify this statement. The qualifying production level for the PAF includes only oil or gas divided by days. The rated volume which calculated pieces of equipment (i.e. the pumping unit) uses water in the calculation. To be clear, water is used directly in the assessment of the well and not in the PAF.*

Rural Member: You eliminated the treater category on separators. I agree with that. In those 19 options is there an option for heated versus unheated?

SAMA Administration: Current legislation in The Municipalities Act does not allow for the assessment of equipment that are used for production. Only separators that are used for testing can be assessed. Generally, the separators used for testing do not have heat. Treaters are not assessable, so they were removed from the manual. Based on this, there would not be a need for heat to be included in the manual.

MOTION by Richard Marleau to receive the Publications and Policy Considerations report.

Carried

ii. Assessment Trends

PowerPoint presentation by Andrew Workman, TS&P.

Committee Comments

SAMA Administration: These are the early trends based on research and updated costs. We will have more certainty when SAMA provides preliminary assessment trends in March because we will load all of our costs and rates into the CAMA system and recalculate the values. The assessment trends may change between now and next March; however, these are a pretty good indications of the magnitude of change for the next revaluation.

MOTION by Brian Hicke to receive the Assessment Trends report.

Carried

iii. Quality Coordination Program

PowerPoint presentation by Darwin Kanius, TS&P.

Committee Comments

SAMA CEO: Can you explain what you mean by the COVID issue?

SAMA Administration: Prior to implementing new assessments for the 2021 revaluation, the pandemic and COVID occurred and certain property groups were hit hard economically. The negative influence of COVID on property values arose after our current economic base date (January 1, 2019). Some property owners and tax agents decided to challenge whether the negative influence of COVID should be reflected in the assessments even though it occurred after the base date, or whether COVID is a condition that should be considered as of January 1st of the assessment year. The alternate view is that it is just an economic condition that will be addressed with cycle-to-cycle trends where the effects of COVID would be seen in the 2025 revaluation cycle. This matter will be before the courts in a few weeks. The assessment service providers are confident that we have a good submission and argument prepared.

MOTION by Kevin Tooley that the Committees receive the Quality Coordination Program report.

Carried

10. Government Relations Update

Verbal presentation by Abayomi Akintola, Government Relations.

Updates on the BoR Renewal Project:

- In recent months, they have worked on training and certification.
- There were 220 participants registered for the training. Participants have a couple of weeks to complete the training. This is a requirement to be certified at the BoR.
- Close to 170 participants have completed the training. This will help fill local BoR and fill in the knowledge gap.
- Training is offered for \$100. There is a promo code that offers 50% off and it is still available.
- Started to certify local BoR. The BoR has to provide information on if they have completed the training, provide background on who is sitting on the board. The list of certified BoR is available on the government website (saskatchewan.ca).
- There are currently five BoR certified. In mid-December, they will send out communication to all municipalities that they are required to appoint a BoR before the roll is prepared.
- Some municipalities do not have the capacity to appoint a BoR. There are options that have been communicated to municipalities:
 - a BoR will be assigned by default.
 - they can enter into an agreement with a centralized BoR.

- The centralized BoR is not mandatory, it is just another option for municipalities who cannot appoint or form their own BoR. Retainer fee is \$250. They can handle more simplified appeals.
- We would like to say a special thanks to SAMA for their cooperation and support during this project.

Board Member: Are you concerned that municipalities will default to the centralized BoR rather than try to fill their own BoR?

Abayomi Akintola: That is a concern. The message sent to municipalities was worded to indicate it was an additional option for municipalities and they are not recommending it, just providing the option. Municipalities with lower appeals may think it is cheaper to use the centralized BoR.

Urban Member: What is the cost of the centralized BoR?

Abayomi Akintola: The retainer fee is \$250. There are additional costs dependent on the appeal itself. Cost is per hour \$150/hr and then \$50 for the secondary services. The costs were decided upon to be competitive with other BoR. The centralized BoR is ideally for simple appeals and hearings will primarily be held virtually, with some exceptions. Municipalities can work to have the centralized BoR review multiple appeals at the same time to save on the hourly costs. The province is providing some funding to keep the centralized BoR running.

MOTION by Bryan Matheson that the Committees receive the presentation.

Carried

11.
Item 11b. Next Urban and Rural Advisory
Committees meeting scheduled for March
21, 2023.

MOTION by Jim Angus to adjourn the meeting at 1: 50 pm.

Carried