

Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for March 21, 2023
DoubleTree Hotel – Swift Current Room 1975 Broad Street, Regina; or
Virtual Meeting Microsoft Teams

Urban Advisory Committee

Members Present:

Dawn Luhnig, SAMA Board Member, City Sector
Audrey Trombley, SAMA Board Member
Myron Knafelc (ex officio), SAMA Board Chair
Kevin Tooley, City of Warman
April Phillips, City of Melfort
Bryan Matheson, Town of Lumsden
Bruce Fidler, Town of Creighton
Brian Hicke, Saskatchewan School Boards Association
Norma Hewitt-Lendrum, Saskatchewan Assessment Appraisers' Association

Members Absent

Randy Goulden, Committee Chair, SAMA Board Member, Urban Sector
Walter Streelasky, 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
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
Judy Harwood, Saskatchewan Association of Rural Municipalities
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:

Jim Angus, SAMA Board Member
Shawn Kramer, SARM Division 3
Janet Kotylak, Saskatchewan School Boards Association
Sacha Martens, Division 2, R.M. of Lake Johnston No.102
Robin Thompson, Division 1, R.M. of Maryfield No. 91

Observers Present:

Kelly Munce, Ministry of Government Relations
Christa-Ann Willems, Saskatchewan School Boards Association
Betty Rogers, SAMA CEO

Observers Absent:

Kelly Hoare, Urban Municipal Administrators Association of Saskatchewan
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
Barry Hvidston, Division 4, Rural Municipal Administrators Association of Saskatchewan
Betty Rogers, SAMA CEO

Observers Absent:

Douglas Armbruster, Saskatchewan School Boards Association
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 10:10 am.
2. Opening remarks	John welcomed everyone to the meeting.
3. Introductions	In person attendees introduced themselves.
4. Approval of meeting agenda	MOTION by Bruce Fiddler that the agenda be approved. Carried
5. Minutes from the previous meeting held November 29, 2022	MOTION by Kim Herbst that the minutes of the November 29, 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	<p>PowerPoint presentation by Betty Rogers, SAMA's CEO.</p> <p><u>Committee Comments</u> SAMA Administration: Inquired whether the committee members that attend in person prefer having the paper or digital copies of presentation handouts.</p> <p>There was consensus from the committees that they prefer paper handouts when attending in person.</p> <p>Board Member: The SAMA Board considers feedback from these meetings as very important as we often refer back to what was said at these meetings during our Board Meetings. I also wanted to note that the Ministry of Government Relations is involved in the Administrator training on April 4. Other members can sit in on the training to get more information on tax policy changes that are going to be explained.</p> <p>MOTION by Norm Hall that the Committees receive the CEO report. Carried</p>
Item 7b: Assessment Services Division Report	<p>PowerPoint presentation by Todd Treslan, ASD.</p> <p><u>Committee Comments</u> Urban Member: Regarding the new technology that SAMA introduced a few years ago, how are the devices holding up?</p> <p>SAMA Administration: They are holding up well. They are Panasonic Toughpads and we thought maybe after three or so years we would have to refresh them. So far, we have only had to</p>

replace one and they are proving to be resilient. We are hoping to get 10 years out of them, so it has turned out better than anticipated.

Rural Member: I believe that there is a lot of public education that needs to be done on taxation and assessment. People do not understand that a good portion of the tax notice is for education taxes, and they do not realize that the municipality cannot adjust that. Is there any consideration for splitting out seasonal and residential properties? People have a hard time understanding why they have the same percentage of value (POV) when seasonal properties are occupied for only a portion of the year.

SAMA Administration: That is more directly related to Government Relations policy and SAMA cannot change it. SAMA implements what GR decides for POV's and, if they change it, then SAMA would implement it. Seasonal properties are defined by how often people live at the property which is in legislation. SAMA is exploring other education tools such as creating videos and material that are more accessible. Recently, SAMA created 'A Day in the life of an Assessor' video and we are considering similar tools in the future.

Rural Member: Government Relations had talked about changing the POV for every tax class to 100% which could be considered in the future.

Board Member: The biggest confusion for the public is separating taxation from assessment. There is training for administrators on this, but this knowledge has to be passed onto the public. It is a hard thing for people to understand. People may not read assessment notices and only pay attention once the tax notice arrives. Administrators and council can help with taxation policy education.

SAMA Administration: In the past, our only way to provide education was at meetings. Now, with technology, it is easier to provide materials such as videos that can reach more people. This provides people who do not attend meetings a way to receive the message.

Board Member: The SAMA Board has talked about this many times. I do not know the solution for this and how to create interest in learning. This is a good conversation to be having.

MOTION by Kevin Tooley 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

Rural Member: Commercial property is a difficult tax class to assess in rural areas. It is difficult preparing a valuation because sales are few and far between. Is there a better solution coming?

SAMA Administration: There are many different scenarios out there. Typically, in less urbanized areas, there will be fewer sales. There are three approaches to value: Income, Cost, and Sales Comparison. The cost approach can be used and does not solely rely on sales data. You can also pool sales together for areas that have similar economic and locational attributes which will increase the sales available for analysis resulting in stronger results. When you are looking at commercial properties near an urbanized area it is a challenging valuation assignment. These areas are more complicated as zoning and land use come into play. We can look at areas where we have had issues in the past and try to improve the analysis based on those experiences.

SAMA Administration: What we can do is look for comparable areas where there are sales or look back in time and apply a time adjustment to the sale values to bring them up to current value. We need to consider the value of a past sale in the current market. If there is sufficient evidence the historic sales can be increased or decreased based on that. We usually look at four years of sales data but in some cases, we have to go back six, seven, or eight years to increase the available sale data. This is especially true of commercial sales.

Rural Member: You mentioned that the manual is in front of the Ministry of Government Relations for approval now. I know there was an issue with applying the income approach for campground assessments. If they are commercial, they are separated from agriculture. The amount of use on infrastructure from these campgrounds is huge.

SAMA Administration: The income approach is an option for campgrounds as it was recently incorporated into the Market Value Handbook. It was always an option, but this recent amendment clarified that this is a valid valuation approach. The biggest challenge we have with this is getting the information from property owners including their expense and income information. To facilitate the income approach, we would need the campground owners to be forthcoming with rental information and there needs to be accompanying sales data. Another challenge is the fact that these properties change quite often in terms of improvements present or a change in vacancy. I think licensing has been the primary approach taken but the income approach can be further looked at for these properties subject to available market data.

Rural Member: Under legislation you can only charge so much for campgrounds in terms of licensing; it is basically the administration cost.

Kelly Munce: This is something that Government Relations can look at. You are talking about basically cost recovery for commercial campgrounds.

SAMA Administration: You can also add in service adjustments such as the presence of electrical, sewer, road, water etc. that can build up the land value.

Rural Member: On average, \$3,500 per site with 200 sites means some places have an income close to \$1 million but they pay little in taxes. Using the income approach could generate more tax revenue from these campgrounds.

SAMA Administration: To use the income approach, you still need sales to develop the model. If there are no sales or very few of them, then it cannot be used. A campground might generate \$2 million in revenue but only sold for \$800,000 so you cannot assess the property at more than that sales value. You need multiple sales to build the income model and you always tie the assessed value back to those sales. You also need the income and expense data, and sales data.

MOTION by Richard Marleau 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

Board Member: There are not any rural stakeholders present on this committee. How was the committee established?

SAMA Administration: They invited all stakeholder groups including SARM participate. I think SARM is waiting to see what SUMA does with these options for change and what they (SUMA) are going to recommend. Perhaps at that point, SARM would get involved although I do not want to speak for them. As it stands now, it would be SUMA looking at this through the working group and they will issue a paper/report. SAMA's goal would be to review the report and work with our stakeholders to understand how they want us to proceed. Cost is a major consideration in terms of implementing any changes.

Board Member: I believe SARM is quite happy with the current system. Changes, like removing regulated property, would have great impacts on rural assessments. The oil, gas, and mining are all assessed under regulated property and the system works quite well. There is the odd appeal but those are usually challenging law or interpretation. All agricultural land is assessed as regulated

property based on a productivity model. The land is tied to the average sale price in the province. There used to be many appeals on agricultural land, and we do not see that anymore. The regulated models are generally accepted so why would we move away from them? The four-year cycle works well. For urban assessments, it will cost a lot more to implement a shorter cycle.

Rural Member: Alberta is on an annual revaluation cycle but for agricultural land the value per acre has not changed for many years. In Saskatchewan, agricultural land now averages \$2000/acre.

SAMA Administration: In the IPTI report, they reviewed assessment in Alberta and British Columbia. One of the recommendations was to remove regulated assessments. However, these two larger provinces that are better funded basically have regulated assessments for agricultural land and industrial. As this moves along, there may be updates from SUMA that we can report to the Advisory Committees.

Rural Member: Who is the SAMA representative for that group?

SAMA Administration: Shaun Cooney is sitting in for SAMA and Abayomi Akintola is representing Government Relations.

MOTION by Norm Hall that the Committees receive the IPTI Review report.

Carried

Item 8c: 2025 Revaluation – Planning and Assessment Trends

PowerPoint presentation by Andrew Workman, TS&P.

Committee Comments

Board Member: Does helium fall under the oil and gas in terms of assessment?

SAMA Administration: It would ultimately fall under oil and gas. Having said that a helium pipeline would not qualify as a pipeline. To be a pipeline in Saskatchewan, it has to be a hydrocarbon product and helium does not qualify as a hydrocarbon.

Board Member: There are a handful of wells that they are going to be putting in short lines to connect to a facility.

SAMA Administration: Those would be flow lines and those are assessable. A flow line is distinct from a pipeline as it is used to operate the well. If there was a helium transportation line from the facility to another location, that would not qualify.

Rural Member: We had a conversation about abandoned oil well and what that is doing to land assessments. Have you looked at the future possibility of wind and solar farms that live out their useful life. How will that impact land value?

SAMA Administration: Oil and gas land theoretically is classified as primary industrial land, although that may be subject to change. Windmills and solar generators are not qualified as equipment, they are qualified as improvements. So as the assessment moves forward, whether or not they are operating there would still be an assessment for the improvement. In the windmill case it would be for the tower and foundation, and for solar panels it would be for the frame, racking, and foundation. When an oil well goes abandoned, the assessment essentially drops right off. Even if it were to go shut-in, it drops down. That is not the case for a wind turbine. If the towers were still up, it would still be assessable with perhaps some obsolescence applied. So, there would still be an assessment there to generate tax revenue.

Board Member: At tomorrow's City and Commercial Advisory meeting there are representatives from oil and gas, elevators, commercial, etc. here. And a number of these folks were part of consultations on the oil and gas, wind and solar models where stakeholders had input on the models.

Rural Member: Where do gravel pits and gravel extraction operations fit in?

SAMA Administration: Gravel pits are exempted by the mineral resources act. They are not qualified as a mineral resource and therefore, no equipment can be assessed.

SAMA Administration: You cannot assess the gravel as it is chattel. It is assessed based on its land use so if it is in pasture or arable use then the land is assessed as such.

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

Carried

Break from 12:05 am to 12:50 pm

Item 8d: 2025 Revaluation – Quality Coordination Program

PowerPoint presentation by Darwin Kanius, TS&P.

Committee Comments

Board Member: The Quality Assurance division is setup to review assessments in the province and the division reports directly to SAMA's Board of Directors independent of SAMA.

Rural Member: How many sales are required for market analysis for residential properties or how big of an area do you have to cover to get the minimum number of sales? Depending on the size of the town, I know they can sometimes have their own market analysis completed.

SAMA Administration: The market analysis protocols have been well established since 1997. There is not a minimum number of sales, but we look at grouping areas into neighborhoods and these

neighborhoods are reviewed each revaluation. You can reach out to the SAMA regional office nearest you to have access to the neighborhood boundaries.

MOTION by Bruce Fiddler that the Committees receive the 2025 Revaluation Update report.

Carried

Item 8e: Assessment Appeals Case Law Update

PowerPoint presentation by Darwin Kanius, TS&P.

Committee Comments

Rural Member: Did COVID impact the appeals turnaround time?

SAMA Administration: No, I do not believe so. They adapted to remote hearings and now have a hybrid option that we still use today.

Board Member: I have noticed that in recent years, more clear decisions have been rendered reducing the grey area of decisions. Are you noticing the same trend?

SAMA Administration: Yes, I would agree. It is hard to sometimes simplify the complicated modelling process. SAMA is also getting better at preparing submissions which allows boards to make a clear and concise decision. If the appeal goes to the Saskatchewan Municipal Board (SMB), they only review the record that is in place at the BoR level. They will look at how the assessor prepared their submission and how the owner prepared their submission, and then determine whether the BoR made a reasonable decision based on the evidence they had to look at.

Two or three decisions have just come down from the SMB recently related to Walmart appeals. The Walmart properties were located in Moose Jaw, Kindersley and Yorkton. In Kindersley, the Walmart was valued on the cost approach. Sales were used to apply a market adjustment factor (MAF) of 1.11 and the assessment was upheld by the BoR. SAMA clearly explained with market evidence that Walmart was not being unfairly treated compared to other comparable retail properties in the community and elsewhere. In Yorkton, the Walmart was valued on the income approach. The model was developed from scratch using rent and occupancy data from the owners. Sales are used from the local community to develop a capitalization rate. The BoR looked at the evidence and how SAMA explained the assessment and upheld the assessment. In Moose Jaw, the same income model was explained at the BoR. The Moose Jaw income model also had a better sales pool to support the model. That BoR did not support the income model and decided that the sales were not comparable. They directed that the Walmart be valued on the cost approach without a MAF. So, there were three different properties using two different approaches to value and they are all going to the Committee. SAMA has been successful in supporting the cost model and income model for Walmart's at the SMB

because the models and processes were clearly explained. These decisions will help SAMA tremendously when we are ready to go to the committee. Thorough preparation of submissions is the difference between the current cycles and previous cycles in terms of appeals.

Rural Member: With the Board of Revision (BoR) training that is being offered, are you seeing better results in decisions?

SAMA Administration: The new BoR are being implemented in 2023 so it is still early. We are hoping that it will help. We do not expect that all BoR decisions will go our way every time, but we do expect clearer and better organized decisions as a result of the training. We are going to see an educated BoR that understands more about assessments which will improve the process.

Rural Member: Are there enough certified BoR's?

SAMA Administration: You can go online and see the list of certified BoR. There are 19 certified BoR's now. The Yorkton and Moose Jaw Walmart BoR decisions are two of the new certified BoR, and they did render different decisions.

Rural Member: Are we able to follow the decisions?

SAMA Administration: Any of the Saskatchewan Municipal Board decisions are public record. The Court of Appeal decisions are available on CANLII (<https://www.canli.org/en/sk/>).

MOTION by Bryan Matheson that the Committees receive the Appeals Update report.

Carried

9. Future Developments

Item 9a: Next Revaluation – Suggested Policy Reviews for Next Revaluation

Verbal presentation by Andrew Workman, TS&P.

Regarding oil & gas for the 2025 Revaluation, the primary industrial land issue should be resolved by this fall and then any implementation could happen for use in 2025.

The three primary policy areas SAMA plans to review for the next 2029 revaluation (subject to Board approval) are listed below. Keeping in mind that any recommendations stemming from the IPTI report may impact the time and resources available to work on the policy review items listed here.

- Railway: There are various classes of railway based on the net tonne mileage. Over the course of several revaluations, the lowest class 5 has not increased as much as other classes. A property owner had railway move from a class 5 to a class 4 on a short line and they had a

concern with the gap in rates between a class 4 and 5. The net tonne mileage difference between these classes will be reviewed. This will not only involve consultation with short line property owners but also CN and CP. Fortunately, we do have a good relationship with CN and CP, and they have agreed to be part of these discussions.

- Pipeline: SAMA has been consulting with pipeline representatives for some time regarding whether the SAMA pipeline model is the best way to value pipeline. An alternative option would be so use Marshall & Swift rates or the income approach was also mentioned. The shifting that was going on as we examined various options was substantial. Not only on a company level but also on a municipal level. We are working with the representatives to have stability in the models while also considering the best way to assess pipelines in the province.
- Seed cleaning plants: It has been some time since the methodology for assessing seed cleaning plants has been reviewed. Technology is always changing, and seed cleaners 20 or 30 years ago were much smaller. Now they are occurring on a larger scale and some of them are getting licensed through the Canadian Grain Commission. They are substantial facilities. It is time to review these properties and make sure SAMA has the best fit practice for valuing these properties based on what we are currently seeing in the province.

With that, there are always ongoing reviews. Technology changes like in solar and wind energy have to be monitored. As well, technology use is being expanded in agricultural land assessment in terms of using GIS and mapping assessments.

These are the main focuses for TS&P currently. This may change as new issues or information arises.

Committee Comments

SAMA Administration: SAMA appreciates any ideas in terms of model reviews for consideration for the next revaluation. Ultimately, we will come up with a small list and bring it to the SAMA Board of Directors for their approval. We can potentially provide an update on the list and the timelines involved at the November advisory meeting for your consideration. Everything is subject to the IPTI review and the recommendations that come out of that.

Rural Member: One thing that may need to be added is nuclear power plants.

SAMA Administration: That will be interesting. One thing to consider is our staff needing training to access different facilities as they require different safety and company trainings. Aerial

imagery could also be an important resource for these. The other thing about these plants is that with power generation you do not assess the equipment. For these assessments it would be the buildings and land only.

SAMA Administration: Another consideration is whether the nuclear power plant is provincially or privately owned. Some provincial property is exempt and there are not taxes paid. Privately owned operations could potentially be required to pay taxes.

MOTION by Richard Marleau that the Committees receive the Next Revaluation report.

Carried

Verbal presentation by Abayomi Akintola, Government Relations.

10. Government Relations Update

Board of Revision – Training and Certification Updates

- The Ministry of Government Relations has been working on BoR initiative since 2018. Initiative was developed based on feedback from stakeholders indicating the system needed some improvement.
- The BoR program was based on four areas of focus:
 - Training certification.
 - Office of the Registrar. Manage the certification process, improve public understanding of assessment appeals and work with advisory committee.
 - Establish a centralized BoR. Option for municipalities that are unable to appoint or do not want to form a BoR. It is legislated requirement for municipalities to appoint BoR before the assessment roll is open. In the past, we have seen that some municipalities have not appointed a BoR for various reasons but that is not in compliance with the legislation. If a municipality does not appoint a local BoR, then the centralized BoR will be default board.
 - Establish oversight body to oversee changes and monitor areas for improvement. Advise the minister on what can be done to improve the system.
- In December 2021, government amended *The Municipalities Regulations*, *The Cities Regulations*, and *The Northern Municipalities Regulations*. Key changes include:
 - All BoR are required to be certified starting with 2023 tax year.
 - All BoR members and secretaries must complete the training program before they can be certified.
 - The government has established the Office of the Registrar who has the authority to certify all BoR in the province.With the regulatory changes, ratepayers continue to submit appeal to the local BoR secretary. That remains the same.

- As of March 20, 2023, there are 263 participants registered for training and of those 223 have successfully completed training. 79 discounted seats have been used and 121 remain. The discounted seats reduce the fee by 50%. The Ministry heavily subsidized training through grants to make training affordable.
- There are 19 BoR that have been certified. The application for certification is done online. It is the responsibility of BoR to apply online.
- Related the Yorkton and Moose Jaw BoR rendering different decisions. We know that training will not resolve everything but hopefully it will help minimize these issues.
- The centralized BoR has been established. It can serve any municipality in the province in at the first level of assessment appeals. The centralized BoR is an additional option for municipalities to have a BoR and to ensure that their ratepayers receive quality and fair appeal services. If a municipality fails to appoint a certified BoR, the centralized BoR will be deemed the municipality's appointed board. As of today, 32 municipalities have appointed the centralized BoR. The centralized BoR fees are fair compared to other BoR.
- Assessment Appeals System Advisory Committee
 - Creating an advisory committee, a final component of a multi-year BoR renewal initiative.
 - The advisory committee is a successor of the steering committee. With broader representation, it will champion the changes that have been made and focus on continuous improvement to the property assessment appeals system.
 - The appointment of the advisory committee will create a formal platform for key stakeholders to oversee the assessment appeals system as a whole and ensure shared accountability and stability.
 - The Ministry is still working on the structure and form of the advisory committee.
 - The advisory committee cannot intervene on appeals but can make suggestions and advise minister on what could improve the system.
 - The advisory committee will not be looking at progressive tax policy.
 - This will create a formal platform for key stakeholders to oversee the assessments appeals system as a whole and ensure shared accountability and stability. Stakeholders will include, but not be limited to, SAMA, SARM, SUMA, and administrators.
- This initiative will not lead to perfect assessment system but are hopeful it will improve quality and consistent across the system.

Board Member: Are you saying that if a municipality does not appoint a BoR then they can default to the centralized BoR. Does that not make it too easy for municipalities?

Abayomi Akintola: I think we have considered the possibility of some municipalities dumping their responsibility on the province. At the same time, we have to ensure any compliance mechanism we want to implement is practical and will not cause impact to other people in the assessment system. For example, if a ratepayer is expecting their notice but municipality has not complied then it impacts other people. We also have to consider enforcement of policy, and that is why we wanted to go the gentler route. Over time if we see compliance or things that are not working, we can adjust and make changes.

Rural Member: You said there were fees for the centralized BoR. Do you have those fees finalized? Perhaps there could be a penalty fee for those municipalities that default to the centralized BoR.

Abayomi Akintola: The fees are established and are available on the centralized BoR website. There is a \$150 retainer fee for municipalities. For default municipalities, it is the same fee. If the municipality does not pay the retainer fee, there is a policy where the centralized BoR can go after the municipality to collect the fee.

MOTION by Audrey Trombley that the Committees receive the presentation.

Carried

11. Other Business

Item 11a: SAMA 2023 Annual Meeting to be held April 5, 2023. Discuss Agenda and Resolutions.

Starts at 9 am at the Delta Hotel in Regina. Administrator training on April 4.

Item 11b: Next Urban and Rural Advisory Committees meeting scheduled for November 28, 2023.

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

Carried