

Saskatchewan Assessment Management Agency
Rural/Urban Advisory Committee
Meeting Minutes for November 27, 2024
Sandman Hotel – Great Room 1800 Victoria Avenue, Regina; or
Virtual Meeting Microsoft Teams

Urban Advisory Committee

Members Present:

Randy Goulden, Committee Chair, SAMA Board Member, Urban Sector
Dawn Luhnning, SAMA Board Member, City Sector
Audrey Trombley, SAMA Board Member
Myron Knafelc (ex officio), SAMA Board Chair
Kevin Tooley, SUMA Cities
Bruce Fidler, SUMA Towns
Lisa Grudnizki, Saskatchewan School Boards Association
Danielle Longtin, Saskatchewan Assessment Appraisers' Association

Members Absent

Walter Streelasky, SUMA Cities
Bryan Matheson, SUMA Towns
Vacant, SUMA Villages
Jamie Brandrick, SUMA Villages
April Phillips, SUMA, Board Member
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
Maurice Werezak, SARM Division 5
Kim Herbst, SARM Division 6
Blair Cummins, Saskatchewan Association of Rural Municipalities
Garry Dixon, Provincial Association of Resort Communities of Saskatchewan
Kate Kading, Saskatchewan School Boards Association
Jeff Sedor, Saskatchewan Assessment Appraisers' Association

Members Absent:

Rod Quintin, SAMA Board Member, Rural Sector
Vacant, SARM Division 1
Bob Schmidt, SARM Division 2
Shawn Kramer, SARM Division 3
Norm Hall, SARM Division 4

Observers Present:

Abayomi Akintola, Ministry of Government Relations
Jean-Marc Nadeau, Saskatchewan Urban Municipalities Association
Betty Rogers, SAMA CEO

Observers Absent:

Kelly Munce, Ministry of Government Relations
Christa-Ann Willems, Saskatchewan School Boards Association
Marty Baroni, Urban Municipal Administrators Association of Saskatchewan

SAMA Administration Present:

Shaun Cooney, SAMA TS&P
Karlo Simonson, SAMA QAD
Randy Raimbault, SAMA ASD
Darwin Kanius, SAMA TS&P

SAMA Administration Absent:

Kevin Groat, Committee Secretary, SAMA

Observers Present:

Dami Ogundiwin, Ministry of Government Relations
Vaneisha Thompson, Ministry of Government Relations
Kathy Bank, Saskatchewan School Boards Association
Becky Carr, Rural Municipal Administrators Association of Saskatchewan
Betty Rogers, SAMA CEO

Observers Absent:

Myron Kopec, Saskatchewan Association of Rural Municipalities

Guests Present:

Patrick Chastel, Ministry of Agriculture

SAMA Administration Present:

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	Myron Knafelc welcomed everyone to the meeting.
3. Introductions	In-person and virtual attendees introduced themselves.
4. Approval of the Meeting Agenda	MOTION by Audrey Trombley that the agenda be approved. Carried
5. Minutes from the Previous Business Meeting held March 20, 2024	MOTION by Maurice Werezak that the minutes of the March 20, 2024, joint Rural and Urban Advisory committee's business meeting be adopted as circulated. Carried
6. Business Arising from the Minutes of each respective Committee	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 questions or comments from the Committee.
	MOTION by Audrey Trombley that the Committees receive the CEO report. Carried
Item 7b: Assessment Services Division Report	PowerPoint presentation by Todd Treslan, ASD.
	<u>Committee Comments</u> <u>Rural Member:</u> Can you define maintenance? <u>SAMA Administration:</u> Maintenance is driven by the Municipality. They provide a list to SAMA that indicates properties that potentially have changes. SAMA then visits these properties to review the assessment data. Changes in assessment data can include new houses and/or garages being built, renovations to existing houses, or houses being demolished. Agricultural land can be included in this. For example, if 50 acres of land was converted to arable land, they may request SAMA to review this. If SAMA visits a property and a house is not finished, we will assess it and then put a callback on the property to visit again in the next year to track the progress. The callback would be in discussion with Municipality. Maintenance involves reviewing specific properties whereas a reinspection involves reviewing every property.

SAMA Board Member: Annual maintenance allows for assessed values to stay current throughout SAMA's four-year cycle. There is a \$25 fee per property associated with Maintenance.

SAMA Administration: I want to clarify some of the terminology we have been using. Every four years all the assessment values are updated through revaluation. Maintenance occurs annually and reinspection's occur every twelve to fifteen years.

SAMA Board Member: Appeals can be very expensive. Most people do not realize that you can appeal a property every year in a four-year cycle. This has resulted in SAMA responding to the same appeal two or three times in a cycle. SAMA is providing recommendations to The Ministry of Government Relations on updating municipal legislation to improve the appeal system, and one of the recommendations is only allowing one appeal per cycle. Another recommendation was related to bigger industrial appeals that generally end up at the Saskatchewan Municipal Board (SMB). To make the appeals process more efficient it was recommended that these appeals go straight to the SMB.

Rural Member: Reinspection's do work. Additional assessment value is found during this work. In the Rural Municipality I am from, the overall assessment increased over \$6 million. This included some small urban communities as well.

MOTION by Kathy Bank that the Committees receive the SAMA ASD report.

Carried

Item 7c: Assessment Governance Report

PowerPoint presentation by Shaun Cooney, TS&P.

Committee Comments

Rural Member: How many staff do you currently have and how many do you need?

SAMA Administration: We currently have approximately 165 staff plus some temporary positions. SAMA has been static at that number.

SAMA Administration: When we look at the IPTI report later today, we will discuss some of the options and how they impact staffing requirements. For example, if we look at a shorter revaluation cycle or a shorter base date lag, we need more staff to accomplish this. We also have senior staff retiring and we need to train new staff to fill those roles. Finding qualified valuation modelers is challenging. There are so few modelers that we are using external consultants to help build models and mentor our staff.

Rural Member: Where would you recruit these people? What areas do they need to be trained in?

SAMA Administration: It is an effort to get the train through existing locations. There is Lakeland College and other professional organizations like the Appraisal Institute of Canada that offer appraisal certifications.

SAMA CEO: SAMA does prefer to train staff internally. We hire people with various backgrounds who are ready to learn and provide them with training opportunities. It takes four to five years to train an appraiser. When we are talking about a modeler, it is more like eight to ten years. We also look at technology that can help reduce time spent on assessment work. Technology will help with assessment work, but you will still need the human component to review and audit work. It is a two-pronged approach using technology and having qualified people.

SAMA Board Member: Other service providers are facing the same issue with having a shortage of qualified staff.

MOTION by Kevin Tooley 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

SAMA CEO: Can you explain the impact of the delayed Court of Appeal (CoA) process on property values?

SAMA Administration: What happens when there is a CoA file pending is that it stops related appeals at the lower levels of appeal from proceeding. At the first level of appeal, the Board of Revision (BoR) has to complete the appeal process. At the second level of appeal, the SMB, any subsequent appeals are held in obedience until a decision is made at the CoA on the initial appeal. Sometimes the decision at the CoA will be based on if the SMB made an error in law and, in that case, the CoA would remit the appeal back to the SMB to reconsider their decision which could take a few months. All of this takes time and causes delay with the appeal system.

SAMA Board Member: Would you agree that we are seeing more clear and concise decisions at the SMB?

SAMA Administration: Just like appraisers, the SMB is learning from various cases and decisions. This is resulting in an improvement on the turnaround rate and quality of decisions. The turnover of Justices can cause changes on the views on these appeals which is another item to take into consideration. I think SMB has improved their decision making and realize that if they do a good job at their level, then if an appeal is sent to the CoA, there

is less of a chance of having the appeal grieved based on the SMB decision.

SAMA Administration: There are some appeals that are seven years old with no decision made. We are now moving into a new revaluation cycle, and we have built models without the benefit of knowing the decisions on past appeals. If a court decision comes down years later and tells us that we built our models wrong, it could jeopardize values for an entire city. The bottleneck is currently at the CoA, and that is a concern in the appeal system.

Rural Member: Once the appeal is settled, do the assessments become retroactive?

SAMA Administration: In a lot of cases, the way the courts like to decide is on a go forward basis. If it is a universal issue, in terms of future modelling processes or it relates to not interpreting legislation correctly, then you may have to go back and redo a model. One thing we have realized is the importance of looking at decisions and dissecting them. To a certain extent and for particular issues, we may be able to proactively analyze decisions and anticipate what issues there may be going forward and plan for them.

We manage the costs of appeals and analyze them to report to the SAMA Executive and SAMA Board. We have learned to invest in the first year of the revaluation cycle. This involves putting effort into explaining your models and processes, and having thorough documentation. Being successful in the first year sets us up for less appeals during the remainder of the cycle.

There are two ways of tracking costs: assessment year and billing year. You could have an appeal reported in the billing year of 2024 but that could be from an appeal filed and still active from 2017. This is the case for two appeals for SAMA.

SAMA Board Member: When you have a situation where the CoA sends an appeal back to the SMB, how often does that go back to the CoA?

SAMA Administration: There is one case in the City of Regina. It has to do with disclosure of data. The agents were questioning lease dates and time adjustments on sales. It went back to the CoA. Both the owners and the City of Regina filed appeals. SAMA has prepared our models taking into consideration the issues being heard with this appeal. But overall, it is not common for remittal decisions from the SMB to be sent back to the CoA.

Rural Member: If SAMA loses an appeal, is SAMA responsible for paying the costs of the appealing party?

SAMA Administration: There will be information on the costs being distributed in a normal matter. There is a procedure where

the party submits the administrative costs and can be paid in the area of \$5000-\$6000. This works the other way as well, if SAMA wins an appeal, they can recoup some of the costs. It is a minimal cost, and it does not cover any legal fees.

SAMA Administration: The main cost, aside from legal fees, is the time SAMA's staff spends planning and preparing for appeal. Darwin, based on your experience, would you say that appeals have changed from having the focus on getting the assessment right, to appeals based on procedural issues and technicalities that are not necessarily related to the assessment itself.

SAMA Administration: I would agree with that. When we look at big box stores, using Walmart as an example, the appellants were focusing on procedural issues. When presenting our data, we would break it down into a unit value comparison; using \$125 per square foot as an example. All the other similar properties are within that range. The appellants will not look at that information, they will circumvent that and focus on procedural issues in the appeal. They will not generally speak directly to the accuracy of the data and rates.

The time SAMA staff spends on appeals impacts costs as well. There is an example from 2022 where a property was appealed and the BoR had rendered a decision indicating the income model SAMA used to assess this property was robust and met all the necessary criteria. A similar property was appealed in 2024 and the BoR rendered a decision indicating that SAMA did not have enough data to support the model. This resulted in the property being changed back to the Cost Approach to value with no market adjustment factor being used; the property decreased in value as a result. SAMA had used the exact same evidence that was used in 2022. SAMA will now have to appeal this to the Committee resulting in more SAMA resources being spent on this appeal.

Some of the amendments to legislation that SAMA has recommended address some of these issues and are aimed at making the appeal process more efficient.

SAMA Board Member: Legal costs are a big consideration. In SAMA's 2024 budget, \$550,000 was allocated to legal costs. SAMA tracks the costs and negotiates the fees with legal counsel. We have found from past experience that, in general, if an appellant shows up with a lawyer, then it is in SAMA's best interest to bring a lawyer as well.

Urban Member: Approximately how much tax revenue is held up in appeals?

SAMA Administration: We checked earlier in 2024, and approximately \$1.5 billion in total assessment was tied up in the courts. If an appeal is lost and a municipality does not have a contingency fund, then they have to recoup the money through

the next year's revenue. When there is a backlog of appeals, and you are looking at appeals from four years ago that have not been made, that is outstanding municipal and education tax funds that are at risk. That is why SUMA and Assessment Service Providers have recommended improvements to legislation to help streamline the system. The CoA is independent but if we can deal with the issue before it gets to the CoA, then we can make the system more efficient less costly.

Urban Member: Then that is tying up money that goes to the education sector as well?

SAMA Administration: Yes. Any assessment appeal losses will result in having to recoup the lost education taxes when the matter is settled by the appeal tribunal.

SAMA Administration: The value tied up in the courts varies by assessment service provider. Some of the CoA leave applications have been denied, so that has minimized the risk to some of the portfolios. When you have an appeal, it might not be just one property. It could apply to all the same type of properties in the jurisdiction. The value tied up in an appeal depends on the appeal and circumstances.

SAMA Board Member: I would like to note that SAMA is winning approximately 85% of the appeals.

MOTION by Lisa Grudnizki that the Committees receive the Assessment Appeals and Court of Appeal Update report.

Carried

9. Revaluation and Policy
Developments:

Item 9a: Oil and Gas Land Site Valuation
Issue

PowerPoint presentation by Andrew Workman, TS&P.

Committee Comments

SAMA Board Member: Regarding the new policy, are you saying that anything over six acres will not be assessed to the landowner if it is rented but it will be assessed to the lessee?

SAMA Administration: We have recommended the land be assessed using the new policy. The legislative recommendation that we have put forward also includes changing the assessed person from the owner to the lessee; the lessee being the oil and gas owner. This means the oil and gas land will come out of the agricultural land parcel, and the oil and gas land will be assessed to the oil and gas owner. These recommendations are in line with what is done in Alberta. This request is with the Ministry of Government Relations, and they would have to enact legislative changes to have the assessment for oil and gas to flow to the

lessee and not to the landowner. We have put the policy forward to the Ministry and we will respect the decision they make on this.

SAMA Board Member: Do you know when we will get an answer?

SAMA Administration: I do not know. There is a new Minister, and this will be added to the list of things they need to review. The final decision on this amendment rests with the government.

Rural Member: Is this going to affect the seven to one ratio in some of the Rural Municipalities?

SAMA Administration: That is more of a tax question. If there are implications on the mill rate factor limits, that would be something the Ministry would have to speak to.

Ministry of Government Relations: There are two things I would like to comment on. Currently, we do not know the timeline for providing a decision on the recommendations for assessing oil and gas land. We have had short briefings with the new Minister of Government Relations, and it is on their plate to review. The Ministry must further review the proposed amendments. We need to consider the implications of the policy recommendations and look at further options. When we are done, we will brief the Minister again and they will give us further direction on this matter. I anticipate that we will be able to make a decision on this in early 2025.

With respect to the effective tax rate question, it should not impact the effective tax rate. The effective tax rate is a ratio of tax percentage by property class between the highest and the lowest. If it means the assessment increases, the municipality will have to decide what they would like to do with the mill rate. It does not mean the effective tax rate is going to change for the municipality. That is going to be a tax policy decision.

SAMA Administration: Thank you to the Government Relations team for working with us on this.

SAMA Administration: We are working with SAMA's Industrial Unit on a provisional data request to gather information regarding the oil and gas properties in the province. At a provincial level, there are 5,500 non-well oil and gas sites. We have already received 30-40% of the responses needed. We need to gather this information to make the proposed changes.

We understand that there is nuance in the process. Non-well sites are distinct from well sites but if you have a well sitting on a non-well site, what does that look like? We are providing policy with this data request to help simplify reporting. In some cases, it is as simple as reporting that an oil and gas owner has 5.2 acres, which is less than 6 acres, so the math is very straightforward. Some

other sites will be more complicated, and SAMA wants to look at those to make sure the ratios are right.

MOTION by Audrey Trombley that the Committees receive the Oil and Gas Land Site Valuation Issue report.

Carried

Break from 12:00 pm to 12:55 pm

Item 9b.1: 2025 Revaluation –Assessment Trends

PowerPoint presentation by Andrew Workman, TS&P.

Committee Comments

SAMA Board Member: Agricultural land is going up 40%. Agricultural land is a regulated property, and it is assessed using a productivity model. The model takes into account different variables such as climate, soil texture, and topography. A final rating is calculated for the parcel of land ranging from zero to one hundred. The average selling price of farmland throughout Saskatchewan is used to assign a dollar value to that point as a market factor. That factor does not change based on location in the province.

Rural Member: I was in a meeting recently and the topic of irrigation came up. Some RM's are concerned about the extra costs (i.e. road costs) of having irrigation in their municipality. They said that currently SAMA does not have any criteria to assess irrigation land and/or equipment.

SAMA Administration: SAMA did have an irrigation adjustment in the agricultural land model in the 1980's. At that time, due to significant appeals and stakeholders indicating that it was not an equitable adjustment, the irrigation adjustment removed from the model. As per legislation, the irrigation equipment is not assessable and if it was it would be exempt because it is for agricultural use.

Future irrigation analysis would involve looking at the enhanced value of the sales in those irrigated land areas. As mentioned earlier, right now we have one provincial factor for arable agricultural land. It would be a significant change to go in and delineate areas using sales data to reflect a higher value. It is something SAMA is looking at as we are aware of the increase in irrigation and the impact that could have on farmland values.

Rural Member: Would changes require a legislative change? Some RMs are not opposed to taxing these properties now. Some roads in irrigation areas are seeing six to eight times the traffic to an irrigated quarter compared to a dry land farming scenario. One particular RM is looking at thirteen new pivot irrigation systems being built in an area where there is not a great road network. They have to build the roads.

SAMA Administration: There are two pieces to this matter; land valuation and irrigation equipment. It would require a change to legislation for irrigation equipment to be assessable. This is something SARM could bring up with the Ministry to determine what can be done there. The other issue we would have to deal with is tracking irrigated lands, so we capture all irrigation wherever it exists. We need to have this information to create equity in the assessments.

SAMA Board Member: I have some concerns with assessing irrigated lands. If you do not assess the equipment, then what are you assessing? Like the amount of water applied? Some people have pivot irrigation systems, but they do not have access to water. It is a big investment to set-up and run irrigation and that has to be considered as well. I wonder what Alberta is doing.

SAMA Administration: Alberta does have an irrigation adjustment in their model to recognize irrigated lands. However, Alberta land rates are based 1980's values so they are at \$350 per acre, and they have not adjusted that in over 20 years. SAMA has been updating the provincial factor every four years to stay current to the market. Any adjustment for irrigation in Alberta is therefore insignificant value wise in relation to agricultural land values in Saskatchewan.

SAMA Administration: In terms of equipment that is assessable in Saskatchewan, legislation allows for the assessment of equipment that services a building, and mine or mineral resource production equipment.

MOTION by Kim Herbst 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

No questions or comments from the Committee.

MOTION by Lisa Grudnizki that the Committees receive the 2025 Revaluation – Quality Coordination Program Report

Carried

Item 9c: 2029 Revaluation Preparation – Publications and Policy Considerations

PowerPoint presentation by Andrew Workman, TS&P.

Committee Comments

Rural Member: One thing we are starting to see is Sea-Can's being converted into homes or stacked on top of each other. Are these being assessed?

SAMA Administration: Sea-Can's are technically assessable. As they become more prevalent or we see an issue with their

assessment, we will certainly look further into assessing them. When we talk about assessing tiny homes, we are looking at a lot of cost shrunk down into a small footprint.

Rural Member: Does the land status impact assessment? For example, if land is turned over to Ducks Unlimited for conservation use.

SAMA Administration: SAMA looks at the productivity of the land whether it is arable or nonarable land. The management and ownership of the land is not part of the assessment. We do not bonus or reduce the value if there might be an easement on it. It is based on the potential productivity of that soil.

I would also like to comment on the question regarding Sea-Can's. If there is a structure placed on a property, it is SAMA's job to assess it (it has to be there for 30 days and not in storage). It would be assessed based on the depreciated replacement cost for the structure. If someone is converting a Sea-Can to a home, we would look at it and determine what the equivalent home would cost. If there is plumbing, multiple stories, etc. we would assess it using those costs. It is the same as if somebody purchases a church and converts it into a residence. We would have to look at comparable sales and assessments for these types of properties.

Rural Member: Is a house that sits on blocks on a lake assessable?

SAMA Administration: Yes, it can be assessed as long as it is not in storage. There may be some adjustments on the assessments such as the foundation type, but it is assessable.

Rural Observer: You were talking about grain bins. Does that mean they were not previously assessed?

SAMA Administration: They have always been assessable. What this review relates to is the equipment that services the grain bin. The grain bin is technically and building. We are talking about the elevating leg, the cleaning equipment, and other equipment that services the bin. We also will look at the total cost on installing a bin on-site.

Rural Observer: What if it is a stand-alone bin on a quarter of land?

SAMA Administration: Technically, according to legislation, any structure is assessable. SAMA can assess grain bins but if it is used for an agricultural operation, it would be exempt as per legislation in *The Municipalities Act*. In a lot of cases, we do not assess bins that we see in a farmyard because they would be exempt. They could be assessed but they probably are not taxable.

The review of grain bins is specifically looking at elevators and seed cleaning plants. SAMA already has rates for these properties, but we want to review the existing rates.

Rural Member: Are you assessing tiny houses right now? It is my understanding that they cannot be CASA approved which means they cannot be certified to live in.

SAMA Administration: All property is assessable with the exception of residential decks and sheds less than 100 square feet. The approvals do not matter to an assessor. As long as it has been there longer than 30 days and is not in storage, we can assess it.

MOTION by Blair Cummins that the Committees receive the 2029 Revaluation Preparation and Policy Considerations 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 Board Member: There was unanimous support from the Urban and Rural members on the IPTI review committee related to the proposed changes on appeal legislation.

There is more to consider when discussing shortening the revaluation cycle or shortening the base date lag period. In 1986 the funding at SAMA was 65% from the provincial government and 35% from municipalities. In 2024, SAMA's funding is 54% from Municipalities and 46% from the Provincial Government. The additional costs of funding these revaluation changes would probably have to come from municipalities. Agricultural land is a regulated property, and it is relatively inexpensive to update the models each revaluation. My recommendation to SARM was that rural municipalities do not need to spend more money. Urban municipalities have residential and commercial properties that are not regulated properties which would cost a lot more money when considering shortening the cycles. These costs and who will pay for them need to be considered.

Urban Member: The IPTI report was something that the SUMA membership requested. This is something that SUMA will be reviewing and taking to the provincial government and then back to SUMA members. We need to consider what all the costs are so we can provide more information back to the members of SUMA.

MOTION by Audrey Trombley that the Committees receive the Provincial Assessment System Review by IPTI report.

Carried

Item 10b: City Assessor/SAMA Committee – Legislation Recommendations for Municipal Acts

PowerPoint presentation by Randy Raimbault, ASD.

Committee Comments

SAMA Administration: We appreciate the Ministry of Government Relations for allowing us to present these recommendations. All of these recommendations are centered on making the appeal process more efficient. Even just a few of the recommendations, if accepted, could improve the process greatly.

MOTION by Kathy Bank that the Committees receive the City Assessor/SAMA Committee – Legislation Recommendations for Municipal Acts report.

Carried

11. Other Business

Item 11a: Next Urban and Rural Advisory Committees meeting scheduled for March 26, 2024.

Starts at 10 am. Location to be determined.

MOTION by Kevin Tooley to adjourn the meeting at 2:20 pm.

Carried