



To: All Municipalities
From: Irwin Blank, Chief Executive Officer
Re: Board Response to SAMA's 2016 Annual Meeting Resolutions

May 31, 2016

Pursuant to sections 22(b) of SAMA's *Annual Meeting Bylaw* (the "Bylaw"), the following is a response to resolution 2016-01 and 2016-02 (Appendix A) which was passed at SAMA's Annual Meeting on April 26, 2016.

Background

Resolution 2016-01

This resolution (Appendix A) was considered and passed at SAMA's 2016 Annual Meeting held April 26, 2016.

This resolution contains taxation and assessment components.

The resolution ultimately requests the creation of a new "Recreational" property class as per section 39 of The Municipalities Regulations. Section 39 of the Regulation is established pursuant to section 196(1)(a) of The Municipalities Act (Act). These property classes are solely used for the assignment of percentages of value that are specified in section 40 of the Regulation and used to calculate taxable assessments as described in section 197 of the Act.

The creation of property classes used to calculate taxable assessments is the responsibility of the Ministry of Government Relations within provincial government and as such will be forwarded to them for a response.

The resolution makes reference to land valuation practices and suggests that there are limitations within the existing assessment system that restricts how recreation use land can be valued due to the placement of recreation property in the "Commercial and Industrial" property class.

Clarification needs to be made with respect to the impact these property classes have on valuation practices. The valuation process occurs in advance of the application of property classes and as such these classes have no bearing with regards to the preparation of valuations where the market valuation standard is being applied. Stated another way, land identified as recreational in use can be assessed fairly and equitably with respect to the market valuation standard, without the addition of a new Recreation property tax class.

The resolution does suggest that some confusion may be occurring with stakeholders regarding the application of the property classes used to calculate taxable assessments and the valuation process that occurs in advance of the application of property tax classes. In this regard SAMA administration will look into improving communication materials regarding the relationship between how assessed values are determined and the application of provincial tax policies, such as tax classes and associated percentages of value for the 2017 Revaluation.

In an effort to ensure the assessment component of recreational properties is done as fairly as possible, SAMA will also undertake to review the assessments placed on recreational land in some of our highest demand areas, including RM 344, to ensure we are valuing these properties using appropriate comparables and market evidence. If there are areas where recreational land assessments are high relative to their local market values this assessment review should identify and amend some selected instances where recreational property assessments are overstated.

It is important to note, however that selective individual property assessment changes, if any are found, will not resolve the more broad based expectation inherent in the resolution's call for a new property tax class and associated lower percentage of value, which is a provincial government responsibility.

A copy of this resolution will be forwarded to the Ministry of Government Relations with a request for their response regarding the tax policy component of the resolution.

Resolution 2016-02

This resolution (Appendix A) was considered and passed at SAMA's 2016 Annual Meeting held April 26, 2016.

This resolution can be considered a property assessment matter.

References in the resolution to municipal services, education taxes, and provincial revenue sharing are in effect the references to how the property tax system in the province can be impacted when assessed values are not accurate.

SAMA administration recognizes some of the limitations of the commercial valuations in RM 67 as well as other comparable municipalities that have experienced substantial growth in commercial property values over the last number of years due to the strong commercial economy, including the oil and gas sector.

With regards to the upcoming 2017 Revaluation, SAMA will undertake to review the assessments of commercial property in rural municipalities adjacent to major urban municipalities, including RM 67, to ensure we are valuing these properties using appropriate comparables and market evidence with notable discussion items including:

- Review of municipal services provided to the properties and impact these services have on value.
- Review of market information used to prepare the valuation models, such as vacancy, to ensure reasonableness from the perspective of the City and Rural Municipality.
- Clarification to stakeholders as to the relationship between ad valorem assessments and municipal services.

2017 Revaluation preliminary values are scheduled to be provided to municipalities by the end of June, 2016. SAMA will be making arrangements to meet with RM 67 to review their 2017 revaluation preliminary assessments and in particular their commercial property assessments. SAMA invites feedback from other rural, urban or northern municipalities and will be available to meet and discuss commercial property valuations in their municipality as well as any other assessment topics they would like to raise.

Appendix A

Resolutions Passed at SAMA's 2016 AGM

Resolution 2016-01
344

Resolution Sponsor
RM of Corman Park No.

WHEREAS recreational property land assessment is included with the prescribed Commercial and Industrial class of property limits the determination of recreational land value to that of commercial and industrial assessment rates: and

WHEREAS a Recreational class of property is necessary to provide municipalities the capacity to determine an appropriate classification that is more suitable to type and use of recreational land; and

WHEREAS a Recreational class of property would deem recreational land to have a non-regulated property assessment to achieve a fair and equitable assessed value; therefore

BE IT RESOLVED THAT Section 39 of the Municipalities Regulations be amended to include a Recreational Class of Property; and going forward

BE IT FURTHER RESOLVED THAT the Recreational property classification shall include only land, but not improvements on that land, used solely as an outdoor recreation facility for the following activities or use;

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| i. Golf; | xiv. Waterslides; |
| ii. Driving range; | xv. Museums; |
| iii. Skiing; | xvi. Amusement parks; |
| iv. Tennis; | xvii. Horse racing; |
| v. Ball games of any kind; | xviii. Rifle shooting; |
| vi. Lawn bowling; | xix. Pistol shooting; |
| vii. Public swimming pool; | xx. Horseback riding; |
| viii. Motor car racing; | xxi. Roller skating; |
| ix. Go kart; | xxii. Marinas; |
| x. Trap shooting; | xxiii. Parks and gardens open to the public |
| xi. Paintball; | xxiii. Camping. |
| xii. Archery; | |
| xiii. Ice skating; | |

Passed

Resolution 2016-02

**Resolution Sponsor
RM of Weyburn No. 67**

WHEREAS, the re-evaluation of 2013 resulted in high values for commercial and industrial properties in the R.M. of Weyburn and similar rural municipalities;
AND WHEREAS, these values are similar to the Cities values in proximity to these municipalities and do not reflect the reduced services within the rural municipalities as compared to the Cities;

AND WHEREAS, due to the high values a large portion of education taxes are collected from the R.M. of Weyburn and similar municipalities as compared to other rural municipalities;

AND WHEREAS the high assessment values affect the Revenue Sharing provided by the Province of Saskatchewan, resulting in a lower share;

THEREFORE BE IT RESOLVED, that SAMA amend their policy on assessing commercial and industrial properties in rural municipalities to reflect lower services provided by those rural municipalities.

Passed