

Key messages: Assessment Model Review

Deficiencies of the Review Process

- We were disappointed that the Assessment Model Review process provided little opportunity for input and consisted mainly of presentations from the ministries involved.
- Our alternative solutions were ruled out early in the process, making the review a one-way process in which AUMA, RMA, and the Assessment subject matter experts had a limited voice.

Flaws in the proposed assessment model

- Regardless of which scenario the government implements, urban municipalities will be subject to a 10% - 12% increase in the provincial education tax requisition, with residents and businesses paying 4% to 5% more each year on their overall property tax bill.
- Because the new Police Funding Model allocates funding according to assessment values, urban municipalities under 5,000 will pay a larger amount towards policing costs.
- This is a permanent change that benefits a small group of well-capitalized oil and gas companies, and results in smaller Alberta-based companies paying more than they do now, effectively subsidizing large, international corporations.
- Additionally, those corporations are not being incentivized to reinvest their tax savings to boost the Alberta economy and create much-needed jobs.
- If implemented, each assessment model scenario will have far-reaching impacts on municipal tax revenue, especially for rural municipalities, where oil wells and pipelines represent a significant portion of the local assessment.

Potential solutions

- AUMA strongly recommends abandoning changes to the assessment model in favour of temporary incentive-based tax reductions for companies investing in Alberta.
- AUMA would like the subject matter experts of the Ministry of Energy to be involved in developing an incentive-based tax solution.
- The province needs to be a partner in this solution by reducing their portion of the Education Tax Requisition by an equivalent amount.