

**Agenda Item: E.1**

Administrative Backgrounder

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| **Title**  | **Taxation of Golf Courses in Sturgeon County** |
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| **Purpose of Report** | This backgrounder is being provided to support the Notice of Motion made by Councillor Bokenfohr at the June 8, 2021 Council meeting directing Administration to investigate how golf courses in Sturgeon County are taxed. |
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| **Proposed Motion** | That Council direct Administration to investigate how golf courses in Sturgeon County are taxed, including a comparison with other seasonal businesses within Sturgeon County and a jurisdictional scan with comparator municipalities, to be presented no later than the August 24, 2021 Council meeting.  |
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| **Previous Council Direction** | April 13, 2021 Regular Council MeetingMotion 206/21: That Council give third reading of Bylaw 1528/21. |
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| **Strategic Alignment** | **Planned Growth and Prosperity –** Sturgeon County has a thriving business environment that supports a strong economic foundation.  |
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| **Statutory Requirement Considerations** | None. |
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| **Alignment to Levels of Service Delivery** | None. |
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| **Anticipated Human Resource Requirements** | Several hours of administrative time would be required to conduct a jurisdictional scan of the taxation of seasonal businesses in comparator municipalities and analyze the results for presentation to Council.  |
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| **Anticipated Financial Resource Requirements** | None.  |
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| **Additional Background Information** | * Taxes for all property in Sturgeon County are established by multiplying the property assessment by the applicable tax rate for each assessment class.
* The legislation *(Matters Relating to Assessment and Taxation Regulation, 2018, Alta Reg 203/17[MRAT])* requires that assessments represent “m*arket value*”, be prepared using “m*ass appraisal*”, and meet the “quality standards” prescribed by the Province in the regulations.
* Market value is the valuation standard for property other than the following regulated property: Agricultural use land, Railway, Linear property, and Machinery and Equipment*.*
* Golf courses and other seasonal properties are subject to the same tax rate as all other non-residential properties in Sturgeon County.
* Under the Municipal Government Act (MGA), Council must pass an annual property tax bylaw. Bylaw 1528/21, the 2021 Taxation Rates Bylaw, was passed on April 13, 2021.
* The MGA allows the four classes of assessment that can be applied to a property:
	+ Class 1: residential
	+ Class 2: non-residential
	+ Class 3: farmland
	+ Class 4: machinery and equipment
* Under section 354(3), different tax rates can be established for each assessment class (or sub-class) set within the property tax bylaw. Establishing different rates within a sub-class is “splitting the mill (or tax) rate.” Council did not choose to split the tax rate in the 2021 Taxation Rates Bylaw.
* Property assessment classes and sub-classes provide Council with legislative authority to shift tax burdens between different types of property; this taxation tool is not designed to increase overall municipal tax revenues, rather, it addresses reallocation of tax payment.
* The Matters Related to Sub-Class Assessment Regulation (MRAS) allows for three sub-classes within the ‘Class 2: non-residential’ assessment: vacant non-residential property, small business, and other non-residential property.

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| **Non-residential sub-class options** | **Details** |
| Vacant non-residential property | Not defined in the MRAS or MGA; however, generally accepted to be undeveloped, bare land property only. |
| Small business | Business must have no more than 50 employees and operate under a business license (a municipality can choose to lower the threshold below 50 but cannot raise it higher). |
| The small business cannot be sub-leased. |
| Tax rate cannot be less than 75% of the rate applied to the other two non-residential property sub-classes. It also cannot be greater than the tax rate set for other non-residential property. |
| Other non-residential property | Captures properties that do not fall into the other two sub-classes. |

*\*Should a municipality wish to impose a split mill rate, at least two of the three sub-classes must be adopted within the property tax bylaw. If the sub-classes are implemented, each non-residential property must be assigned at least one sub-class.* *\*\*More than one class or sub-class can be assigned to a property. For example, if 50% of a property is owned by a small business, 50% of the property would be assigned to the small business sub-class, while the remaining 50% would receive another class or sub-class.** Elements of the MRAS regulation do not provide flexibility Council may be looking for, for example:
	+ Creating a small business sub-class may help incentivize economic development; however, it applies only to businesses/industries that have no more than 50 employees and in instances where the business owner is also the property owner.
	+ The small business sub-class tax rate is limited to being no less than 75% of the tax rate applied to the other two non-residential property sub-classes with a municipal tax bylaw.
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| **Attachment(s)** | 1. None.
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| **Report Reviewed by:** | Luis Delgado, Manager, Assessment ServicesSabrina Duquette, Manager, Financial ServicesReegan McCullough, County Commissioner - CAO |