



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: 2020 AUMA RESOLUTION PROPOSAL

PURPOSE OF REPORT

The purpose of this report is to present a motion for which Councillor Hansen gave notice on June 1, 2020.

PROPOSED MOTION(S):

That the City of St. Albert second the Town of Drayton Valley's 2020 AUMA resolution and that the collection of Education Property Tax be the responsibility of the Government of Alberta.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

N/A

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND:

The Town of Drayton Valley has approached the City of St. Albert to second a resolution for the 2020 AUMA Convention regarding the collection of Education Property Taxes.

The Town of Drayton Valley approved the resolution at their May 27, 2020 Council Meeting.

Under the AUMA's recently revised Resolution Policy, in order for a resolution to be seconded, it must be approved by Council Motion by the seconding municipality.

The Backgrounder prepared in Drayton Valley's proposed resolution reads as follows:

Over the last decades, the collection of Educational Property Tax by municipalities on behalf of the Province has been a concern for municipalities and, therefore, has been brought forward previously by the AUMA as well as the RMA for consideration. However, as times and governments move forward, it seems timely to draw attention to this concern of so many Alberta municipalities once more.

The Alberta School Foundation Fund (ASFF) which ensures that the Education Property Tax is accounted for separately from other revenue was established by the Government of Alberta in 1994. The Municipal Government Act (MGA) and Education Act provide the legislation for the Education Property Tax.

Based on equalized assessment value, the province calculates each year what amount a municipality must contribute. Municipalities are responsible to calculate the amount that each resident has to pay based on their assessed property value. Municipalities must collect the tax from each ratepayer and forward it on to the Province by submitting the contribution to ASFF.

However, using municipalities as agents in collecting the tax is an antiquated system with the technology that is available these days. The COVID-19 pandemic has proven that Albertans are adaptable and will expect more automation of government services moving forward. The Province has an excellent opportunity to utilize technology to collect education taxes on their own behalf, which will also provide taxpayers with a direct line of sight where their tax dollars are spent provincially versus municipally.

Furthermore, it is an encumbrance for municipalities in regards to municipal budget planning as the fluctuation in the education mill rate might force municipalities to adjust their yearly budget to keep taxes at an affordable level – taking into consideration what impact the Education Property Tax has on each ratepayer and at the same time seeking to keep up the level of services.

It should also be noted that the current system blurs the lines of accountability and transparency and leads to a misconception amongst taxpayers in regards to municipal government taxation. Often, it is not clear to residents that approximately 30 per cent of their property tax goes to the province and not to the municipality that taxes them. As a result, municipalities are being criticized many times of raising taxes in an unduly manner.

In case a resident is unable to pay taxes partial or in full or in any arrear of paying taxes, the municipality is still required to make the quarterly payments to the Province. This means that the municipality might be fronting money that could be allocated towards other municipal programs or services.

Finally, with limited revenue options in the first place, it is a concern for municipalities that any default in Education Property Tax payments results in municipalities losing their ability to receive grant funding from the Government of Alberta until such payments are made.

In order to address above noted concerns, it is recommended to pursue necessary changes to the MGA and Education Act.

Report Date: June 29, 2020

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