

Urban Service Area – Farm Tax Cancellation**Report Purpose**

To authorize partial cancellation of 2017 property taxes on farm buildings and farm residences located in the Urban Service Area for the purpose of maintaining equity with farm properties in the Rural Service Area.

Recommendation

THAT partial cancellation of property taxes for the 51 properties in the Urban Services Area with farm buildings and farm residences for the 2017 tax year, be approved.

Council History

2006 to 2016 Tax Years – Council approved the cancellation of property taxes on farm buildings and farm residences in the Urban Service Area to the same extent as they are exempt in the Rural Service Area.

Strategic Plan Priority Areas

Economy: For the 2017 tax year (51 properties affected), cancelled property taxes will total approximately \$21,300.

Governance: Provides equitable governance of both urban and rural property owners.

Social: n/a

Culture: n/a

Environment: n/a

Other Impacts

Policy: n/a

Legislative/Legal: Section 347 of the *Municipal Government Act* allows Council to consider a reduction, cancellation or deferral of taxes on a year by year basis and only where Council considers it equitable to do so.

Interdepartmental: n/a

Summary

Order in Council (761/95) established Strathcona County as a specialized municipality and defined the Urban Service Area (USA) and Rural Service Area (RSA) as amended by Bylaws 15-2016 and 20-2016. The Matters Relating to Assessment and Taxation Regulation (220/2004) specifies that farm properties in the USA are to be assessed and taxed in the same manner as urban municipalities.

As shown in Enclosure 1, the USA boundary expanded in 2016 to include the areas West of Highway 21, Bremner and Hillshire. The expansion to the USA boundary added forty six properties to the USA farm tax cancellation report.

For the 2017 tax year, there will be 51 farm properties in the USA that have a farm residence and/or farm buildings. Unless section 347 of the *Municipal Government Act* is used to cancel taxes as recommended, all 51 properties will experience an increase in their 2017 property taxes and an inequitable level of taxation compared to similar properties in the RSA.

Bill 21, the Modernized Municipal Government Act proposes to exempt all farm buildings in both rural and urban municipalities. The regulation specific to property tax exemption for farm residences and farm buildings is scheduled to be available soon. There will be opportunity for feedback from all stakeholders. The regulation is proposed to take effect for the 2019 tax year.

Communication Plan

Letter

Enclosure

1 Urban Service Area – Boundary Map (Document: 9965667)