

# Cooking Lake Airport

Municipal Government Act  
Section 347(1) request

# Municipal Government Act (MGA)

## Section 347 (1)

- 347(1) If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:
  - (a) cancel or reduce tax arrears;
  - (b) cancel or refund all or part of a tax;
  - (c) defer the collection of a tax.
- (2) A council may phase in a tax increase or decrease resulting from the preparation of any new assessment.

# Aerial - Cooking Lake Airport





# Aerial – Warren Thomas Aerodrome



# Cooking Lake Airport

- Following is a comparison of both Airports for Assessment purposes as it relates to the legislative requirement set out in the Municipal Government Act (MGA).
- Cooking Lake Airport (CLA)
  - Is operated under The Owners Condominium Plan 172 1695
  - Each hangar owner owns the fee simple rights to their parcel of land
    - Fee Simple ownership in their parcel of land, meaning they have a full bundle of rights. Fee simple owners have the right to possess, use and dispose of the land as they wish, sell it, give it away, trade it, lease it to others or pass it to others upon death.
  - Assessed as class 2 – non-residential (s. 297(1) of the MGA)
  - When a sale transaction occurs certificate of title is transferred to the new owner

# Warren Thomas Aerodrome

- Warren Thomas Aerodrome (WTA)
  - Owned and operated by Strathcona County
  - Located on two parcels of land
  - Assessed as class 2 – non-residential (s. 297(1) of the MGA)
  - Hangar owners enter into a lease agreement with Strathcona County
    - This provides them the right to access and use the defined area on which their hangar is located, creating a leasehold interest in the land
      - In this instance the leaseholder does not own the land; they only have the right to use the land for a predetermined amount of time
      - At the end of the term the land reverts back to the lessor with the possibility to renew
    - No title transfer occurs through a sale transaction; simply a new lessee is added to the remainder of the lease agreement.

# Assessment and Tax of Airport Properties

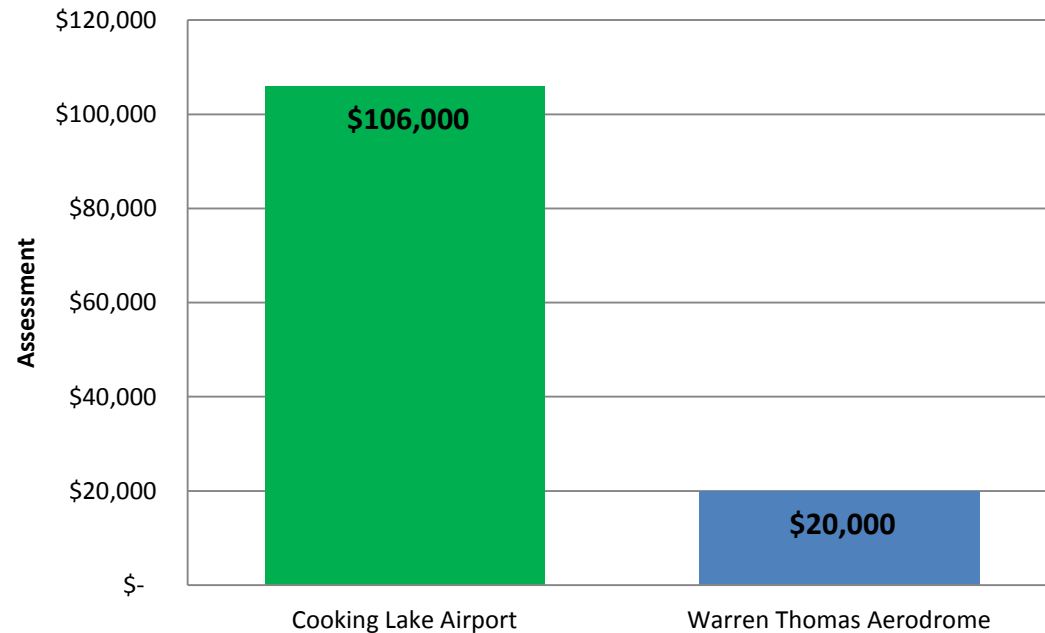
- While both WTA and CLA are operated as airports within Strathcona County, there are significant differences in the ownership model and applicable legislation that affect the overall assessment of both hangars and the aeronautical infrastructure.
- CLA – each hangar is individually owned, with a full bundle of rights to the associated land. Included in the ownership of their lot is a proportional share in the common area, aeronautical infrastructure and the runway lands.
- WTA – Both parcels of land are owned by Strathcona County, the hangar lots are leased to the hangar owner. The hangar owner has a leased fee interest in the associated land for the predetermined length of the lease agreement.

# Assessment and Tax of Airport Properties

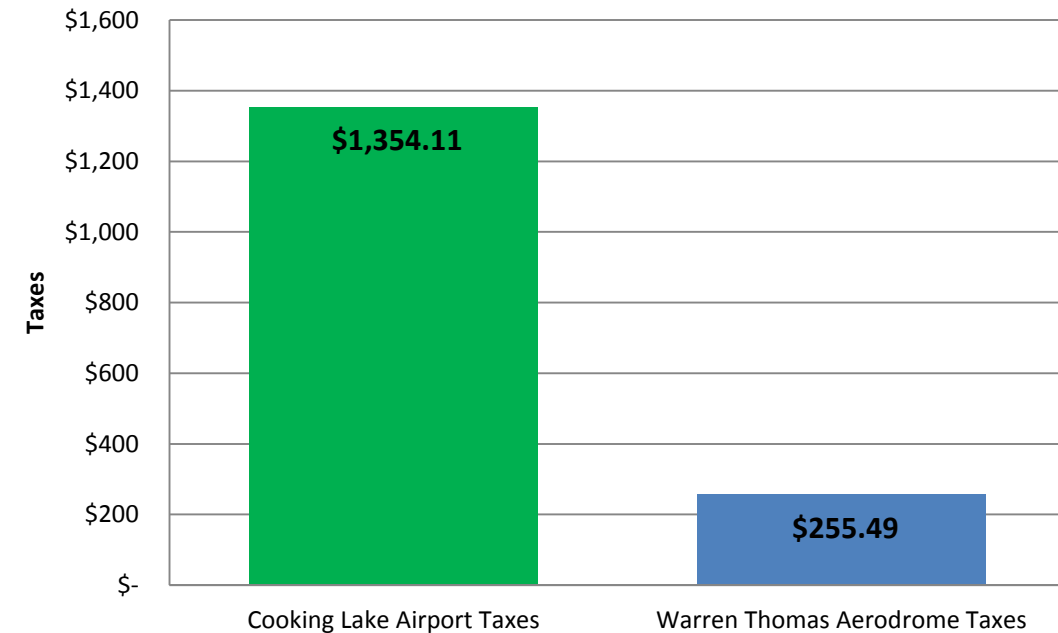
What are the effects to the land assessment based on these fundamental market value differences?

- The graphs below are based on the average assessment for a vacant land parcel (not including the hangar) in each airport.

**Average Land Assessment**



**Average Associated Land Tax**





# Assessment and Tax of Airport Properties

- The marketplace has recognized this difference in the price a buyer is willing to pay to the seller. These sale transactions are what drive the property assessments (market value) in each airport
  - At CLA the marketplace has determined an average market value of \$106,000 for a vacant hangar lot.
  - At WTA the average market value for a vacant hangar lot available for lease is \$20,000.
- It is the assessed value attributed to the land that creates the difference in assessment and subsequently the difference in taxation.

# Assessment Review Board History

- Property tax exemption legislation and the assessed values have been challenged by the Cooking Lake Airport over the last three years.
  - 2015 – The arguments were assessment and tax inequity in comparison to WTA and a property tax exemption through s. 362(1)(o) of the Municipal Government Act.
    - The assessment was confirmed by the Composite Assessment Review Board.
  - 2016 – The argument was the assessment of vacant land was too high based on sales data at the CLA.
    - The assessment was confirmed by the Composite Assessment Review Board.
  - 2017 – The arguments were assessment and tax inequity in comparison to WTA and a property tax exemption through s. 362(1)(n)&(o) of the Municipal Government Act.
    - The assessment was confirmed by the Composite Assessment Review Board.

# Summary

- For assessment and taxation purposes, CLA and WTA have been assessed and taxed equitably based on Legislative requirements.
- The refund request has to be from each of the 95 property owners within the Cooking Lake Airport boundaries.
  - The request would have to be refunded back to each individual condominium owner as shown on the land title, not back to the condominium association as requested.
- Based on the ask of \$837,500, over 4.5 years of current and retroactive municipal property taxes would have to be refunded.
- This request may spur requests from other condominium associations looking for Strathcona County to invest in their infrastructure upgrades.

# Questions?