

Speaking Notes
Linear Tax Symposium
January 27, 2016

INTRODUCTION (Slide 1)

- Good morning.
- On behalf of the AUMA Board, I am pleased to welcome you to the second of two symposiums we are hosting on linear tax revenue.
- We are delighted with the turnout – it's an indication of the strong interest that our members have in ensuring appropriate approaches to intermunicipal funding arrangements and the growing importance of regional approaches.
- When we started to plan these symposiums, we had intended to follow our usual approach of having several sessions across the province so that we could make them as accessible to you as possible, particularly those of you from the northern and southern parts of the province.
- As some of our guest speakers were unable to attend all of the intended sessions or travel to the locations we had originally envisioned, we had to adjust our approach which resulted in holding one session in Calgary earlier this month and today's session in the Edmonton area.
- We appreciate this was a bit of a compromise for our members as well as our guests.
- But I'm sure you'll find that the presentations from our guests are well worth the adjustment to our approach and we are very glad that they could join us today.
- Before introducing our guests, I'm going to take a few minutes to explain the purpose of this symposium.
- (Slide 2) Linear taxes are a subject that sparks much debate and some very strong opinions amongst municipalities themselves as well as with the property owners who pay these taxes.
- (Slide 3) Linear taxes are just one component of Alberta's property assessment and taxation system that needs a complete modernization as the responsibility and cost of providing municipal services and supports to the properties and the owners of the properties are not aligned with the property tax revenue stream.

- AUMA's submission to the MGA review identified nearly 50 important changes that should be made to this system based on resolutions and other recommendations from members.
- Most recently we added a new resolution calling for grants in lieu of taxes to be legislated so that they could not be unexpectedly discontinued as we are now experiencing with social housing.
- In terms of linear taxes, AUMA's submission outlined the need for them to be shared regionally so that service responsibility and revenue could be aligned.
- (Slide 4) Property taxes are just one of the many challenges that we need to address in the overall municipal funding model.
- As you can see on this slide, our MGA submission identified a number of other key changes such as calling for a share of provincial revenue, broadening the ability for municipalities to levy fees and charges and replacing conditional grants with statutory and indexed grants.
- So there is no one silver bullet or magic fix to the funding model.
- (Slide 5) But we need to start solutions somewhere and that's what today's symposium is all about.
- (Slide 6) We were very pleased by the NDP government's election platform that committed to undertake a review of linear taxes.
- We are aware that our colleagues at AAMDC would prefer that funding arrangements be handled through cost sharing arrangements.
- However, many of you tell us that cost sharing agreements cannot be struck with your neighboring municipalities despite many years of trying.
- Others mention that you had a cost sharing agreement but it was unexpectedly ended, leaving your municipality in a real financial predicament.
- Those of you that still have a cost sharing agreement say that it is difficult to understand the relationship between the use of your infrastructure and services and the funding amount provided by the neighboring municipality.
- Regardless of whether you have a cost sharing agreement or not, there is a strong sentiment that funding arrangements should be objective, equitable and stable, while accommodating regionalization.

- Many members say it isn't appropriate to have to plead with your neighbors for funding or that funding should be so dependent on relationships.
- While some good progress has been made with cost sharing, when you take out the regional commissions and compare the total number of municipalities with the number of cost sharing agreements, it's very clear that we have a long ways to go.
- For example, 75 per cent of the cost sharing comes from only 41 per cent of the municipalities.
- This illustrates the dilemma that those of you without a cost sharing agreement experience as many areas are completely lacking a funding arrangement.
- So today's session is an opportunity to discuss the specific changes you are looking for.

OVERVIEW OF THE DAY

- (Slide 7) Let me explain how today's session will unfold.
- Given that there is a lot of confusion about how linear taxes are handled, we have a panel of presenters to help us set some context for our discussion.
- We'll begin by hearing from Municipal Affairs how linear taxes are defined and assessed as well as some stats and facts about them.
- Municipal Affairs will also highlight what they heard about these taxes from municipalities and property owners during the recent MGA review.
- Then you'll hear the perspectives of the property owners through some remarks from the Canadian Association of Petroleum Producers.
- We've also invited AAMDC to share the views of the counties and districts who currently receive the majority of the linear tax revenue.
- We'll have time for a few questions of this panel before we move on to hearing from you as our members.
- (Slide 8) We'll take a brief stretch break as our presenters depart and then we'll move into our discussions with you as our members.

- Knowing opinions are diverse, we invited four municipalities to briefly share their experiences with linear taxes or cost sharing agreements.
- We then have three working sessions where we will break into groups and pose questions for your input.
- I have no doubt these discussions will be diverse.
- We'll conclude by talking about our next steps that will take us to our overall goal of submitting our recommended approaches to the Minister of Municipal Affairs by her requested deadline of mid-February.
- This timing is critical as you'll recall that the Minister committed to finalize decisions on the associated MGA amendments and table the Bill in spring 2016.

GUEST PANEL

- To set some context for our discussions and to get a sense of the diverse perspectives, let's hear from our guest panel.
- Each speaker has about 10 minutes to share their views.
- Once all speakers are finished, we'll have a few minutes for questions.
- Our first speaker is Meryl Whittaker who is the Assistant Deputy Minister from Municipal Affairs who oversees municipal assessment.

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- I'm pleased to welcome Chris Montgomery from the Canadian Association of Petroleum Producers or CAPP as we know them well.
- CAPP was an active participant on the MGA municipal-business working group and we appreciate that they are sharing views from the perspective of property owners.

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- Many of you know our next speaker very well.
- We appreciate that Al Kemmere is taking time to share the views of the counties and districts that AAMDC represents.

- Joining him is Executive Director Gerald Rhodes.
 - Al, over to you.
- ...
- These presentations have been very helpful in understanding the context in which our conversations need to occur.
 - Thank you once again to our presenters for taking time to meet with us today.
 - As our presenters depart, we'll take a few minutes to refresh your coffee.
 - We'll start again in 5 minutes and I'll ask our speakers from Edson, Fairview, Strathcona County and Trochu to come to the front during the break.

MUNICIPAL PERSPECTIVES (Slide 5)

- Welcome back.
- When I met with the Minister recently, she expressed concern that she was hearing some mixed messages from within the urban municipal group.
- While that's not surprising given the alternative of cost sharing is often about personal relationships and history that is deeply vested, it is critical that we build consensus so we can come to some definitive conclusions.
- We've been doing a lot of consensus building throughout the MGA process, resolving a number of other complex issues.
- We must take action to build consensus on this issue because if we don't, it is possible that the province will do nothing.
- Another possibility is that the province will make a decision based on not having the complete picture.
- Both possibilities are dangerous and will greatly put our municipalities at risk.
- The good news is that we have a good process to resolve this.

- It's one that we've been using throughout the MGA review process as we worked through other complex issues.
- It starts with hearing from our members about what they need and that's why you are all here today.
- All along we've said one size won't always work so we need to clarify what should be standard and what needs to be tailored.
- Let me introduce our panel of municipal leaders who collectively will share their very diverse experiences.
- In order of speaking, we have:
 - Mayor Greg Pasychny from Edson
 - Mayor Roxanne Carr from Strathcona County
 - Mayor Barry Kletke from Trochu
 - Councillor Dennis Radbourne from Fairview
- Each speaker will have five minutes to share their views.

DISCUSSION GROUPS

- All right let's move into our 3 discussion groups.
- I know that some of you are here with your colleagues from Council so I'm going to suggest that you spread yourself out so you can sit with people from other municipalities.
- We have 3 key topics we'll be going through today. One will be before lunch and two after.
- I'll turn things over to Board Member Jim Stevenson, Councillor from the City of Calgary, to explain the first exercise.

(Slides 9-11)

CONCLUDING REMARKS (Slide 12)

- Thank you for a day of great discussion.
- Let me explain our next steps.
- Staff will be putting together a summary of what we heard from you during our two symposiums as well as from our policy committees comprised of elected officials and administrators.
- We will also incorporate what we've heard from municipalities who sent us feedback.
- Our Board will review this input and finalize our policy positions over the next two weeks so we can meet the Minister's request to make our submission by mid-February.
- We will convey the results to you later that month and will also discuss at the March Mayors Caucus.
- (Slide 13) In case you haven't heard about the Mayors Caucus, here's a reminder of the dates in Edmonton.
- Similar to prior years, we have a breakfast with the provincial leadership which includes the Premier, Cabinet and all MLAs.
- (Slide 14) And just a reminder of some other upcoming AUMA events that you may want to attend such as our June Mayors Caucus in Olds which runs from June 15-17 according to size of municipality.
- (Slide 15) Don't forget to stay tuned to our Digest newsletter for information on upcoming webinars and events.
- Thank you again for your attendance today.
- We look forward to seeing you in March!