



LOCAL IMPROVEMENT TAX LEVY

Local Improvement Taxes (Levy) have been used by many Alberta municipalities to support the costs of improving or replacing local infrastructure assets or revitalizing neighborhoods without burdening all taxpayers.

Turner Valley's Council has approved several special assessment/local improvement projects over the past 30 years. In order to fund these projects, the Town has borrowed (debentures) or utilized provincial grants such as the Municipal Sustainability grant (MSI), Federal Gas Tax Fund (FGTF), Federal/Provincial Infrastructure grants. Along with funding from grants or debentures for these infrastructure projects, a special assessment levy or a local improvement levy has been applied to the neighborhood receiving the benefit of the improvement. Some grants specify that a specific percentage of the cost of the project be funded from local sources.

Turner Valley Local Improvement Tax Example:

A sewer project costing \$350,000, 90% of the cost being covered by grants or debentures, leaves \$35,000 to be funded from a local source.

Assuming the project affects 24 properties, and the local improvement levy would be applied over a 20-year period, the average cost for each of the properties would be approximately \$47.00 per year or \$3.90 per month. Actual costs vary based on lot frontage. Interest is calculated as per the Alberta Capital Finance Authority prevailing rate at the time.

Property owners have the option of paying this cost in one lump payment, thereby saving interest charges.

WHAT IS A LOCAL IMPROVEMENT?

Local improvements are capital construction projects that Council considers to be of greater benefit to a particular neighbourhood of the municipality than to the whole municipality, and that are to be paid for in whole or in part by a tax imposed as a local improvement. Examples include street paving, new sidewalks, curb and gutters, or the replacement of aging infrastructure such as water and sewer mains.

WHO GOVERNS LOCAL IMPROVEMENTS?

The Municipal Government Act R.S.A. 2000 Chapter -26 (MGA) Sections 391 – 409 provides statutes for the administration of local improvements.

WHO CAN INITIATE A LOCAL IMPROVEMENT?

A local improvement can be initiated by the Town based on an infrastructure assessment and the need for repairs or replacement. Alternatively, property owners who wish to have improvements carried out near or adjacent to their property can petition the Town to have the improvement completed. In either case, if a local improvement is proposed, the municipality must prepare a local improvement plan.

WHAT IS A LOCAL IMPROVEMENT PLAN?

A local improvement plan must describe the proposed local improvement and its location, identify the properties and person(s) who will be liable to pay the local improvement tax, state whether the tax rate is based on assessment value of each individual parcel of land, unit of frontage, or unit of area. The plan must include the estimated cost of the local improvement, state the period over which the cost of the local improvement, including the cost the municipality will be paying. Calculations must be included to determine the revenue to be raised by the local improvement tax, and must state what other sources of revenue will be used.

In estimating the cost of a local improvement the municipality would consider the actual cost of buying land if necessary, the capital cost of undertaking the work, professional services, and if necessary the cost of replacing any existing debt on a facility to be replaced or rehabilitated and other expenses incidental to the undertaking of the local improvement and to the raising of revenue to pay for it.

HOW DO PROPERTY OWNERS KNOW A LOCAL IMPROVEMENT MAY EFFECT THEIR PROPERTY?

When a local improvement plan has been prepared by the Town, a Notice of Intention to undertake a local improvement must be provided to the owners of each of the affected properties. The notice will summarize the details of the local improvement plan.

WHO IS ASSESSED FOR LOCAL IMPROVEMENTS?

Every property benefiting from a local improvement shares in the cost.

HOW IS MY PROPERTY ASSESSED FOR A LOCAL IMPROVEMENT?

Properties are assessed to indicate how the property owner will be billed or charged for a local improvement. The cost of a local improvement is assessed in a fair and equitable manner and in accordance with the MGA. The cost of the local improvement may be assessed against:

- Properties that neighbour the work
- Properties that do not neighbour the work but will receive a benefit from it.
- Both of the above.

No properties are exempt from local improvement assessments. Town owned properties are assessed in the same manner as privately owned properties (i.e. pay their share).

HOW DOES A LOCAL IMPROVEMENT ASSESSMENT BILLING WORK?

In most cases, Turner Valley calculates the local improvement tax to be charged based on the assessable frontage.

Example: rate per metre x # metres of assessed frontage = cost per property.

In the case of irregularly shaped lots (where the sides are not parallel) the following formula is used to determine assessed frontage.

Longest width – shortest width x 35% + shortest width.

This formula ensures that all properties assessed are equitable.

WHY IS THE PAYOUT AMOUNT LESS THAN THE ANNUAL CHARGE MULTIPLIED BY THE NUMBER OF YEARS?

In order to finance the project, the Town may borrow funds and pays interest on these funds. The cost of borrowing is passed on to the property owners.

WHO DOES THE CONSTRUCTION WORK?

Local improvement projects are generally tendered out to private contractors.

IS THERE OPPORTUNITY TO OBJECT TO A LOCAL IMPROVEMENT?

If a petition objecting to the local improvement is filed with the chief administrative officer within 30 days from the notice being sent and the chief administrative officer declares the petition sufficient, the Council must not proceed with the local improvement.

NOTE: The MGA Section 408 (1) states a municipality may construct a local improvement for sewer if Council approves the construction, the construction is recommended by the Minister of Health or the Medical Health Officer and Council considers it to be in the public interest to do so.

The owners of the parcels of land that benefit from a local improvement for sewer have no right to petition against its construction.

ARE THE NAMES OF THE REGISTERED PROPERTY OWNERS PROVIDED WITH THE PETITION?

The Town is not able to supply the names of the affected property owners for privacy reasons. If you are circulating the petition, you need to ensure the person signing is the registered property owner.

DO I HAVE TO PAY IF I DIDN'T SUPPORT THE LOCAL IMPROVEMENT PROJECT?

Once Council approves the project and construction has been completed, all property owners affected by the improvement are required to pay the local improvement tax levy, even if they are opposed to the project.

DO I STILL HAVE TO PAY THE LOCAL IMPROVEMENT TAX IF I SELL MY PROPERTY?

No, the local improvement tax is attached to the property and the remaining payments become the responsibility of the new owner.

I AM A SENIOR ON FIXED INCOME ARE THERE ANY OPTIONS FOR INDIVIDUALS THAT CANNOT AFFORD TO PAY THE LOCAL IMPROVEMENT CHARGES?

Financial assistance is not available on local improvement taxes. However, if you are a senior property owner and experiencing financial difficulty with tax payments, you may be eligible for a deferral on your property tax account through the Alberta Governments Seniors Property Tax Deferral Program (SPTDP) which allows eligible senior homeowners to defer all or part of their property taxes through a low-interest home equity loan. If you qualify, the Alberta Government will pay your residential property taxes directly to your municipality on your behalf. You re-pay the loan, with interest, when you sell the home, or sooner if you wish.

For further information, please contact the Turner Valley Finance and Corporate Services Tax Department, 403.933.4944 or taxes@turnervalley.ca