

IN THE MATTER OF A COMPLAINT filed with the Flagstaff County Inter-Municipal Composite Assessment Review Board (CARB) pursuant to Part 11 of the *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

BETWEEN:

Lougheed Co-op Seed Cleaning Plant Ltd, represented by Michael Patten, manager and Doug Hampshire - Complainant

- a n d -

Town of Lougheed - Respondent, represented by Gary Barber, assessor.

BEFORE:

Members:

D Trueman, Presiding Officer

L Simpson, Public Member

H Haugen, Public Member

A hearing was held on October 31, 2012 in the Flagstaff County offices, 12435 Township Road 442, Sedgewick, Alberta. Flagstaff County, Special Projects Coordinator, Leslie Heck was present to assist with management of the official documents record and electronic recording equipment. The hearing was for the purpose of considering complaints about the assessment of the following property:

Roll number: 15401

Civic address: 5207 52nd Street, Lougheed, Alberta

2012 assessment: \$290,070

PART A: PROCEDURAL or JURISDICTIONAL MATTERS

The CARB derives its authority to make procedural decisions under Part 11 of the MGA and accordingly placed the parties under oath. Upon questioning by the Presiding Officer there was no objection to either the hearing procedures or the composition of the panel.

PART B: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

The property under complaint is described for assessment purposes as industrial with machinery and equipment. The original building cost item suggests an effective year built of 1954 with a variety of renovations and additions throughout the period up to effective year built 2005 on a land base of 1.42 acres. This property has qualified for a partially exempt status *Municipal Government Act (MGA) Sec 362(1)(p) a municipal seed cleaning plant constructed under an agreement authorized by Sec 7 of the Agricultural Service Board Act, to the extent of 2/3 of the assessment prepared under Part 9 for the plant, but not including the land attributable to the plant in past years.* In 2011 there was an addition of pellet equipment and a pellet equipment building.

PART C: ISSUES

Does the 2011 addition of a pellet manufacturing building and machinery and equipment meet the requirements for exemption as defined under Sec 362(1)(p) of the MGA.?

PART D: COMPLAINANT POSITION

Mr. Patten testified that the intention of the legislation which partially exempted farmers from property tax on their seed cleaning plants was to mitigate transportation costs for their products. He said that in recent years the material known as ergot had become especially troublesome for grain farmers and in the seed cleaning business. He went on to say that in 2011 the Loughheed Co-op Seed Cleaning Plant Ltd installed additional equipment, housed in a newly constructed building, which was fully integrated with the former facilities, in order to deal with this new and additional problem for their farmer clients. At the outset there were plans to pelletize the waste material and sell it as a fuel product. However, after approximately one month this operation was closed down because the product could not be sold. He said that the newly constructed facilities serve only in the cleaning process and thus should receive the legislated exempt status.

PART E: RESPONDENT POSITION

On page 4 of exhibit R1 the assessor describes total assessments, prior to exemptions, for the subject property as 2009 at \$538,460, 2010 at \$534,500 and 2011 at \$641,440. He further pointed out on page 2 that after exemptions the total current assessment was \$290,070 and that the complainant was proposing that a \$215,570 assessment was appropriate. Thus in the opinion of the assessor \$74,500 of assessment was at complaint. Mr. Barber testified that \$167,237 had been spent on the 2011 cleaning and pelletizing building and equipment addition. He said that in his opinion, once the Seed Cleaning Plant proposed to sell a new product, regardless of the source of its raw material, then this should be considered a new venture and not a normal part of the seed cleaning business. It was therefore assessed as taxable.

On questioning Mr. Barber provided the panel with a breakdown of the taxable (after exemptions) amounts for 2010 and 2011. They are as follows respectively, land \$5800, \$5800, buildings \$141,550, \$191,240 and machinery and equipment \$32,920, \$93,030. The differences computed at the legislated 2/3 exempt portion is \$73,523. The respondent presented 9 pages of calculations for various components of the seed cleaning plant however, with the exception of the machinery and equipment page, these did not translate to his total assessment summary page.

PART F: DECISION

The complaint is allowed and the assessment is set at **\$215,570**.

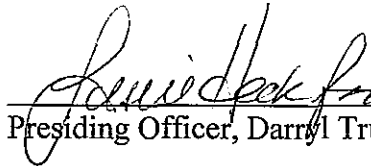
It is so ordered.

PART F: REASONS

The CARB accepted the testimony of the complainant that the essential business of extracting unwanted seeds and other material, from farm produce, by the subject property had not changed. It is reasonable to think that if there were a new assessable component to the Loughheed Seed Cleaning Plant Ltd then there would at a minimum be a new or different corporate identity. *MGA Sec 295(1)) a person must provide, on request by the assessor, any information necessary for the assessor to prepare an assessment or determine if a property is to be assessed* and the assessor could have used this authority to determine if a new business was in operation. For the assessor to determine that the new building and equipment were assessable he would have had to take the position that only certain types of cleaning was contemplated by section 362 of the MGA. The Board noted that different approaches to assessment reduction calculations yielded different results based upon values provided however, these results were both in the range of \$73-\$74,000. It was thus decided that the complainant requested assessment as presented by the respondent of \$215,570 was reasonable.

BOARD ORDER File #2012-03

Dated at the town of Sedgewick in the Province of Alberta, this 19th day of November 2012.



Presiding Officer, Darryl Trueman

APPENDIX "A"

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB:

NO.	ITEM
1. Exhibit.C-1	complainant presentation
2. Exhibit R-1	respondent evidence

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Plant		

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FOR ADMINISTRATIVE USE ONLY

Column 1	Column 2	Column 3	Column 4	Column 5

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