

Municipal Government Act Property Tax Exemption

The provisions in the MGA outline what qualifies for property tax exemption, specifically sections 351, 361 to 364. Within each section, specific exemption classifications govern exemptions for specific property uses situations. The majority of these property tax exemption classifications extend the exemption from both the municipal and educational (provincial) portions of the property tax levy.

Section 351 includes tax exemptions for non-assessable properties. Non-assessable properties are described under section 298(1)(a) to (bb). Typically, these types of properties are “publicly owned infrastructure or equivalent privately-owned facilities¹.” Examples of properties that are non-assessable include canals, roads or provincial parks. This section also allows property tax exemption for properties that were granted tax exemption under a private act or a Local Authorities Board Order prior to January 1, 1995.

Property tax exemption under section 361 is based on use of the property. It includes properties used for environmental reserves, municipal reserves, school reserves and undeveloped property reserved for public utilities. The property exemption for farm residences and buildings is also included in this section².

Majority of the properties exempt from taxes fall under section 362. Properties under section 362(1)(a) to (m), (o), (p) and 363(1)(a) to (d) may qualify for exemption just under the MGA and are not subject to further conditions. These include government properties, churches, schools, hospitals, nursing homes, and so on. Properties that may qualify for property tax exemption under section 362(1)(n)(i-v) apply to properties held by non-profit organizations that are subject to tests and conditions under Alberta Regulation 281/1998 *Community Organization Property Tax Exemption Regulation (COPTER)*.

Section 363 allows for exemptions for properties that can be made taxable. This means, if Council wishes to do so, through a bylaw, can make these properties taxable. These include properties held and used in connection with Ducks Unlimited³, non-profit hostels, veteran associations⁴, and student dormitories. Council has only passed one bylaw under this section to make student dormitories taxable for the municipal portion of the property taxes (Attachment 3). The property tax exemption for the provincial portion for student dormitories still applies.

Under MGA section 364, Council may use its discretion to exempt machinery and equipment, and also properties held by non-profit organizations. The property is exempt to any extent Council considers to be appropriate. This section in the MGA is rarely used, as it is a decision made outside of the legislated property tax exemption framework. To date, there is only one

¹ “Guide to Property Assessment and Taxation in Alberta” (p.10)
http://www.municipalaffairs.alberta.ca/documents/as/pte_guide_2005.pdf

² Criteria for exemption is prescribed in Part 5 of the *Matters Relating to Assessment and Taxation Regulation (AR220/2018)*

³ Through a lease, licence or permit from the Crown in right of Alberta or Canada

⁴ Include branch or local unit of the Royal Canadian Legion, the Army, Navy, and Air Force Veterans or other organizations of former members of any allied forces

non-profit organization exempt pursuant to this section. Council Bylaw 5M2013 provides a property tax exemption for all properties owned and used by a residents associations.

Community Organization Property Tax Exemption Regulation

There are three parts to COPTER:

Part 1: General Rules

According to the guide provided by the Province, these are the rules that applies to all properties exempt under COPTER. It outlines criteria for the primary use of a property, access to a property, and the holder of the property (e.g. must be non-profit). The Province further in the guide, provides tests regarding the rules. Each of the tests must be met for a property to qualify for property tax exemption.

Part 2: Qualifications for Exemption under Section 362(1)(n)(ii) to (v)

According to the guide, this part of the regulation provides specific information and criteria applicable for exemptions under s. 362(1)(n)(ii) to (v) of the MGA. It includes additional tests for properties that are being considered for exemption under this section, such as serving youths or benefiting the general public.

Part 3: Other Property exempt under s 362(1)(n) of the MGA

According to the guide, this part provides the authority for a municipality to consider a property tax exemption for a property that does not qualify under the MGA, such as arts facilities, day cares, and museums (see the following page for full list). It also provides the criteria for each category and the requirement for an application.

The Province prescribed the conditions or exemption criteria to ensure that there is consistency in the exemption eligibility decision making process for all municipalities in Alberta. Each of the conditions set out in the Regulation needs to be met for a property to qualify for property tax exemption. If one condition is not met, the property would not qualify for property tax exemption. There are 535 properties⁵ exempt from property taxes under COPTER, which accounts for over 680 million in assessment value.

⁵ This excludes properties exempt under MGA section 362(1)(n) as they are exempt under the MGA, but their conditions for exemptions are in COPTER

Based on the legislative (MGA) and regulatory references on the preceding pages, below is a summary listing of the different classifications under which properties may apply and be established for “exempt from taxation” status. Each classification is described in summary form and in terms of either:

- the type of organization that may hold the property in order to qualify for exempt status;
- the type of property use that is required

Agricultural Society	Hostel
Airport	Library Board
Arts or Museum *	Linguistic *
Banff Centre	Municipal government
Cemetery	Nursing home
Chamber of Commerce *	Post secondary institution
Charitable & Benevolent Purposes “general public benefit”	Private school
Charitable & Benevolent with local beneficiaries *	Regional Health Authority
Charitable & Benevolent with non-local beneficiaries *	Regional Services Commission
Care and supervision of children *	Religious
Community association	School District or Board
Community sports/games & recreation where majority of users are under 18	Seed cleaning plant
Ducks Unlimited	Senior citizens’ accommodation
Ethno-cultural *	Sheltered workshop *
Fairs or exhibitions, including agricultural exhibitions *	Sports or recreation *
Farm Improvement	Students’ association
Federal Crown, Provincial Crown	Student dormitory
Health Unit	Thrift shop *
Hospital Board, Hospital District	Veterans

* other properties exempt under COPTER section 15