

Municipal Governance

During the COVID-19 Outbreak

Frequently Asked Questions – April 17, 2020

The impact of the COVID-19 pandemic on municipalities changes on a daily basis. Municipal Affairs continues to support and provide regular updates addressing frequently asked questions and providing information on new tools as they become available. This update captures common questions on various topics, including education property tax deferrals, municipal deficits, declarations for state of local emergency and questions arising out of the Premier and Minister's telephone town hall meetings.

Time Extensions



Time extensions enacted in Ministerial Order MSD:022/20 applied to planning and development appeals, which has led to concerns about the potential loss of the construction season. Will Municipal Affairs consider changes to ensure development can occur before October 1, 2020?

YES. The intent of Ministerial Order MSD:022/20 was to provide time extensions so that municipalities could focus resources on responding to the COVID-19 pandemic. This blanket extension did result in unintended consequences.

Municipal Affairs will be updating the Ministerial Order to adjust the planning and development appeal timeline extension. Combined with the temporary regulation that gave flexibilities with how municipalities hold meetings, this should allow planning and development approvals to proceed while also conforming to current public health orders. Updates will be released soon.

Municipal Affairs Updates

Previous COVID-19 updates are available at www.alberta.ca/municipal-government-resources.aspx

Property Tax Deferral

Has the province announced any property tax relief?

NO. The province has not cancelled any portion of the education property taxes for 2020.

Is the province requiring any deferral of property taxes?

YES. Municipalities are required to defer the collection of non-residential education property taxes for six months, beginning April 2020.

This can be achieved through either:

- the deferral of just the education portion of non-residential property taxes to at minimum September 30, 2020, or
- through a deferral of an equivalent amount of property tax in a shorter time frame by deferring both education and municipal non-residential property taxes to at minimum July 30, 2020.

Is the province deferring collection of the non-residential education tax requisition?

YES. In an effort to assist with the cash flow challenges associated with offering tax deferrals to non-residential property owners, the non-residential portion of the education tax requisition will be deferred to December 2020. Only the residential portion of the requisitions will be invoiced in June and September, with the December invoice including the deferred amounts from June and September.

Can a municipality adopt their own residential property tax deferral approach?

YES. Municipalities have the discretion to choose whether to adopt a residential tax deferral approach and what that approach may be. Taxpayers may be expecting some form of relief given the province has publicly announced its non-residential education property tax relief.

If a municipality chooses to adopt their own property tax deferral, will the province be compensating municipalities for lost revenue from penalties or costs incurred for modifying tax program software?

NO. While the province understands the financial burden municipalities have to bear during this time, the province is also facing fiscal challenges and every level of government must do their part to support their stakeholders and communities during this pandemic.

Are municipalities that already have tax penalty dates in the fall expected to provide additional property tax deferrals?

NO. The intent is to delay the collection of education property tax until such time as the immediate pandemic crisis has passed. Municipalities with property tax deadlines after September 30 are already meeting this intent through the original penalty dates.

Education Property Tax Deferral

General information as well as property tax deferral guidelines are available at:

www.alberta.ca/education-property-tax.aspx and open.alberta.ca/publications/non-residential-property-tax-deferral-guidelines.

For further information, please contact a Municipal Affairs program advisor toll-free by dialing 310-0000, then 780-422-7125, or by email at taxprogramdelivery@gov.ab.ca.

Emergency Management

Has the province called a State of Emergency under the *Emergency Management Act*?

NO. While a Public Health State of Emergency was declared on March 17, 2020, under the provisions of the *Public Health Act*, there is no provincial State of Emergency. The following criteria established under the *Emergency Management Act* must be met before the province declares a State of Emergency:

- A local authority's capacity or ability to respond to an emergency or disaster has been exhausted, and the local authority is unable to restore public safety in their jurisdiction.
- The resources typically available to a local authority or the Government of Alberta are not sufficient to support and/or respond to the emergency or disaster event.
- The emergency or disaster is widespread, and the need for the additional powers provided under a declaration is necessary to cross-jurisdictional boundaries.

These criteria ensure the province can respond to disasters in a consistent, collaborative and resourceful way.

What powers does declaring a State of Emergency under the *Emergency Management Act* give the provincial government?

When a State of Emergency is declared under the *Emergency Management Act*, government is authorized to lead response efforts including making all decisions on behalf of the province to keep Albertans safe. This also includes implementing emergency response plans and collaborating with partners to plan and implement controls around evacuation orders, travel, requisitioning property, authorizing entry and exit and more.

What should a municipality consider in declaring a State of Local Emergency (SOLE)?

Municipalities should have existing plans in place for taking extraordinary action. **Declaring a state of local emergency is not required to activate these plans.** Consideration should be given to current organizational priorities and to what programs and services municipalities need to continue to deliver through the COVID-19 pandemic and whether the enhanced powers that municipalities access through a state of local emergency declaration are needed to meet those priorities.

What powers does declaring a State of Local Emergency (SOLE) under the *Emergency Management Act* give municipalities?

Section 24 of the *Emergency Management Act* addresses the powers local authorities have when a state of local emergency (SOLE) has been declared including the following.

- Controlling and prohibiting travel.
- Acquiring or using personal property.
- Procuring or fixing process for services and resources.
- Causing the evacuation of persons, livestock or property.
- Authorizing the conscription of persons needed to meet an emergency.
- Providing for the restoration of essential facilities and the distribution of essential supplies.

- Providing, maintaining and coordinating emergency medical, welfare and other essential services.

Are there special grants available for municipalities that have declared a State of Local Emergency (SOLE)?

NO. Declaring a State of Local Emergency does not provide access to any additional funding over and above the existing grants all municipalities may be eligible to apply to receive.

Alberta Emergency Management Agency

For questions please contact the Alberta Emergency Management Agency at 780-422-9000 or toll-free by first dialing 310-0000.

Municipal Cash Flow

Can a municipality run an operating deficit?

YES. Municipalities are only prohibited from **budgeting** for a deficit. There are no provisions in the *MGA* that prevent or disallow a municipality from reporting a deficit at year end. If budgets are adopted, but due to the impact of the global pandemic, a municipality is unable to collect sufficient revenues to cover all expenditures, the municipality is permitted to report an operating deficit.

Are there requirements for recovering operating deficits from the same year the deficit occurred?

NO. There are no legislative requirements to recover amounts from a previous year's operating deficit. The only deficits that require a recovery are outlined in section 244 of the *Municipal Government Act*. These are an accumulated deficit, net of the value of

tangible capital assets. A deficit of this nature means that the municipality is in a negative surplus position with respect to its total financial surplus and can be an indication that the municipality has exhausted its financial capacity. If a section 244 deficit is reported in the annual financial statements, municipalities are required to budget to recover that deficit in the following year. If more than one year is needed to recover that deficit, this may be granted upon request to the Minister of Municipal Affairs.

In recognition of the many financial strains facing many citizens, municipalities proactively enacted programs that delay collection of utility and property tax revenue; however, costs are still incurred to provide services and operate the municipality.

Are steps being taken to help municipalities with this cash flow and deficit situation?

YES. The province has deferred the collection of the non-residential component of the education tax requisition to December 2020, meaning the June and September invoices will not include amounts for non-residential education property taxes. Those amounts will be added to the December invoice.

In addition, the province recognizes the financial impact municipalities are facing and is looking at options to address debt and debt limits. These will be announced in the near future.

While the province announced customers can defer electric and gas utility payments for 90 days, will the province mandate municipalities to defer municipal water utility payments?

NO. It has been recognized that many municipalities have proactively implemented deferral programs; therefore, the province strongly encourages municipalities to continue to consider local measures that make sense within your local context, including the possibility of 90-day water utility payment deferrals. However, this is not a requirement.

Shovel-Ready Projects

Where do I send our municipality's list of shovel-ready projects the Minister referred to during the town hall meetings?

Municipalities can mail or email a letter explaining any shovel-ready projects to the Minister's office:

The Honourable Kaycee Madu
Minister of Municipal Affairs
132 Legislature Building
10800 – 97 Avenue
Edmonton, AB T5K 2B6
Email: minister.municipalaffairs@gov.ab.ca

Also forward a copy to: ma.geptbranch@gov.ab.ca.



Municipal Advisory Services

If you have municipal governance questions, please contact us at:

780-427-2225

or toll-free by first dialing 310-0000

or email ma.lgsmail@gov.ab.ca

Further Updates

We will continue to examine ways to support municipalities in navigating through this situation, and will provide further updates as new tools become available.