

# Municipal Governance

## During the COVID-19 Outbreak

Frequently Asked Questions – April 3, 2020

The ***Public Meeting Procedures (COVID-19 Suppression) Regulation*** provides flexibility during the COVID-19 crisis by allowing municipalities to meet in a manner that supports social distancing recommendations from the Chief Medical Officer of Health. In addition to this new regulation, many timelines and deadlines legislated in the *Municipal Government Act (MGA)* have been extended by Ministerial Order MSD:019/20 and MSD:022/20.

### Municipal Affairs Updates

Previous COVID-19 updates are available at [www.alberta.ca/municipal-government-resources.aspx](http://www.alberta.ca/municipal-government-resources.aspx)

The state of the COVID-19 pandemic and its impact on municipalities continues to change on a daily basis. This document focuses on municipal finance and also addresses a common concern about development appeals. This is intended to serve as an additional guide for municipalities while we continue to navigate these challenging times together.

## Municipal Cash Flow Assistance

**Will there be any modifications to help with the municipal cash flow?**

**YES.** The financial challenges municipalities are facing as a result of the COVID-19 pandemic are unprecedented. In recognition of this, the Province is exploring an option to increase the allowable level of

operating borrowing and general borrowing limits for the purpose of COVID response. This would allow municipalities to access additional short-term borrowing facilities to be used to assist with cash flow and other operational concerns. More information will be provided once all options have been explored.

## Tax Deferral Initiatives

**Will the Province be enacting legislation requiring municipalities to defer utilities or property taxes?**

**NO.** Many municipalities are proactively implementing programs to ease the financial burden on their citizens. In recognition of the proactive steps municipalities are taking, the Province of Alberta is not considering legislative provisions at this time but encourages municipalities to enact voluntary deferrals where reasonable and appropriate for their community.

### Municipal Advisory Services

If you have further questions, please contact us at:

780-427-2225

or toll-free by first dialing 310-0000

or email [ma.lgsmail@gov.ab.ca](mailto:ma.lgsmail@gov.ab.ca)

## School Requisition

**Are municipalities required to pay the education tax requisitions on the quarterly schedule?**



**YES.** Municipalities will continue to be invoiced for education property taxes. 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. Therefore, only the residential portion of the requisitions will be invoiced in June and September.

### COVID-19 – Municipal Legislative Modifications

View the new Regulation, Ministerial Orders and Orders In Council at [qp.alberta.ca](http://qp.alberta.ca)

## Deficits and Debt Limits

**Can a municipality have an operating deficit?**

**YES.** Municipalities are only prohibited from budgeting for a deficit. 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, there are no provisions in the *MGA* that prevent or disallow a municipality from reporting a deficit at year end.

The only deficits required to be addressed are outlined in section 244 of the *MGA*. A section 244 deficit is 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. If a 244 deficit is reported in the annual financial statements, municipalities are required to budget to recover that deficit in the subsequent year. Additional time for the recovery may be granted upon request to the Minister of Municipal Affairs.

## Time Extensions

**Ministerial Order No. MSD:022/20 extends a number of *MGA* deadlines to October 1, 2020. Are municipalities required to extend deadlines to October 1, 2020?**



**NO.** This is dependent upon the wording in the section of the *MGA* subject to an extension. For sections listed in Appendix 1, the date currently in the *MGA* would be replaced with October 1. For example, section 278 of the *MGA* would read that “each municipality must submit its financial information return and auditor’s report...to the Minister by October 1.” This provides municipalities with the flexibility to complete this on or before October 1.

**Can deadlines exceed October 1, 2020, if they are triggered by an event?**

**YES.** Ministerial Order No. MSD:022/20 extends all deadlines triggered by an event under the *MGA* and its associated regulations until October 1, 2020, such that the time period triggered by the event is deemed to end on October 1, 2020 or to end as specified within the *MGA* and its associated regulations, whichever time is later.

This means that municipalities should not have less time as a result of the deadline extension. For example, when a petition for a borrowing bylaw is received, the CAO has 45 days to validate and report to council. As a result of the extension, the CAO may take up to October 1, 2020 to determine the petition sufficiency and report to council. If the petition is received after August 18, 2020 (within 45 days of October 1, 2020) the CAO has 45 days to validate which may extend past October 1, 2020. The timeline is whichever time is later to ensure at a minimum, the CAO has the legislated 45 days.

Several sections of the *Municipal Government Act* are not included in Ministerial Order No. MSD:022/20. Are these deadlines still in effect?

**Yes.** Sections not included in the Ministerial Order remain in effect. Municipal Affairs continues to explore options to address any provisions inhibiting the governance of a municipality. Requests for extensions can still be made to the ministry if deemed necessary.

**Has the deadline to have audited financial statements, financial information returns and statistical information returns submitted been extended?**

**Yes.** Ministerial Order No. MSD:022/20 changed the deadline such that the financial information return, auditor's report on the financial information return and financial statements must be submitted to the Minister by October 1, 2020. The order also states that the statistical information return must be completed and submitted to Municipal Affairs by October 1, 2020.

## Assessment Notices

**Has the date for sending assessment notices been modified?**

**YES.** Ministerial Order No. MSD:022/20 extended the date in section 310(1) of the *MGA*. For 2020, the assessment notices must be sent no later than October 1.

**Our office is closed and will be closed when our assessment complaint deadline ends and we are not set up to accept online complaints. Can a municipal assessor extend the complaint deadline?**

**NO.** The Ministerial Order extends the deadline to file an assessment complaint to October 1, 2020, or 60 days after the notice of assessment date, whichever time is later.

## Designated Industrial (DI) Property Tax Requisitions

**2020 notices were sent on March 31.** If you have further questions, please contact the Assessment Services Branch toll-free at 310-0000 then, 780-422-1377, or email: [ma.asbcia.asmt@gov.ab.ca](mailto:ma.asbcia.asmt@gov.ab.ca)

**Can assessment review boards postpone hearings that are already scheduled prior to October 1, 2020?**

**YES.** In the event there are appeal hearings already scheduled, the board does have authority under section 18 in the *Matters Relating to Assessment and Complaints Regulation (MRAC)* to postpone hearings.

## Tax Recovery

**What does the October 1, 2020 extension mean for property tax arrears?**

The deadline of March 31, 2020 for municipalities to submit arrears list to Land Titles is extended so that the arrears list must be sent to the Registrar no later than October 1, 2020. As it has always been, it is still within the discretion of administration to determine when the arrears list will be submitted.

**Does the extension to submit the tax arrears list mean the list of properties for tax sale between April 1, 2020 and March 2021 is extended to October 1, 2021?**

**NO.** For tax arrears notifications issued in 2019, March 31, 2021 is still the deadline for the tax sale.



**If a property owner pays the 2018 taxes owing before October 1, 2020, are they removed from the property tax arrears list?**

**YES.** Until such time as Land Titles has been sent the tax arrears list; only 2019 property taxes would be outstanding.

Once the tax recovery file notification has been registered on title, all tax arrears owing must be paid before the municipality can request the file notification to be removed.

**What does the Ministerial Order extension mean for property tax sales?**

If a tax arrears notification was filed in 2018, the sale would have been held prior to March 31, 2020, but Ministerial Order MSD:0202/20 extended this to October 1, 2020.

For a tax arrears notification filed in 2019, the deadline remains March 31, 2021 for those tax sales.

**Due to the COVID-19 crisis, can municipalities defer payments from individuals with which they have entered into tax agreements?**

**YES.** If the terms and conditions of the tax agreement allows the municipality the right to amend an existing agreement due to significant and unforeseen circumstances, the municipality may use its discretion to reschedule payments as long as the term doesn't exceed the maximum of three years currently allowed by Section 418(4). If a municipality wanted an agreement to exceed three years, an extension request must be submitted to the Minister.

### **Municipal Advisory Services**

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## **Development Appeals**

**Some of the extensions regarding development appeals, such as appeals of subdivision approvals and development permits, are causing concern about unnecessarily delaying development. Is there a way to resolve this?**

**YES.** These extensions were put in place to protect the right of individual residents and developers to appeal decisions, in a situation where it was not entirely clear what appeal processes might look like during a pandemic. However, with the adoption of the Meeting Procedures (COVID-19 Suppression) Regulation, council meetings, public meetings and appeal hearings can now occur on a purely electronic basis, while maintaining transparency and public access. Municipal Affairs is working with partner associations and legal professionals to identify the right solution to the challenges arising from these timeline extensions, and amendments are expected to be brought forward in the near future.

The next update will focus on planning and development issues.



### **Further Updates**

Municipal Affairs is aware of the unique operational challenges municipalities are facing at this unprecedented time.

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