



Complaint ID 0316 1821  
Roll No. 03139000

COMPOSITE ASSESSMENT REVIEW BOARD DECISION  
HEARING DATE: NOVEMBER 27 AND 28, 2023

PRESIDING OFFICER: J. DAWSON  
BOARD MEMBER: J. GRAU  
BOARD MEMBER: A. TARNOCZI

BETWEEN:

PRAIRIE BIBLE INSTITUTE

Complainant

-and-

TOWN OF THREE HILLS

Respondent

This decision pertains to a complaint submitted to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by an Assessor of the Town of Three Hills as follows:

ROLL NUMBER: 03139000  
MUNICIPAL ADDRESS: 468 4 AVENUE NE, NORTH WAREHOUSE SOUTH PORTION  
ASSESSMENT AMOUNT: \$150,000

The complaint was heard by the Composite Assessment Review Board on the 27<sup>th</sup> and 28<sup>th</sup> day of November 2023, via Virtual Conference.

Appeared on behalf of the Complainant:

I. Chauhan, Associate with Snyder & Associates LLP, and  
E. Maxwell, Managing Director of Finance of Prairie Bible Institute

Appeared on behalf of the Respondent:

K. Waters, AACI with Wild Rose Assessment Services, and  
D. Clark, AMAA with Wild Rose Assessment Services

**DECISION:**

The assessed value of the subject property is confirmed with the assessment value unchanged at \$150,000 with the exemption portion unchanged at 85%.

## 0316 1815 – 1829 Multiple Rolls

| Complaint ID & Roll No.    | Property Address                    | Property Type                                   | Current Assessment / Exceptions                                  |
|----------------------------|-------------------------------------|---|--|
| 0316 1815 Roll<br>00035500 | 320 3 Avenue NE                     | Vacant lot – north 2/3 parking                  | 100% Taxable, 0% Exempt \$94,000                                 |
| 0316 1816 Roll<br>00028500 | 422 2 Street NE                     | Vacant R2 lot                                   | 100% Taxable \$78,000  |
| 0316 1817 Roll<br>00006000 | 616 2 Street NE                     | Vacant lot                                      | 100% Taxable \$49,000  |
| 0316 1818 Roll<br>00007000 | 610 2 Street NE                     | Vacant lot                                      | 100% Taxable \$49,000  |
| 0316 1819 Roll<br>00008000 | 606 2 Street NE                     | Vacant lot                                      | 100% Taxable \$47,000  |
| 0316 1820 Roll<br>00009000 | 602 2 Street N                      | Vacant lot                                      | 100% Taxable \$52,000  |
| 0316 1821 Roll<br>03139000 | 468 4 Avenue NE                     | Leased bay within on-campus warehouse           | 15% taxable, 85% exempt \$150,000                                |
| 0316 1822 Roll<br>03142000 | 448 4 Avenue NE                     | Leased bay within on-campus warehouse           | 100% Taxable \$68,000  |
| 0316 1823 Roll<br>03146500 | 330 6 Avenue NE                     | Maxwell Centre as primary campus admin building | 10% Taxable, 90% exempt: \$3,411,000                             |
| 0316 1824 Roll<br>03100000 | Part SE 1-32-24-W4 (Prairie Campus) | Main campus site. Assessed as vacant lot        | 40% Taxable, 60% Exempt \$2,218,000                              |
| 0316 1825 Roll<br>03131000 | 343 4 Avenue NE                     | Owner occupied thrift store                     | 85% Taxable, 15% Exempt: \$109,000                               |
| 0316 1826 Roll<br>03130000 | 331 3 Avenue NE                     | Dormitory-style college housing                 | \$3,736,000 (100%) taxable + \$0 (0%) exempt = \$3,736,000 total |
| 0316 1827 Roll<br>03320000 | 308 7 Avenue NE                     | Apartment-style college housing                 | 100% taxable \$1,456,000   |
| 0316 1828 Roll<br>03121000 | 332 2 Avenue NE                     | Detached single-family dwelling (south)         | 100% Taxable, 100% taxable \$45,000                              |
| 0316 1829 Roll<br>03122000 | 336 2 Avenue NE                     | Detached single-family dwelling (north)         | 100% Taxable, 100% taxable \$37,000                              |

**JURISDICTION**

- [1] The Central Alberta Regional Assessment Review Board [“the Board”] has been established in accordance with section 455 of the *Municipal Government Act*, RSA 2000, c M-26 [“MGA”].

**PROPERTY DESCRIPTION AND BACKGROUND**

- [2] The subject property is a building consisting of 8,000 square feet. It is located on roll 03100000 in the Town of Three Hills with a College District (COL) Land Use Designation (LUD). There are no identified influences or market adjustments. The assessed values are determined by application of the cost approach.
- [3] The entire property calculates at 85% exempt leaving a taxable portion of 15%.

**PRELIMINARY MATTERS**

- [4] These preliminary matters pertain to fifteen hearings and specific preliminary matter(s) may not pertain to this specific hearing.
- [5] This hearing along with fourteen others were opened simultaneously as they all pertained to property owned by the Complainant. The panel, representation for the Complainant and representation for the Respondent were unchanged during the entire hearing.
- [6] The Respondent requested that the hearing be heard consecutively as per the preliminary decision dated November 10, 2023. The panel explained that the consecutively is different that sequentially and followed a format where each party can speak on the overarching matters regarding all complaints and that individual rolls heard consecutively - one after another without interruption in an unbroken or logical sequence with all rolls opened simultaneously.
- [7] The Presiding Officer confirmed that no Board Member raised any conflicts of interest regarding matters before them.
- [8] Neither party raised any objection to the panel hearing the complaint.
- [9] The Complainant indicated that it wished to withdraw three complaints (0316 1822, 0316 1828, and 0316 1829) leaving twelve complaints for the panel to decide on.
- [10] A further three complaints (0316 1820, 0316 1823, and 0316 1825), both parties agreed on the assessed value and level of exemption but disagreed on which exemption applied.
- [11] The Respondent requested that the act to Incorporate the Prairie Bible Institute (1946 Chapter 78) be excluded from evidence because it is “beyond the mandate of Assessment Review Board hearing...”. The Board agreed to hear all evidence properly disclosed and make the decision based on the jurisdiction provided to the Board.
- [12] The Board finds that all evidence properly disclosed remains without redaction.

[13] No additional preliminary or procedural matters were raised by any party. Both parties indicated that they were prepared to proceed with the complaints.

### **POSITION OF THE PARTIES**

#### **Position of the Complainant**

[14] The Complainant introduced the Prairie Bible Institute as a 'Bible School' and as a religious post-secondary institution with a focus on providing students with a Christian-focused education. Claiming that the Bible School is only authorized to issue degrees in divinity.

[15] The Bible School is in the Town of Three Hills and has been operating in the municipality since 1922, as an association under the Religious Societies Lands' Act. In 1946, the Bible School was incorporated under a Private Act of legislature. For over 100 years, the Bible School has operated in the same use and fashion since its inception.

[16] The Complainant explained that the Bible School consists of over 30 assessment roll numbers, 15 of which are under complaint. The Bible School is situated upon multiple parcels of land with separate legal descriptions, most of which contiguous.

[17] The Complainant indicated that the property assessments have been prepared based on land assessments on their own rolls, with the building assessments on separate rolls.

[18] The Complainant presented that the assessment amount complaints are abandoned on all files with the only issue being the extent to which the Bible School are exempt from taxation.

[19] Additionally, the Complainant's complaints being exempt by way of a Private Act passed in 1946 is abandoned, focusing its attention on exemption from taxation, based on use, pursuant to Sections 362(1)(d) and/or Section 362(1)(k) of the MGA.

[20] The Complainant argued that its constitution and incorporating act indicate that core values which assert the Bible School's commitment to providing a Christ-centered education for the purpose of spreading the message of Christ across the globe.

[21] The Complainant explained that in 2017, the Respondent passed Bylaw 1411-17 to make student dormitories subject to taxation.

[22] The Complainant asserted that there are three issues for consideration by this Board:

- A. is the "religious use" tax exemption, pursuant to Section 362(1)(k) of the MGA, correctly applied by the Respondent?
- B. is the "educational use" tax exemption, pursuant to Section 362(1)(d) of the MGA, correctly applied by the Respondent?
- C. is the assessment fair and equitable?

[23] The Complainant argued that statutory provisions must be contextually interpreted in consideration of the act to ensure the entire statute is cogent and intelligible. This is consistent

with the "modern method" of statutory interpretation endorsed by the Supreme Court of Canada in *Re Rizzo & Rizzo Shoes Ltd.*:

*The words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament. Rizzo & Rizzo Shoes, [1998] 1 SCR 27 at paras 20-21 [Rizzo]*

[24] The Complainant presented that the Supreme Court of Canada has confirmed that administrative tribunals must interpret statutes following the "modern principle" of statutory interpretation.

*A court interpreting a statutory provision does so by applying the "modern principle" of statutory interpretation, that is, that the words of a statute must be read "in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament": Rizzo & Rizzo Shoes Ltd. (Re), 1998 CanLII 837 (SCC), [1998] 1 S.C.R. 27, at para. 21, and Bell ExpressVu Limited Partnership v. Rex, 2002 sec 42, [2002] 2 S. C.R. 559, at para. 26, both quoting E. Driedger, Construction of Statutes (2nd ed. 1983), at p. 87. Parliament and the provincial legislatures have also provided guidance by way of statutory rules that explicitly govern the interpretation of statutes and regulations: see, e.g., Interpretation Act, R.S.C. 1985, C. /-21.*

*This Court has adopted the "modern principle" as the proper approach to statutory interpretation, because legislative intent can be understood only by reading the language chosen by the legislature in light of the purpose of the provision and the entire relevant context: Sullivan, at pp. 7-8. Those who draft and enact statutes expect that questions about their meaning will be resolved by an analysis that has regard to the text, context and purpose, regardless of whether the entity tasked with interpreting the law is a court or an administrative decision maker. An approach to reasonableness review that respects legislative intent must therefore assume that those who interpret the law - whether courts or administrative decision makers - will do so in a manner consistent with this principle of interpretation. **Vavilov v. Canada (Minister of Citizenship and Immigration), 2019 SCC 65 at paras 117-118 [Vavilov]***

[25] The Complainant emphasized that it is important for courts and tribunals to conduct a purposive analysis of the statutory text premised on the following three propositions:

- 1. All legislation is presumed to have a purpose. It is possible for courts to discover or adequately reconstruct this purpose through interpretation.*
- 2. Legislative purpose must be taken into account in every case and at every stage of interpretation, including initial determination of a text's meaning.*
- 3. In so far as the language of the text permits, interpretations that are consistent with or promote legislative purpose should be adopted, while interpretations that defeat or undermine legislative purpose should be avoided.*

**Ruth Sullivan, Sullivan on the Construction of Statutes, 7th ed at Section 9.01(1) [Sullivan]**

[26] The Complainant argued that another important interpretive maxim that is particularly relevant to this case is what is known as the "presumption against tautology" - this refers to the presumption that the Legislature avoids using meaningless words, and so legislative provisions need to be interpreted in a fashion that gives meaning and effect to every word in the provision. Further, if a

statute uses different terminology in one section as compared to another section in the same statute, it is presumed that the difference is meaningful.

- [27] The Complainant explained that in applying the "modern method" of statutory interpretation to the MGA, it is important to note that Section 362(1)(d) utilizes different measures of use than Section 362(1)(k). Whereas Section 362(1)(k) utilizes a used chiefly standard, Section 362(1)(d) utilizes a more lax standard: "used in connection with". Applying the principles of statutory interpretation, this means that the legislature utilized different terms for a reason, and this Board must consider that Section 362(1)(d) provides a broad exemption.
- [28] The Complainant presented, similarly, where Section 362(1)(k) utilizes the words "divine service", "public worship", and "religious education", it should be interpreted these three uses have a different meaning.
- [29] The Complainant reviewed relevant sections of the MGA and several decisions in support of its position (to be thoroughly considered within analysis), including:
- A. Edmonton (City) v. North Pointe Community Church, 2008 ABQB 110 ("North Pointe"),
  - B. Carmelite Nuns of Western Canada v. Alberta (Assessment Appeal Board), [1994] A.J. No. 595 ("Carmelite"),
  - C. Placid Foundation v. St. Albert (City), [2005] A.M.G.B.O. No. 52 ("Placid"),
  - D. Prabhat Chaturvedi, Shri Sad guru Sai Baba Mandir of Edmonton v. The City of Edmonton, 2021 ABECARB 2434 ("Prabhat"), and
  - E. Alberta Beach Pentecostal Camp (now operating as Sunset Point Christian Camp) v. Summer Village Sunset Point, CARB 0308-01-2023 ("Sunset Point")
- [30] The Complainant stated Section 362(1)(k) of the MGA sets out that property that is held by a religious body and used chiefly for the divine service, public worship, or religious education, as well as space used for parking in relation to these uses is exempt from taxation.
- [31] Adding that the primary purpose of the Bible School is to provide a Christian centered education to enable their students to spread the message of Christ.
- [32] The Complainant continued; The Bible School Land and the Homes are only used to serve the Bible School's overall purpose. Whenever the Land or Homes are used, they are used only within the context of the exempted activity in Section 362(1)(k).
- [33] The Complainant argued, were it not for the Bible Schools pursuit of the furtherance of their mission, the Bible School Land and the Homes would not be used by the Complainant at all. Stating that the Bible School Land and the Homes are used solely for the purposes of divine service, public worship, and religious education and are not used for any secular or commercial purpose.
- [34] The Complainant explained that the Bible School Land and Homes may have ancillary purposes, but as clearly determined ancillary purposes do not result in the exemption section 362(1)(k)

being lost. Accordingly, the Complainant submits that the Bible School Lands and the Homes should be exempted pursuant to Section 362(1)(k).

- [35] The Complainant also argued the Bible School Land and Homes are exempted given the educational use of the property. Section 362(1)(d) of the MGA sets out that property used in connection with educational purposes, other than a student dormitory, that is held by the board of governors of a university, polytechnic institution, comprehensive community college or the governing body of an educational institution affiliated university is exempt from taxation.
- [36] The Complainant presented that the educational use exemption is a broad exemption that provides that any property that is used in connection with educational purposes is exempt. The language of the section varies from that of other sections, such as Section 362(1)(k) which utilized the language "chiefly" used and is done so intentionally.
- [37] The Complainant indicated that applying the principles of statutory interpretation provides that distinction is intentional. In connection with is meant to be understood as a much broader exemption. Accordingly, the Complainant submits the entirety of the Bible School Land and Homes are exempted from taxation pursuant to Section 362(1)(d) of the MGA. The subject of this hearing is the Bible School Land and the Homes, which are used in connection with the educational purpose of the Bible School.
- [38] The Complainant also asserted that the Bible School Lands has not been assessed in a fair and equitable manner as required by Section 293 of the MGA. To consider what is fair and equitable, the Board should consider exemptions provided to similar properties to the Bible School Lands. To do so, the Board can consider other assessments prepared by the Respondent, including Roll 00005000, the Comparable Roll is adjacent to rolls 00006000, 00007000, 00008000, and 00009000, however the Comparable Roll is exempt whereas the rest are not.
- [39] The Complainant explained that for the Comparable Roll, the Respondent has properly applied the exemptions under Sections 351, 362(1)(d) and 362(1)(k) as the Comparable Roll is entirely exempt. Accordingly, the Complaint submits that the Respondent has erred by under applying the exemptions provided under Sections 351, 362(1)(d), and 362(1)(k), and in doing so have prepared an inequitable assessment. As such, the entirety of the Bible School Lands should be exempted as required by the MGA to be fair and equitable and in compliance with Section 293.
- [40] In conclusion the Complainant argued that the Bible School is a religious post-secondary institution. As such, the Bible School Land and the Homes are required to be exempted from taxation. Explaining that the Bible School Land and the Homes are used solely for the purposes of divine service, public worship, and religious education, or to facilitate those purposes, and are not used for any secular or commercial purpose.
- [41] The Complainant emphasized that the wording of section 362(1)(k) is deliberate and intentional. The choice to include "religious education" in the section was done so purposely. It must mean something different than "divine service" or "public worship" and the only way to give effect to the words of section 362(1)(k) is to exempt the entirety of Bible School as it fulfils the purpose of religious education.

- [42] The Complainant argued that a property may be exempted under more than one definition, and the Bible School is also a post-secondary institution, therefore the Bible School land and the buildings are exempt pursuant to the educational use exemption.
- [43] The Complainant presented that the Bible School land and the buildings are used in connection with educational purposes. Accordingly, the Complainant submits the entirety of the Bible School land, and the buildings are exempt from taxation pursuant to Section 362(1)(d).
- [44] The Complainant interviewed witness E. Maxwell, where some evidence was provided, including this summary:
- A. The Bible School is a religious post-secondary institution that is primarily used to provide a Christian-focused education to the students who attend. In fact, the Bible School is only authorized to provide degrees in Divinity. Every student must take Bible classes – three courses (9 credits) in the first year up to seven courses (21 credits) by the end of 4 years. Other elective Bible courses are available as well.
- i. Associate of Arts in Mission Aviation
    - Diploma (2 years)
  - ii. Bible and Theology
    - Program (1 year)
    - Diploma (2 years)
    - Degree (4 years)
  - iii. Business Administration
    - Degree (4 years)
  - iv. Christian Formation & Counselling
    - Undergraduate (2 years)
  - v. Church Ministry
    - Degree (4 years)
  - vi. Digital Media
    - Diploma (2 years)
  - vii. Humanities
  - viii. Intercultural Studies
    - Degree (4 years)
  - ix. Musicianship
    - Program (1 year)
  - x. Outdoor Leadership
    - Degree (4 years)
  - xi. Practical Nursing



- Dual Diploma (2 years)
- xii. Primary Care Paramedics
    - Program (1 year)
  - xiii. Songwriting and Recording
    - Program (2 years)
  - xiv. Sports Management and Leadership
    - Business Program (2 years)
  - xv. Master of Global Christian Educational Leadership
    - On-line Program (1 year)
- B. The purpose of the Bible School is to help establish God's kingdom by equipping and mentoring individuals through biblically integrated education for the life and careers that will meet the greatest needs of the world for the glory of God.
- C. The Bible School's core values are being Christ-centered, Discipleship-directed, Bible-based, and Mission mandated.
- D. The Bible School empowers Christians through Christian-focused education to lead a life of divine service. The programs offered at the Bible School are offered to fulfil this purpose.
- E. All students who attend the Bible School must be of the Christian faith. The Bible School imposes a Christian life and testimony requirement on all applications of prospective students. Prospective students are required to provide a statement of their Christian faith as well as why they have applied for a specific program.
- F. Further, students applying to attend the Bible School are required to provide a spiritual reference who can confirm their Christian faith and beliefs.
- G. The Christian life and testimony statements are then reviewed in contemplation of the Christian Life and Testimony Requirement.
- H. While the Bible School is an educational institution, its primary purpose is to provide a Christian-focused education to students. Were it not for the Bible Schools desire to provide a religious education, the Bible School would not use the land or the buildings at all.
- I. Davidson apartment and the dormitories are required to facilitate the primary religious educational purpose of the Bible School.
- J. Further, Davidson apartment is not solely used by students. Of the 27 total rooms in Davidson Housing, only 17 are used by students.
- K. The primary use of the entire property, including both buildings and land, is divine service and religious education.

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- L. For the 2022-2023 school year, the Bible School had 480 students enrolled. About 150 of those students were taking classes taking classes remotely (synchronously or asynchronously) at various locations including from home and penitentiaries. As well, approximately 30 were high school students enrolled in dual credit courses. There were 323 students attending classes in person. Of those students attending in person 21 students resided in the town of Three Hills. The remaining students, approximately 302, were housed in the dormitories. 100% of these students are Christians.
- M. The reason that the dormitories were built was because there were not enough places for the students to stay in Three Hills.
- [45] In rebuttal, the Complainant rebutted two decisions provided by the Respondent (to be thoroughly considered within analysis):
- A. *Alberta Health Services v. MacKenzie County*, and
  - B. *Ranchland's Congregation of Jehovah's Witnesses v. The City of Calgary*.
- [46] The Complainant argued that the caselaw the Complainant provided in its original disclosure is more relevant and provides a better analysis of Section 362(1)(k).
- [47] The Complainant maintained that the 41 Acre Parcel should be 100% exempt from taxation. The 41 Acre Parcel is the main portion of Bible School lands upon which the campus improvements are situated. The Bible School is utilized for the purposes of religious education, therefore there are two use-based exemptions available those under Section 362(1)(d) of the *MGA* and those under Section 362(1)(k) of the *MGA*.
- [48] The Complainant claimed that the entirety of the 41 Acre Parcel is used in connection with educational purposes. All portions of the Bible School lands are utilized for purposes related to the Bible School's overall educational objective and should therefore be found to be 100% exempt.
- [49] The Complainant contended that if there are portions of the 41 Acre Parcel that are not used in connection with educational purposes, which is not admitted and is explicitly denied, those portions are used for the Bible School's chief purpose of religious education and should therefore be found to be 100% exempt in any event.
- [50] The Complainant argued that while a portion of the Garage is leased out, the Garage is still held by the Complainant and is used by the Complainant for storage. It is still used in connection with educational purposes, being used for storage by the Bible School, the Complainant maintains the Garage is 100% exempt from taxation. An exemption under Section 362(1)(d) is not lost by virtue of a property containing a leased portion.
- [51] The Complainant's position is supported by both the caselaw interpreting section 362(1)(k) provided in the Complainant's original disclosure, as well as the interpretation of Section 362(1)(d) in *U of A. so*
- [52] The Complainant explained that in the alternative, should the Board find that the leased portions of the Garage are taxable, the Complainant submits that the portion of the Garage which is used for storage by the Bible School should be exempted from taxation.

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- [53] The Complainant maintained that the Carpentry Shop is used and held by the Bible School for the storage of campus maintenance equipment and therefore the Complainant maintains the Carpentry Shop should be 100% exempt from taxation. While a portion of the Carpentry Shop is leased, this does not result in an exemption being lost.
- [54] The Complainant explained that should the Board find that the leased portions of the Carpentry shop are taxable, the Complainant submits that the portion of the Carpentry Shop which is used for storage by the Bible School should be exempted from taxation.
- [55] The Complainant argued that its position is supported by both the caselaw interpreting section 362(1)(k) provided in the Complainant's October 12th disclosure, as well as the interpretation of Section 362(1)(d) in *U of A*.
- [56] The Complainant maintained its position as they should be 100% exempt from taxation as they are used in connection with the Bible School's overall educational purposes, or they are used chiefly for the purposes of divine service, public worship, and religious education, or to facilitate those purposes.
- [57] The Complainant argued that the Bible School and all its improvements were intended to be exempt from taxation by the *Private Act* as the legislature acknowledged the religious educational use of the Bible School.
- [58] As the use has not changed, the Complainant maintained the exemption should still be recognized, albeit through the operation of Section 362(1)(d) and (k). Applying the principles of statutory interpretation, the Bible School should be exempt from taxation.
- [59] The Complainant insisted that, if the Board does not find the subject property exempt based on being used in connection with education purposes, the Board should find the subject property exempt pursuant to Section 362(1)(k) as the chief use of religious education must include the Bible School to give effect to the wording of the *MGA*. Alternatively, if the Board finds the subject property has a taxable portion attributable, the Complainant submits the taxable portions of the subject property is overstated in the Respondent's disclosure and the Board should accept the Complainant's alternative arguments contained herein.

### **Position of the Respondent**

- [60] The Respondent provided a flow chart based on sections of the *MGA*. The first question asked is if the property is a dormitory under the definition in section 326(1). If so, does section 351(1) apply – private act, then the property is exempt unless there is a bylaw under section 351(2) to remove the exempt. The second question is whether the property is used for educational purposes as per section 362(1)(d). If yes then the property is exempt, if not then taxable. The final question is whether Used Chiefly for Religious Use 362(1)(k). If yes then the property is exempt, if not then taxable.
- [61] The Respondent reviewed relevant sections of the *MGA* in support of its argument (to be thoroughly considered during analysis).

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- [62] The Respondent explained that the Complainant applies all arguments in one document, without referencing its application to any of the fifteen rolls before the Board. The points are generally made through reference to exemption legislation.
- [63] The Respondent argued that nowhere in MGA does 'Religious Use' broadly exempt a college campus, and especially not their dormitories. The MGA does not contemplate 'religious education' as qualifying for broad tax exemptions, incorporating both education and religious into the broadest of exemptions.
- [64] The Respondent noted that the MGA refers to 'religious education' once, only within 362(1)(k). Extending this brief reference as providing all encompassing religious-education exemption for faith-based post-secondary campuses is unjustified.
- [65] The Respondent argued that all property is taxable by default. Exemption is achieved through legislation.
- [66] The Respondent explained that college operates as 'Prairie College', not Prairie Bible College, Prairie Bible Institute, or Bible School. Prairie College is approved for Post-Secondary Education, and it offers a degree, in Divinity, and other diplomas, certificates and license programs, such as:
- I. Diploma in Sports Management
  - II. PCP (Primary Care Paramedic) and ACP (Advanced Care Paramedic) accreditation courses
  - III. Practical Nurse Diploma
  - IV. Certificate in Outdoor Leadership
  - V. Diploma in Outdoor Leadership
  - VI. Bachelor of Arts in Intercultural Studies (BAIS)
  - VII. Licensed Commercial Pilot in Aviation program.
- [67] The Respondent indicated that the Complainant asserts the religious component of the college. While the Respondent asserts the religious element of the college is not relevant, in terms of tax exemption.
- [68] The Respondent argued that the campus infrastructure is primarily purpose built for educational use, similar in layout to most postsecondary campuses. As a faith-based campus, and there are several in the province, education includes religious components.
- [69] The Respondent explained that prior to the original Bylaw 1043-91, there was an agreement in place for Complainant to indemnify the Respondent of costs. It seems the agreement was cumbersome to administer, so it was agreed that property tax would be a suitable way to move forward – continuing for 31 years so far.

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- [70] The Respondent also explained that industrial-style warehouse bays and the land occupied by businesses that are not associated with the college, in any educational or religious capacity are taxable. The industrial building known as a “Carpentry Shop”, may have been used by the College in the past but is now used by a tenant who operates a commercial enterprise with to no benefit for the students.
- [71] The Respondent explained that it assessed as taxable because the current use does not meet any exemption types: for section 362(1)(d): in connection with educational purposes or section 362(1)(k): used chiefly for divine service, public worship, or religious education.
- [72] The Respondent argued that these businesses are not to the benefit of the students like a coffee shop, or cafeteria. They are for-profit industrial/commercial businesses in direct competition with enterprises in and around the Town of Three Hills.
- [73] The Respondent asserted that applying an exemption to the land associated with these businesses would create inequity to competing businesses, as well as competing industrial/commercial properties trying to lease space in Three Hills.
- [74] The Respondent explained that section 362(1)(k) states that religious exemptions from taxation are property:
- I. ...used chiefly for divine service, public service, or religious education.
  - II. ...and any parcel of land that is held by the religious body and used only as a parking area in connection with those purposes.
- [75] The Respondent asserted that most of the Prairie College campus, as a faith-based post-secondary institution, has already been exempted via educational exemptions within section 362(1)(d).
- [76] The Respondent explained the only area of the campus that meets exemption per section 362(1)(k) is the chapel, which is already been exempted under section 362(1)(d).
- [77] The Respondent argued that there are many faith-based post-secondary educational institutions, each offering a blend of traditional education plus faith. They are not churches, nor primarily used for divine worship. Whether faith-based or secular; every semester, every student willingly chooses an institution, then pays ongoing tuition fees in exchange for education.
- [78] The Respondent explained that subject property is unique to the town. There are no other college campuses within the community to compare for the application of a fair and equitable assessment. Direct interpretation and consistent application of the MGA throughout the municipality creates a fair and equitable assessment.
- [79] The Respondent presented that the MGA does not contemplate ‘religious education’ as qualifying for broad tax exemptions, incorporating both education and religious into the broadest of exemptions.
- [80] The Respondent explained that the building is leased and used by a commercial business and is not used by the Complainant. The Respondent indicated that all leased space is taxable as this type of property is not used chiefly for divine service, public service, or religious education. Unless

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an exemption is applied for annually and received under COPTER (Community Organization Property Tax Exemption Regulation). Which they have not.

- [81] The Respondent presented that the Complainant may wish to abandon the claim around valuation; however, valuation is key in determining the assessment of each property. An exemption cannot be applied to a portion of a property using a sliding scale of valuation. There is the law of diminishing returns: as units increase, the value per unit decreases. An exemption should be applied based on each component and the specific assessment.
- [82] The Respondent argued that the Complainant's case law references give clear direction as to the application of 362(1)(k), affirming that the subject property, as a faith-based post-secondary institute, is not governed by this MGA section (to be thoroughly considered within analysis).
- [83] The Respondent presented that it their recommendation that the assessed value be unchanged. Based on actual use, the exempt-taxation assessment status be changed to 100% taxable. The recommended assessment changes are attributable to in-office assessment review.
- I. During an inspection, commercial vehicles were seen as well as commercial business sign on the entrance.
- [84] The Respondent explained that the correct assessment is \$150,000 with no exemption.

#### **ANALYSIS, BOARD FINDINGS and DECISION**

- [85] The Board accepts the original assessment value presented by the Respondent because the Complainant offered no alternative value. The Respondent admitted that no internal inspection was completed, and the Complainant argued that there was significant storage present for the college. Without a definitive breakdown of the uses, the Board finds that the Assessment value is unchanged to \$150,000. The exemption amount to be considered below.
- [86] The Board is conscious of the implications of this decision and how thoughtful interpretation of the legislation is required.
- [87] To present the parties' positions in one paragraph; the Complainant is claiming that any portion deemed taxable under educational use, is exempt under religious use. The Respondent basically argues that you can't have it both ways and the legislature couldn't have intended it to be that way.
- [88] The Board notes that the Complainant described how discipleship (religious education) directed all their educational offerings. When describing the education received in nursing and paramedics the Complainant focused on the discipleship being offered as being the primary mandate and with aviation, the Complainant described the opportunity towards mission work (landing on grass strips, short runways, etc.). Meanwhile, the Respondent simply described nursing, paramedics, and aviation.
- [89] The Complainant relied on three sections in the MGA in its disclosure but advanced only two – section 362(1)(d), and section 362(1)(k):

*362(1) The following are exempt from taxation under this Division:*

*(d) property, other than a student dormitory, used in connection with educational purposes and held by any of the following:*

- (i) the board of governors of a university, polytechnic institution or comprehensive community college under the Post-secondary Learning Act;*
- (ii) the governing body of an educational institution affiliated with a university under the Post-secondary Learning Act;*
- (iii) a students association or graduate students association of a university under the Post-secondary Learning Act;*
- (iv) a students association of a polytechnic institution or comprehensive community college under the Post-secondary Learning Act;*
- (v) the board of governors of the Banff Centre under the Post-secondary Learning Act;*

*(k) property held by a religious body and used chiefly for divine service, public worship or religious education and any parcel of land that is held by the religious body and used only as a parking area in connection with those purposes;*

[90] The Respondent relied on section 362(1)(d) of the MGA along with sections 363(1)(d) and 363(3):

*363(1) The following are exempt from taxation under this Division:*

*(d) student dormitories.*

*(3) A council may by bylaw make any property referred to in subsection (1)(d) subject to taxation to any extent the council considers appropriate other than for the purpose of raising revenue needed to pay the requisitions referred to in section 326(1)(a).*

[91] The definition of student dormitories is relevant and defined within the MGA at section 326, and an undisputed fact is that the council of the applicable jurisdiction has created a bylaw as permitted in section 363(3):

*326(1) In this Part,*

*(b) "student dormitory" means a housing unit*

*(i) that is used in connection with a purpose referred to in section 362(1)(c), (d) or (e) or with a college incorporated under a private Act of the Legislature, and*

*(ii) the residents of which are students of a facility used in connection with a purpose referred to in section 362(1)(c), (d) or (e) or with a college incorporated under a private Act of the Legislature,*

*but does not include a single family residence and the land attributable to that residence;*

[92] The Complainant provided significant argument regarding interpretation of the MGA and provided *Re Rizzo & Rizzo Shoes*, [1998] 1 SCR 27 at paras 20-21 [*Rizzo*] wherein the Supreme Court of Canada wrote:

*The words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.*

- [93] The Complainant also relied upon *Vavilov v. Canada (Minister of Citizenship and Immigration)*, 2019 sec 65 at paras 117-118 [ *Vavilov*] wherein the Supreme Court of Canada provided guidance on the requirements of a tribunal such as the Board:

*[117] A court interpreting a statutory provision does so by applying the "modern principle" of statutory interpretation, that is, that the words of a statute must be read "in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament": Rizzo & Rizzo Shoes Ltd. (Re), [1998] 1 S.C.R. 27, at para. 21, and Bell ExpressVu Limited Partnership v. Rex, 2002 SCC 42, [2002] 2 S. C.R. 559, at para. 26, both quoting E. Driedger, Construction of Statutes (2nd ed. 1983), at p. 87. Parliament and the provincial legislatures have also provided guidance by way of statutory rules that explicitly govern the interpretation of statutes and regulations: see, e.g., Interpretation Act, R.S.C. 1985, c. I-21.*

*[118] This Court has adopted the "modern principle" as the proper approach to statutory interpretation, because legislative intent can be understood only by reading the language chosen by the legislature in light of the purpose of the provision and the entire relevant context: Sullivan, at pp. 7-8. Those who draft and enact statutes expect that questions about their meaning will be resolved by an analysis that has regard to the text, context and purpose, regardless of whether the entity tasked with interpreting the law is a court or an administrative decision maker. An approach to reasonableness review that respects legislative intent must therefore assume that those who interpret the law - whether courts or administrative decision makers - will do so in a manner consistent with this principle of interpretation.*

- [94] Meanwhile, the Respondent noted that the MGA refers to 'religious education' once, only within 362(1)(k). Extending this brief reference as providing all encompassing religious education exemption for faith-based post-secondary campuses is unjustified.

- [95] The Board finds that the legislature need not be repetitive, as to shout its intentions, a single mention in context of the legislation is sufficient.

- [96] The Board, in finding that the subject property provides religious education in addition to education available in similar institutions, relied on the evidence from the Complainant that discipleship is their focus in every program offered.

**University of Alberta v. Edmonton (City of), 2005 ABCA 147 ("U of A")**

- [97] In rebuttal, the Complainant U of A relating to partially leased improvements and interpretation of section 362(1)(d).

- [98] The U of A decision is an Alberta Court of Appeal decision dealing with an appeal by the University of Alberta of an assessment review board decision that found that leasing food services to Aramark resulted in exemptions under Section 362(1)(d) being lost.

- [99] The Court of Appeal found that the board in U of A erred in equating holding rights and leasing rights.



[100] Further, the Court of Appeal was also tasked with determining the meaning of "used in connection with" within the context of Section 362(1)(d) of the MGA.

[101] The Court of Appeal concluded that while there is no definitive test for "used in connection with", the board's narrowing of the section by only exempting properties that are a "necessary and integral part of the provision of education" was unreasonable.

[102] The Court of Appeal found that "necessary and integral" was "too restrictive" and did "not accord with the plain wording of the statute", and the Court commented that an interpretation that may be used is "whether the properties are used 'for the purposes of achieving [educational purposes] in a practical and efficient manner.'"

[103] Based on these reasons, the Court of Appeal allowed an appeal of the board's decision, while providing helpful guidance into the interpretation of the phrase "used in connection with".

**Edmonton (City) v. Governors of the University of Alberta, 2013 ABQB 440 ("HUB")**

[104] The Complainant further argued that the HUB decision dealt with an application to the Alberta Court of Queen's Bench by the municipality to appeal the decision of a composite assessment review Board.

[105] The composite assessment review board in HUB found a building containing approximately 70 leased units, described as "HUB Mall", to be 100% exempt from taxation.

[106] The municipality argued that the services provided by the leasees were available to the public, there was no restrictions on the leasees to provide services to students, and that there was no evidence pertaining to how any individual tenant was connected to educational purposes.

[107] Notwithstanding the municipality's argument, the composite assessment review board found Hub Mall to be 100% exempt from taxation following the Alberta Court of Appeals guidance in U of A.

[108] On the application for appeal, the municipality argued the composite assessment review board erred and applied the wrong test.

[109] However, Justice Lee held that the board utilized the test set out in U of A, which was binding on the board, as well as the courts, and accordingly the application for appeal was denied.

[110] The Board considered HUB decision wherein the justice found no difference between it and the U of A decision heard by the Alberta Court of Appeal regarding leased premises exempt because they were being used in connection with education.

[111] The Board had inconclusive evidence on what exactly was taking place within the leased premises with the Respondent admitting that it had not inspected the interior and the Complainant indicating that it is primarily used for storage.

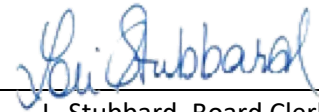
[112] The Board finds the subject property is chiefly used for 'religious education' and is exempted under section 362(1)(d).

**DECISION SUMMARY**

[113] The Board finds that the assessment value is unchanged at \$150,000 with an 85% exemption through section 362(1)(d).

[114] The Board finds that a fair and equitable assessment of the subject property is achieved by following the direction of the legislature and the guidance of previous decisions.

[115] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 27<sup>th</sup> day of February, 2024 and signed by the Presiding Officer on behalf of all the panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



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L. Stubbard, Board Clerk

On behalf of

J. Dawson

Presiding Officer

*If you wish to appeal this decision you must follow the procedure found in section 470 of the MGA which requires an application for judicial review to be filed and served not more than 60 days after the date of the decision. Additional information may also be found at [www.albertacourts.ab.ca](http://www.albertacourts.ab.ca).*

**APPENDIX**

Documents presented at the Hearing and considered by the Board.

| <u>NO.</u> |     | <u>ITEM</u>  |
|------------|-----|--|
| 1.         | A.1 | Hearing Materials - 103 pages                                      |
| 2.         | C.1 | Complainant CARB Disclosure – Letter to Board - 1 page             |
| 3.         | C.2 | Complainant CARB Disclosure - Legal Argument - 41 pages            |
| 4.         | C.3 | Complainant CARB Disclosure - Volume of Authorities - 148 pages    |
| 5.         | C.4 | Complainant Rebuttal Disclosure – Letter - 1 page                  |
| 6.         | C.5 | Complainant Rebuttal Disclosure – Legal Argument - 16 pages        |
| 7.         | C.6 | Complainant Rebuttal Disclosure - Volume of Authorities - 22 pages |
| 8.         | R.1 | Respondent Disclosure - 34 pages                                   |
| 9.         | R.2 | Respondent Disclosure - Review of Comp Disclosure - 38 pages       |
| 10.        | R.3 | Respondent Disclosure – Referenced Source Materials - 19 pages     |