

REVALUATION 2021

UNDERSTANDING ASSESSMENT

ROLE OF THE SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

SAMA is responsible for assessment governance of the \$250 billion property assessment base, and a \$2.1 billion property tax base. The Agency provides assessment valuation services to 759 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 869,000 properties in the province.

2021 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2017 was the year of the last revaluation, and the 2021 Revaluation will see assessed values updated to reflect a new base date of January 1, 2019. The legislated base date means that 2021 values reflect a property's value as of January 1, 2019.

VALUATION STANDARDS

Market Valuation Standard

For the 2021 Revaluation, Saskatchewan will continue to use the market valuation standard for valuing residential and non-regulated commercial property.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the cost approach, the sales comparison approach and the property income [rental] approach.

The market valuation standard for residential and non-regulated commercial property requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property [estate in fee simple].
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

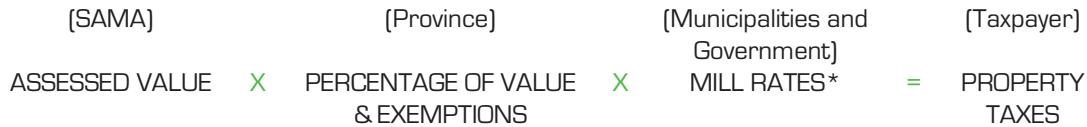
Regulated Property Assessment Valuation Standard

Agricultural land, heavy industrial property, railway roadway, pipelines and resource production equipment will continue to use a regulated system [regulated property]. These types of properties are required to meet the regulated property assessment valuation standard as specified in legislation.

Both the market valuation standard and the regulated property assessment valuation standard adhere to the base date, and equity must be considered by the appraiser as a dominant and controlling factor in assessment preparation.

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate* to produce property tax levies, also known as your property tax bill.



*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.

VALUATION INFORMATION FOR DIFFERENT PROPERTY TYPES

The process of determining value for different types of properties is outlined in more detail in separate SAMA Information Sheets. The following information sheets can be obtained from SAMA's website:

Understanding Assessment (#1)
Residential Property (#2)
Commercial Property (#3)
Resort Property (#4)
Golf Courses (#5)

Agricultural Land (Arable) (#6)
Agricultural Land (Pasture) (#7)
Heavy Industrial Property (#8)
Oil and Gas Equipment (#9)
Mining Equipment (#10)

The following three publications were prepared by the Agency for use with the 2021 Revaluation:

1. *Saskatchewan Assessment Manual (2019 Base Year)* - This is a regulated document that has the force of law. It contains the rules for the valuing property subject to the regulated property assessment valuation standard.
2. *SAMA's 2019 Cost Guide* - This is a non-regulated document that provides guidance for SAMA's appraisers on the application of the cost approach to value.
3. *Market Value Assessment in Saskatchewan Handbook* - This is a non-regulated document that provides guidance for the valuation of property subject to the market valuation standard. This document describes the three approaches to value but primarily focuses on the property income (rental) approach.



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COMMERCIAL PROPERTY

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VALUATION STANDARD

Commercial property is subject to the **market valuation standard** set out in provincial legislation. The market valuation standard requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the property income [rental] approach, the cost approach and the sales comparison approach. The income approach will be used for properties that have active lease or rental markets. If there are few comparable sales the cost approach will be used. The sales comparison approach has limited application for commercial property as there are generally not enough sales to support its use.

THE PROPERTY INCOME (RENTAL) APPROACH

The property income [rental] approach to value is based on the premise that the value of a property is directly related to the rental income it will generate. The appraiser analyses both the property's expenses and ability to produce future income, relates that information to sales of comparable properties, and then estimates the property's value. The property income [rental] approach provides the most fair, reliable and accurate assessed values for commercial properties and rental apartments in areas where there are active lease and rental markets.

THE COST APPROACH

The cost approach estimates the replacement cost of a building, less depreciation, adding land values based on market information and relating the resulting building and land values to average selling prices as of the base date using comparable property sales information. The approach is most useful when there are few comparable sales. The cost approach is used in smaller municipalities and for specific property types across Saskatchewan.

COMMERCIAL LAND ASSESSMENT

To value commercial land, appraisers consider its use, location, zoning, and average selling price. Appraisers also consider services to the land that often affect its value, such as paved streets, sidewalks, sewer and water connections, and other similar factors.

Average selling prices are a key consideration in valuing commercial land. Neighbourhoods subject to similar market influences are identified and average selling prices are determined. For SAMA's purposes, neighbourhoods can be defined as part of a municipality, a whole municipality or even a group of municipalities with similar market characteristics.



COMMERCIAL BUILDING ASSESSMENT

The depreciated replacement cost of commercial buildings is based on the average construction costs for various building types and qualities of construction. All commercial buildings and structures are assessed, including sheds, garages, and other structures that add value to the property. While no record is kept for improvements such as fences, driveways and landscaping features, these do affect average selling prices, and are accounted for in the Market Adjustment Factor (MAF).

$$\text{REPLACEMENT COST NEW} - \text{DEPRECIATION} \times \text{MARKET ADJUSTMENT FACTOR} = \text{COMMERCIAL BUILDING ASSESSMENT}$$

The market valuation standard permits replacement costs to be obtained from different sources. SAMA's *2019 Cost Guide* (Guide) contains procedures for applying the cost approach plus construction cost tables for commercial structure types. Additional details can be found on SAMA's website at www.sama.sk.ca.

The system also accounts for all types of depreciation: physical deterioration, and functional and economic obsolescence. Physical deterioration is calculated using tables set out in the cost guides. Functional obsolescence is accounted for with market adjustments. Economic obsolescence and any other loss or gain in value is accounted for with the MAF.

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate* to produce property tax levies, also known as your property tax bill.

$$\text{[SAMA]} \quad \text{[Province]} \quad \text{[Municipalities and Government]} \quad \text{[Taxpayer]} \\ \text{ASSESSED VALUE} \times \text{PERCENTAGE OF VALUE} \times \text{MILL RATES*} = \text{PROPERTY TAXES}$$

*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.



SAMA has Information Sheets available on the assessment process for different types of properties. For further information visit SAMA's website or contact your local municipality or any SAMA office.

Please note that for jurisdictions where SAMA provides valuation services, individual property assessed value information is available on SAMA's website at www.sama.sk.ca, by clicking the SAMAView link.

October 2020

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ASSESSMENT APPEAL GUIDE FOR THE RESIDENTS OF THE TOWN OF WADENA

What is an Assessment?

Assessment is the process of valuing all properties in an area using mass appraisal techniques. Property assessment is not the same as property tax. Local governments use property assessments to calculate property taxes. Property assessments link the value of a property to market conditions. Since property values change over time, all assessments are calculated according to a 'base date' to ensure fairness.

Who determines the Assessment?

The **Saskatchewan Assessment Management Agency (SAMA)** determines the assessed values of all of the properties in the municipality. It is an agency that operates independently from government.

What is a Field Sheet?

The field sheet provides specific details about your property used to calculate your assessment such as **size of buildings, condition of buildings, and size of lot**. This was sent in the mail with your assessment notice.

Who can Appeal?

Any person with an interest in the assessed value or classification of a property can appeal the property assessment.

What can I appeal?

You can appeal if you believe there has been an error in **the assessed value, the classification, the contents of the assessment roll, and/or the assessment notice**.

The grounds for an appeal must provide specific facts and evidence that support an error has been made. Phrases such as "assessment too high" and "assessment too low" are not sufficient.

It is your responsibility to make a case to the board of revision when you prepare a notice of appeal form. It may be as simple as proving that dimensions in the current assessment are wrong or that a property classification is not correct. The case may be as complex as proving that the value of a property is not fairly assessed compared to another property that is similar.

What CANNOT be appealed?

You cannot appeal the **level of taxes owing** to a municipality to the board of revision. Tax policy is a decision made by your council. Concerns about taxation should be addressed to your municipal council. The board of revision hears assessment appeals only.

When to appeal?

Within 60 days of the assessment roll being advertised or of the mailing of the assessment notice, you must file your appeal at the address shown on the assessment notice. This may be done in person or by mail.

Where can I get the appeal form?

An appeal form is on the **back page** of the assessment notice that you receive from the Town of Wadena.

In a revaluation year, everyone gets an assessment notice. Sometimes notices are mailed just to owners whose assessment changed from the previous year.

If there was no change in your property assessment but you wish to appeal your assessed value, please contact the Town Office.

Is there a fee to appeal?

Yes. The appeal fee is **\$25** as set by the Fees and Charges Bylaw No. 2021-01. The fee must be paid before the deadline to appeal. Failing to do so will result in the appeal being dismissed.

The fee is refunded where:

- 1) the appeal is successful in whole or in part
- 2) an appeal is withdrawn
- 3) the appeal is deemed insufficient by the board of revision or its secretary.

Can I withdraw my appeal?

Yes, you may withdraw your appeal. The **withdrawal must be in writing** at least 15 days before the hearing date. Where an appeal is withdrawn, the appeal fee is refunded.

If the parties to an appeal reach an agreement to adjust the assessed value of the property, you must withdraw your appeal.

What should I do if I have questions about my assessment or would like to file an appeal?

Please contact the Town of Wadena at (306) 338-2145 or email: wadenafinance@sasktel.net.

An appointment can be set-up if you would like to further discuss your assessment notice and/or detailed property assessment report or file an appeal.