

Property Assessment & Tax 101

A Reference Guide to
Property Assessment and Taxation
in Alberta

Alberta Municipal Affairs
2013 - 2014

What is Property Assessment?

- In Alberta, property is taxed based on the “ad valorem” principle. This means that the amount of tax a property owner pays is “according to value” of the property.
- “Assessment” is the process of assigning a value to property in order to distribute a municipality’s revenue requirements among property owners.
- Property assessment is regulated by the *Municipal Government Act*.

Valuation Standards

- Market value:
 - The price a property might reasonably be expected to sell for if sold by a willing seller to a willing buyer after appropriate time and exposure in an open market.
- Regulated procedure:
 - Prescribed rates and procedures for properties that
 - Seldom trade and usually include non-assessable items in the sale price
 - cross municipalities and municipal boundaries, or
 - Are of a unique nature.

Market Value Assessments

Prepared for properties defined as:

- Residential Property
 - Single & Multi-Family Dwellings
- Non-residential Property
 - Commercial & Industrial

Regulated Property Assessments

Prepared for properties defined as:

- Farmland;
- Machinery & Equipment
 - Related to refineries, chemical plants, pulp and paper plants, oil sands plants, etc.;
- Railway;
- Linear Property
 - Oil and gas wells;
 - Pipelines ;
 - Electric power systems;
 - Telecommunication systems;
 - Cable television systems

Property Tax

- Property taxes are the primary source of revenue for municipalities and fund a number of local services.
- “Property Taxation” is the process of applying a tax rate to a property’s assessed value to determine the taxes payable by each property owner.

Education Taxes

- Education taxes are requisitioned from municipalities based on their assessments and the provincial revenue requirement.
- Revenues raised in support of education are pooled and distributed to schools across the province based on a per student formula.
- Municipalities collect the education tax and remit the taxes collected to the province for distribution to school divisions.
- Stable funding through education taxes contributes to a high-quality K-12 school system.

Municipal & Education Tax Rates

municipal revenue requirement ÷ assessment base = **municipal tax rate**
education requisition requirement ÷ assessment base = **local education tax rate**

Setting the Individual Tax Bill

tax rates x property assessment = **taxes payable**

Assessment Notices

- Assessment notices inform property owners of the value that has been assigned to their property. The notice includes the following information:
 - property address & description;
 - assessment;
 - assessment class;
 - school support declaration;
 - taxable / exempt status;
 - date the notice is sent; and
 - date by which & to whom a complaint* must be made.
- **No complaint may be made about a tax rate or the amount of a tax*

Tax Notices

- Tax notices include the same information as an Assessment Notice as well as:
 - The tax rate and amount of each tax imposed;
 - The total amount of all taxes imposed (and other requisitions as applicable);
 - The amount of tax arrears, if any; and
 - A notation if the property is subject to a tax agreement.
- Tax notices may be combined with assessment notice information.

Factors Impacting Property Taxes

- Local budget requirements;
- Provincial education requisition;
- Available assessment base; and
- Changing property values.

What do Property Taxes support?

- The portion of services (i.e. road maintenance, police & fire protection, etc.) unfunded after government grants and user fees are accounted for; and
- A portion of classroom costs for K-12 education (i.e. teachers' salaries, textbooks, etc.)

Why is education partially funded through the Property Tax?

- The education property tax provides Alberta's education system with a stable and sustainable source of revenue; and
- Pooling the education property tax in the Alberta School Foundation Fund ensures that students receive a quality education regardless of their municipality's assessment base.

Assessment Services Branch

Tel: 780-422-1377 Toll-free in AB: 310-0000

www.municipalaffairs.alberta.ca/am_assessment_services.cfm

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