

A Strategic Session is a standing Committee of Council for the purpose of reviewing specific municipal matters in an informal meeting setting.

Assessment and Taxation

Council met with Ian Ferguson from Municipal Assessment Services Group—the County’s residential, farm and commercial assessor—and Larry and Kory Horne from Independent Municipal Assessment Corporation—the County’s heavy industrial assessors. The purpose of the meeting was to discuss the process and regulations surrounding municipal assessment and taxation.

Municipal assessment and taxation begins with the laws and regulations laid out in Alberta’s Municipal Government Act (MGA). Municipalities are responsible for collecting taxes for municipal and educational purposes. Property taxes are the main source of revenue for municipalities and finance local services like garbage collection, water and sewer services, road construction and maintenance, parks and recreation facilities, fire protection and community peace officers.

Education is a provincial program and every year the province notifies the County as to the amount of education taxes the municipality is required to collect. This education tax rate is calculated and applied to the assessed value of each property and included in the annual tax bill to property owners. In Lac La Biche County, the same is true for the taxes that support seniors’ lodges—the County belongs to the Greater North Foundation, a membership of 13 municipalities who remit their seniors’ lodge taxes to the foundation to oversee, manage and develop seniors’ lodge facilities in the member municipalities. The Greater North Foundation operates Lac Alta Lodge in Lac La Biche.

There are two components to municipal taxation – assessment and taxation. Assessment is the process of assigning a dollar value to a property. Taxation is the process of setting and applying a tax rate to a property’s assessed value in order to determine the amount of taxes payable by the owner of a certain property.

The Process of Assessment

The MGA states that municipalities must perform assessments every year. Most residential and commercial properties are valued based on the Market Value Based Standard. This is the most fair and equitable means of assessing property because it ensures that similar properties are assessed and taxed in the same way. Farmland, linear property—i.e. electrical power lines, pipelines, oil and gas wells and telecommunication lines— heavy industrial machinery and equipment, and railway property are valued based on the Regulated Procedure Based Standard.

The Market Value Based Standard is used to assess the value of the majority of the properties in Lac La Biche County. Market value is the price a property might reasonably be expected to sell for if sold by a

willing buyer after an average amount of time and exposure on the open market. Assessors gather information on ranges of sale prices in the market place as part of the process of calculating assessment for a particular property. (Assessors also use a cost-based approach when assessing a new or nearly new property where comparative sales are hard to come by. The value is assessed by taking the market value of the land, plus the cost of any improvements and then making deductions for depreciation.)

Assessments are conducted by professional, provincially-certified assessors contracted by the municipality, who are required to follow all provincial procedures and legislation. Before an assessment is prepared, property data is collected through on-site inspections and online resources. An inspection is conducted so that all characteristics of the property are considered (age, quality, improvements, depreciation, etc). All newly constructed properties must be assessed and existing properties are reviewed from time to time to ensure the information is up to date. The MGA permits assessors to visit and inspect properties. Assessors must produce identification upon request and explain the purpose of their visit. The assessor then observes, records and verifies the physical details of the property. Usually, assessors do not need to inspect home interiors.

After the assessed values of all properties in a municipality have been determined, each individual property will be assigned to an assessment class—residential, non-residential, farmland, machinery and equipment. Finally, the class and assessed value of each property is listed on the assessment roll—a list of the value of all assessable properties in the municipality.

Combined assessment and tax notices are then sent to property owners to tell them the assessed value of their property, upon which their taxes will be based. If you find an error on your tax and assessment notice, residents can contact the municipal assessor to discuss the error and have it corrected. If there is no error, but you still disagree with your assessment, you can follow the complaint and appeal process outlined by the MGA. The deadline for filing a complaint or appeal is listed on the tax and assessment notice, usually 60 days after the mailing date.

Taxation

Once all properties have been assessed, the municipal Council sets the tax rate. First, Council determines how much money will be needed to operate the municipality in a given year. Budgeted revenues are subtracted from this amount (i.e. licenses, grants, permits). The remainder is the amount of money the municipality needs to raise through property taxes to provide services throughout the year. This revenue requirement is used to calculate the tax rate for the year. The revenue requirement is divided by the assessment base (the total value of all assessed properties in the municipality) and the result is the year's tax rate. Each individual property's assessment is multiplied by the tax rate, resulting in the taxes payable by each property owner.



Strategic Session

November 27, 2014

Tax rates are often adjusted on a yearly basis depending on the revenue requirement and the growth or decline of the assessment base. If the municipality requires more revenue to provide municipal services or to fund capital projects, and the assessment base in the municipality has remained the same, Council may increase the tax rate to generate additional revenue.

Conversely, if the assessment base in the municipality increases, and revenue requirements remain the same, tax rates may be lowered to reflect the increased assessment base.

Once Administration calculates each property's taxes, property tax bills are mailed out to landowners. IN Lac La Biche County, property taxes are due every year on June 30.