



GUIDEBOOK

TAXATION & ASSESSMENT





Table of Contents

- 3 Introduction
- 7 **MARKET VALUE BASED STANDARD**
- 8 **HOW ASSESSMENTS ARE PREPARED**
- 10 **INQUIRIES AND RESOLUTION**
- 12 **MUNICIPAL PROPERTY TAXATION**
- 14 **FAQs**
 - Assessment
 - Property tax
 - Property Owner Representative Authorization
- 18 Glossary



How property taxes are calculated

$$\text{ASSESSED PROPERTY VALUE}^* \times \text{PROPERTY TAX RATE} = \text{PROPERTY TAX BILL}$$

* Your property assessment is based on the market value as of July 1 of the previous year. Since The City values all properties every year in Lloydminster, we use a mass appraisal method which means valuing similar groups of properties as of a specific date.

Property assessment is the process of assigning a dollar value to a property for taxation purposes. Funds collected through property tax are re-invested in the community, supporting local programs and services:

- » parks and recreation facilities
- » garbage collection
- » water and wastewater services
- » road construction and maintenance
- » police and fire protection
- » education

The City of Lloydminster follows the Alberta model for property assessment and taxation. The chart on the following page illustrates the processes, connections, and components of the property assessment and taxation process.

The Municipal Government Act and Assessment and Taxation

LEGISLATION

The assessment and taxation system begins with the laws outlined in the Municipal Government Act. All activities associated with property assessment and taxation are governed by this legislation and its regulations.



VALUATION STREAM

The assessor interprets these rules to determine which valuation method must be used for each property.



REGULATED

The regulated procedure based standard uses rates and procedures prescribed by Municipal Affairs to calculate assessed values for certain types of properties. These types of properties include farmland, linear property, machinery and equipment, and railway property.

OR

MARKET VALUE

(See definition on Page 7)

The market value based standard is considered the most fair and equitable means of assessing property. It is fair because similar properties are assessed in the same manner; it is equitable because owners of similar properties in a municipality will pay a similar amount of property tax.

DATA COLLECTION

The assessor collects a variety of information to calculate a property assessment.

BUILDING
PERMITS



LAND
TITLES



REAL
ESTATE



ON-SITE



IMAGERY



ASSESSMENT DEVELOPED



ASSESSMENT ROLL PREPARED

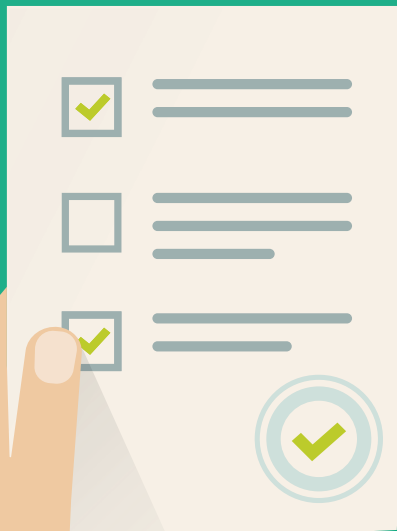
Once the assessment is complete, the assessed value is entered on the assessment roll, which lists all of the property assessments in a municipality.

ASSESSMENT NOTICES SENT

A notice is mailed to every property owner in a municipality. If a property owner does not agree with the information on his or her assessment notice, he or she may file a complaint.



INQUIRIES &
RESOLUTIONS





→ Market Value Based Standard

The Market Value Based Standard is used to determine the assessed values for the majority of properties in Alberta. Market value is 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.

KEY CHARACTERISTICS OF MARKET VALUE ARE:

It is the most probable price, not the highest, lowest, or average price.

It is expressed in terms of a dollar value.

It assumes a transaction between unrelated parties in the open market.

It assumes a willing buyer and a willing seller, with no advantage being taken by either party.

It recognizes the present use and potential use of the property.



Not all property is assessable for property tax purposes. The Municipal Government Act outlines what property is assessable for taxation.

The act defines property as:

- » A parcel of land
- » An improvement
- » A parcel of land and the improvements to it
- » Publicly owned infrastructure or equivalent privately owned facilities
- » Minerals
- » Property in Indian reserves
- » Property in Metis settlements
- » Growing crops

Some properties are assessable, but not taxable. Properties that are assessed but then exempted (in whole or in part) from taxation include:

- » Most farm residences and improvements
- » Environmental, municipal, and school reserves
- » Government properties such as hospitals, libraries, and schools
- » Colleges and Universities
- » Privately operated schools
- » Churches and cemeteries
- » Property owned by some non-profit organizations such as benevolent societies, boys' and girls' clubs, etc.
- » Hostels

HOW ASSESSMENTS ARE PREPARED



MASS APPRAISAL

An appraisal is an estimate of value. Properties in Alberta are assessed using a method called mass appraisal. Mass appraisal is the process of valuing a group of properties as of a given date, using common data, mathematical models, and statistical tests.

Mass appraisal techniques allow assessors to accurately value a large number of properties in a short period of time. Before an assessment can be prepared, property data must be collected. Accurate and complete property records lead to more accurate assessed values. The more accurate the assessed values, the more equitable the entire assessment system is.

Detailed information about each property is gathered by making on-site visits or by corresponding with the owner of the property. Correspondence with a property owner usually occurs when the assessor is requesting information about commercial, industrial, or rental properties (such as apartment buildings or hotels).

Information collected by the assessor in the assessment process is also available from other sources including Land Titles, real estate, Multiple Listing Services, and financial institutions.



VALUATION AND CONDITION DATES

The valuation date is a fixed point in time at which assessment values are based. The valuation date ensures all properties in a municipality are valued as of the same date. The valuation date set by the Municipal Government Act is July 1 of the previous year. For example, for the 2017 tax year, the valuation date for property assessment is July 1, 2016. This means that a 2017 property assessment must reflect the mass appraisal value of the property as of July 1, 2016.

The second legislated date in the valuation process is the condition date. The condition date is the date on which the condition of the property is recorded for property assessment purposes.



INSPECTIONS

An assessor may decide to inspect a property. An inspection is conducted so all characteristics of the property that affect the assessment are considered when the assessor determines the property's value. All newly constructed properties require an inspection. Existing properties need to be reviewed occasionally to ensure information used to create the property's assessment remains accurate.



ASSESSMENT NOTICES

Assessment notices are created from the information on the assessment roll. The assessment notice is the document municipalities send to property owners to tell them about the assessment of their property. An assessment notice or an amended assessment notice must show the date by which a complaint must be made, which must be 60 days after the assessment notice or amended assessment notice is sent to the assessed person.



INQUIRIES AND RESOLUTIONS



ASSESSMENT DISPUTE PROCESS

To ensure that property owners have a voice in the property assessment process, the Municipal Government Act has set out a complaints and appeals system for property owners who have concerns about their assessment. The process involves filing a complaint with the Assessment Review Board. The type of property the complaint is about will determine the type of Assessment Review Board that will hear your complaint.

Residential property with three or fewer dwelling units, farmland, or a tax notice other than a property tax notice will be heard by a Local Assessment Review Board (LARB). Residential property with four or more dwelling units or non-residential property will be heard by a Composite Assessment Review Board (CARB). The difference is that CARB hearings are chaired by a provincial Presiding Officer.

If you believe an error in law or jurisdiction has been made by the assessment review board, you may appeal that decision to the Court of Queen's Bench of Alberta (CQB).

HOW TO FILE A COMPLAINT

The first step an assessed person should take if he or she believes his or her property assessment is unfair or inaccurate is to contact the assessor.

The assessor can be reached by filling out an [inquiry form](#) with the City of Lloydminster Assessment & Taxation Department. The assessor may request to inspect the property to determine if an error was made. If the assessor agrees the original notice is not accurate, a corrected notice may be issued.

If the assessor and the property owner cannot come to an agreement, the property owner may begin the formal complaint process by filing a complaint with the municipality's Assessment Review Board. The deadline for filing a complaint with the Assessment Review Board is noted on the assessment notice.

Any assessed person, taxpayer, or person acting on behalf of an assessed person or taxpayer may file an assessment complaint. An agent for fee acting on behalf of a property owner or taxpayer must have written authorization to do so.

A COMPLAINT MAY BE FILED ABOUT ANY OF THE FOLLOWING ITEMS LISTED ON THE ASSESSMENT OR TAX NOTICE:

THE DESCRIPTION OF THE PROPERTY OR BUSINESS

THE NAME OR MAILING ADDRESS OF AN ASSESSED PERSON OR TAXPAYER

ASSESSMENT AMOUNT

ASSESSMENT CLASS

ASSESSMENT SUB-CLASS

THE TYPE OF PROPERTY

THE TYPE OF IMPROVEMENT

SCHOOL SUPPORT

WHETHER THE PROPERTY OR BUSINESS IS ASSESSABLE

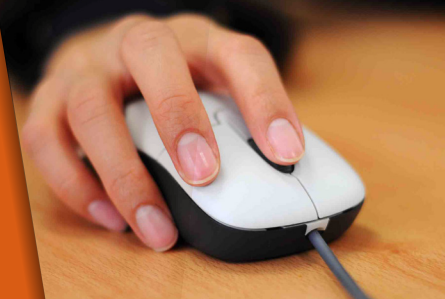
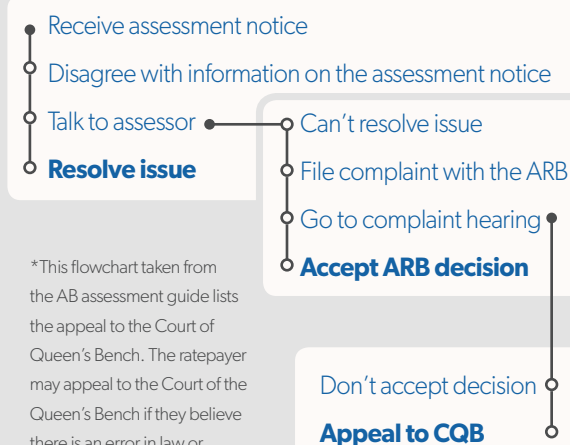
WHETHER THE PROPERTY OR BUSINESS IS EXEMPT FROM TAXATION

DEADLINE FOR APPEALS AND COMPLAINTS

If you wish to make a complaint, you must fill out the [Assessment Review Board Complaint](#) form for Alberta, located on the Alberta Municipal Affairs website.

If you fail to complete and submit the form within the 60-day period from when the assessment notices have been distributed by mail or fail to correctly fill out the form in its entirety, there is no guarantee the Assessment Review Board will hear your case.

THE COMPLAINT SYSTEM



MUNICIPAL PROPERTY TAXATION



The property tax system is comprised of two processes - preparing the assessments, and setting the tax rate. The assessor's job is to prepare assessments. The municipal council is responsible for completing the second process, setting the tax mill rate.

TAX RATE

Each year, municipal councils budget the amount of money needed to operate their municipality. From this amount, the council then subtracts known revenues (licences, grants, and permits). The remainder is the amount of money the municipality needs to raise through property taxes in order to provide services for the year. This revenue requirement is then used to calculate the tax rate. The revenue requirement is divided by the taxable assessment base, which is the total value of all assessed taxable properties in the municipality.

SUPPLEMENTARY ASSESSMENT AND TAXATION

A supplementary property assessment is required when a new building or an addition to an existing building is completed in the current calendar year. The supplementary tax bill will reflect the number of months the building was completed or occupied during the year.

Provincial legislation requires the City of Lloydminster to apply the same tax rates to supplementary assessments that were applied for annual property tax purposes; this includes both the municipal tax rate and the Provincial Education tax rate.

The City's Assessment Department must determine the value of the new improvements added, then place the property on the supplementary assessment roll. A supplementary assessment roll is prepared for new improvements with the same information as an annual assessment roll. The supplementary assessment roll is used to produce supplementary assessment notices.



How property tax rates are calculated

**OPERATING BUDGET
-
REVENUES**



**ASSESSED
PROPERTY
VALUE**



**PROPERTY
TAX RATE**

FAQs

ASSESSMENT

What are the key factors that affect my property's value?

Your property's value is dependent on a number of factors, including:

- Style of home
- Size of home
- Size of lot
- Age
- Basement finish
- Quality of construction
- Condition
- Location
- Special features (air conditioning, fire place, pool, etc.)

Why is my property assessment different every year?

The City of Lloydminster is required to reassess all properties annually. Your current assessment is based on the market value calculation as of July 1 of the previous year.

I just purchased my property. Why is the property assessment different than the price I paid?

The Government of Alberta legislates that the City of Lloydminster must assess all property within the City every year. The assessed value of your property as indicated in your latest assessment notice is an estimate of your property's market value on July 1 of the previous year.

To establish an assessed value of your property, the City uses information on real

estate sales that occurred up to and including last July 1 and information on any physical changes recorded up to last December 31. Real estate market may, and often does, change between the time the City determines assessment values and the time you purchase your property. Depending on the time of the year you purchased your property, the sale price could be either higher or lower than the assessment.

Why am I receiving my assessment notice in February?

Receiving your assessment notice at the beginning of the year gives you the opportunity to review your property's assessed value.

What should I do if I have not received my assessment notice?

The City starts mailing assessment notices to all property owners in February. If you have not received your notice by the end of February, please call City of Lloydminster Assessment & Taxation Department and we will have another notice issued.

I do not live in the property I own. Can you mail my assessment notice to a different address?

Yes. Please fill out the [Change of Mailing Address](#) form, available at City Hall or send an email to taxes@lloydminster.ca.

How do I arrange for a re-inspection of my property to ensure the information used to calculate my assessment is correct?

Please contact the City of Lloydminster Assessment Department or fill out an [inquiry form](#). If you need assistance please contact the Tax Department at 780-875-6184 to make arrangements for an assessor to re-inspect your property.

My home was still under construction at the end of last year. How are these types of properties assessed?

If your property was only partially complete as of December 31, your assessment notice will reflect the value of the land plus the value of the building, based on its completion percentage. The City will issue a supplementary property assessment notice that will indicate the amount your property assessment has increased as a result of new construction.

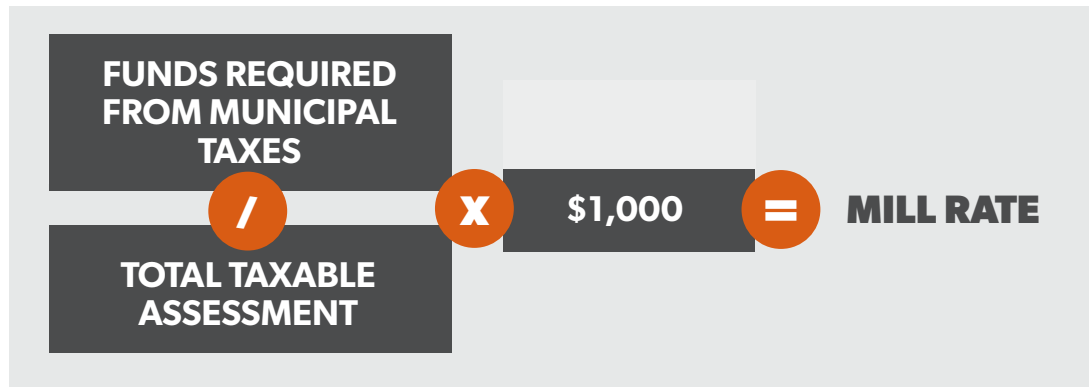
Your supplementary assessment notice will also show the date the property was deemed completed or occupied. Your supplementary property tax notice will indicate the additional amount of property taxes you are required to pay this taxation year.

FAQs

PROPERTY TAXES

How does property assessment correlate to property taxes?

The assessments are used as a base in calculating the mill rate.



My property assessment decreased. Will my taxes decrease?

Your property tax is made up of two components: your assessment value and the municipal mill rate. The municipal mill rate is set by Council, therefore, a decrease in your assessment value may result in a tax decrease only if the municipal mill rate remains the same or decreases. If the assessment decreased but the mill rate increased by a greater proportion, then taxes would, in fact, increase.

When do I receive my tax notice?

Tax notices are mailed in May and tax payments are due June 30. If your mortgage company is responsible for paying your property taxes on your behalf, a copy of the tax notice is sent to the mortgage company.

How are education mill rates determined?

The provinces of Alberta and Saskatchewan work together to establish a uniform education mill rate for the City of Lloydminster.

Does everyone pay school tax?

Yes, every residential and non-residential property owner is required to pay education taxes on any taxable property, including people without children in school and senior citizens.

What is the Seamless Education Levy?

The Seamless Education Levy is collected and remitted to both school boards, allowing for consistent educational program delivery across both provinces.

How do I choose which school division my taxes go to?

An individual school declaration defaults to the Lloydminster Public School Division in the event that a declaration has not been made by a property owner. If you would like to assert the Lloydminster Catholic School Division or the Lloydminster Public School Division, you must complete a declaration to direct your school tax to that school division. A school support declaration can be provided to the City of Lloydminster at any time, but it will not come into effect until the following year.

Should I pay my taxes if I have filed an assessment complaint?

Yes, you must pay your taxes by the deadline to avoid penalty. If your assessment complaint is successful and your assessment is reduced, thereby reducing your yearly tax amount, a credit will be applied to your tax account. This credit can then remain on your account to be applied to the following year's taxes OR you may request a refund.

What if I don't pay my taxes by June 30?

Beginning July 1, and monthly thereafter, a penalty in the amount of 1% is applied to the unpaid current taxes. Taxes become arrears if unpaid by January 1st and will have a 5% penalty added that day and again on July 1st if they remain outstanding. Taxes which remain unpaid for two years will be subject to the enforcement procedures as legislated by Alberta or Saskatchewan.

GLOSSARY

Assessment notice

Provides a forum for individuals or corporations to challenge their property or business assessments, except linear property.

Condition date

The date on which the condition of the property is fixed for property assessment purposes. The condition date in Alberta is October 31 for Linear Property, and December 31 for all other property.

Cost approach

One of the approaches used to value property for assessment purposes. The cost approach is based on the theory that a person would pay no more for an object than it would cost to replace it. With regard to property, the assumption is that a purchaser would not pay any more to purchase a property than it would cost to buy the land and then rebuild the same buildings or improvements.

Improvements

Buildings, or other structures, and attachments to land that are intended to remain attached (i.e. sidewalks, tunnels, pavement, etc.).

Income approach

One of the approaches used to value property for assessment purposes. The income approach is based on the theory that income-producing properties are bought and sold based on their income-earning potential.

Linear property

Property that generally has distribution networks or other facilities, and may extend across municipal boundaries (for example, oil and gas wells, pipelines, and electric power systems).

Local improvement tax

A tax imposed on a specific region in a municipality that funds a service or improvement applied to a particular area only.

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 on an open market.

Market value based standard

Property assessment standard based on market value.

Mass appraisal

Process of valuing a group of properties as of a given date, using common data, mathematical models, and statistical tests. The use of mass appraisal allows assessors to accurately value a large number of properties in a short period of time.

Municipal Government Act

The legislation governing aspects of municipal government activities in Alberta, including assessment and municipal taxation powers.

Personal property

All moveable items of property not permanently attached to, or part of, the real estate. Examples include automobiles, furniture, jewellery, and works of art.

Real estate

The physical parcel of land and all improvements permanently attached.

Regulated property

Farmland, machinery and equipment, linear property, and railway property.

Sales comparison approach

One of the approaches used to value property for assessment purposes. This approach is based on the theory that the market value of a property is directly related to the prices of similar properties.

Supplementary assessment

Assessment of improvements that were constructed during a year and not captured on the annual assessment notice.

Supplementary taxation

Levying taxes based on supplementary assessments.

Valuation date

The valuation date is a fixed point in time at which assessment values are based. This date is legislated to be July 1 of the previous year.

GUIDEBOOK
TAXATION & ASSESSMENT

