

ASSESSMENT *Facts*

Answering your questions about assessment

How Do Assessments Relate to Property Taxes?

- Municipal and school budgets establish the total amount of taxes to be collected – assessments only determine how the taxes are distributed among properties.
- In the spring of each year, municipalities, school divisions and Manitoba Education, Citizenship and Youth determine the amount of property taxes to be raised. Tax rates are set for each by dividing budget requirements by the total assessment in the taxing jurisdiction (municipality, school division or province as the case may be). The municipal rate, expressed as thousandths of the total assessment, is called the "mill rate" after the Latin word for thousand (millesimum).
- For the purpose of calculating mill rates and taxes, municipalities use "portioned" assessment. Portioning was introduced with the amendments to assessment legislation in 1990. When Manitoba began market value assessment, it became apparent that types of property had increased in value at varying rates over the years. Bringing assessments up to current market values all at once would have resulted in very large tax increases for some property owners. To phase in the changes, property classes were created with each class being assigned, initially, the same share of taxes that such property had been paying before market valuation began. Since 1990, adjustment of the portion percentages assigned to certain classes of property has achieved a more equitable sharing of taxes.

Property Class and % of assessment subject to tax

| | | | |
|---|----|----------------------------------|----|
| Residential (less than 5 dwelling units) | 45 | Institutional | 65 |
| Residential (5 or more dwelling units) | 45 | Pipeline | 50 |
| Residential(owner-occupied condominiums and co-operative housing) | 45 | Railway | 25 |
| Farm | 26 | Other (Commercial/Industrial) | 65 |
| | | Designated Recreational Property | 10 |

- The mill rates are applied to your "portioned" assessment. For instance, if your single-family residence is valued at \$100,000, its portioned assessment is \$45,000. The mill rates are then applied to this figure.
- An increase in assessment will not necessarily mean higher taxes. Only properties that see above average increases are likely to see an increase in taxes. In other words if your property increased in value by 10% and the average increase of all properties in the municipality was 5%, your tax bill may rise (depending on how municipal and education budgets have changed). If your property increased in value by 4% and the average increase was 5%, you would not likely have a higher tax bill (again, depending on the taxing authorities requirements).

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What is Assessment?

- Assessment is the estimation of a property's probable market value. Properties are assessed so that municipal governments can levy property taxes. The market creates the value, Assessment Services reports it, and the municipal corporations set the required tax rates based on a number of factors including assessed values.
- Under provincial legislation, all properties in Manitoba are assessed every two years to ensure assessments keep pace with changing market values. This ensures an equitable distribution of property taxes.
- Each owner's share of property taxes is determined by their property's assessment. Taxes paid do not necessarily reflect the amount of services a property owner uses — they are related to the value of the property.
- To determine a property's assessment, an assessor takes into account the local market conditions at the reference date. The 2018 reassessment is based on April 1, 2016 market values. Put simply, the assessment is the assessor's best estimate of the most probable selling price for a property had it been for sale on the reference date.
- Location, size, age, and replacement cost are some of the elements that affect market value. Property information collected by assessors, along with statistical analysis of typical selling prices on and before the reference year date, form the basis of most assessments.
- The assessed value may not be exactly the same as the selling price if your property sold on the reference date, as assessments only reflect typical values of comparable properties. The purpose of assessment is not to directly reflect one sale price but to assess all similar properties at a similar value so that taxation is shared fairly.
- While assessors determine the value of most properties by analysing real estate transactions, some building assessments are measured by calculating their replacement cost less an amount for depreciation. This approach is taken in the case of properties that do not typically sell such as schools, hydro generating plants and manufacturing plants.
- For some properties, examining their rental income is the best way of establishing their value. Properties like hotels, apartments and commercial buildings that are leased out generate income for their owners. It is this rental income that attracts a buyer and determines the selling price. Assessors use an accounting/valuation procedure called "capitalization" to determine the appropriate value of such properties. To do so, income and expense information is required from the owners. This information is treated with the strictest of confidence.

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Property Inspections

- *Why?* The reliability of assessed values is dependent on the accuracy of property information.
- *When?* Property inspections are carried out when properties sell or when permits are issued for new construction, demolition or significant building alterations. Inspections of farm land are often necessary when land clearing, improved drainage or other physical changes to land within a municipality have occurred. Inspections are also carried out in municipalities or parts of municipalities to achieve broad updating of property characteristics.
- *What information is of interest to us?* Inspections are intended to assure that all the property information that we have on file is as accurate and up-to-date as possible. Any building that may influence market value is recorded, including construction quality, changes in building condition since the previous inspection, renovations, basement rooms, building additions, garages, sheds, gazebos, swimming pools, hot tubs, decks or equipment such as additional plumbing, air conditioning and central vacuum systems. The assessor also checks recent sales of properties to ensure that sales data is accurate. Where farmland is being inspected, the assessor collects information such as the number of cultivated acres, drainage, salinity or stone problems, etc.
- *How do I identify an assessor at the door?* All assessors are required to carry picture identification cards and drive government vehicles with the Provincial insignia (buffalo) on each side.
- *Do I have to let the assessor in?* The Municipal Assessment Act states that the assessor may enter and inspect property. We understand, however, that some people may be uncomfortable admitting a stranger when home alone. Under such circumstances, the assessor will arrange to return at a better time.
- *What if the assessor is refused entry?* The assessor, using his or her best judgement, will assess the property based on information gathered verbally and through external observation.
- *What if there's no one home, or only children at home?* The assessor will usually conduct an exterior inspection of the property, leave a "Residential Information Request" form or a door card letting you know that he/she was there and why, and try to contact the owner at a later date. The assessor will not enter the house if adults are not at home.

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Appealing Property Assessments

Board of Revision

- If you do not agree with your assessment, even after talking to an assessor, you may apply for a revision of the assessment to the Board of Revision established annually by your municipality. There is no legal provision for appealing taxes. Only assessments may be appealed. You may appeal:
 - the amount of assessed value,
 - whether your property has been put in the correct property class, or
 - whether your property should be exempt from school taxes or exempt from both municipal and school taxes.
- Before deciding to apply for revision, you should:
 - discuss the value of your property with an assessor,
 - review the assessor's information about your property, and
 - review information about comparable properties with the assessor.
- To apply for a revision, send a letter to the Board of Revision, care of your municipality, ensuring that it is received by the Secretary of the Board of Revision **at least 15 days** before the scheduled hearing date. The hearing date is shown on your assessment notice. Include in your letter:
 - the roll number and legal description of the property,
 - your reason for appealing, and
 - your name, mailing address, and telephone number.
- An assessor may contact you to review your property file and arrange a re-inspection of your property. The municipality will notify you of the date, time and location of the hearing.
- At the hearing, you will be given an opportunity to present your reason for appealing and any supportive information you may have. Although the hearings are fairly informal, they are similar to a court session. Your information will be regarded as evidence and you will have to swear to or affirm its truthfulness. The assessor will present evidence and is bound by the same rules. You may call or subpoena witnesses to support your case.
- If, having applied for revision, you fail to appear at the hearing, the Board may either hear and decide on the application in your absence or dismiss the application without a hearing.

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The Municipal Board

- You may appeal a decision of the Board of Revision to The Municipal Board with regard to:
 - the amount at which the property was assessed; and
 - the classification of the property.
- All appeals to The Municipal Board are to be made directly to the Board **not later than 21 days** after a copy of the Board of Revision's decision was sent. Notices of appeal must state:
 - the roll number and legal description of the property,
 - whether the appeal is in respect of land or building, or both; and
 - the grounds for appeal.
- You are required to pay a fee which will be refunded if the appeal is upheld by the Board.
- At the Board of Revision or Municipal Board hearing, the assessor may recommend that a higher value be set than the amount shown on your assessment notice. When notified of an appeal, the assessor reviews the characteristics and valuation process for the property and this may lead him/her to conclude that a higher value is warranted. This is not a common occurrence and is not done with any intent to intimidate the appellant. The assessor is obliged to accurately reflect the market value of the property and any new information must be accounted for.
- To ensure that you are appropriately notified of the assessor's intent to recommend a higher value, he/she must either appeal the assessment by the deadline date or notify the Board and you at least 10 days before the hearing date.

The Court of Queen's Bench

- You may appeal a decision of the Board of Revision to the Court of Queen's Bench if you question the **liability** of the property to taxation.
- All appeals to the Court of Queen's Bench are to be made directly to the court and within 21 days after a copy of the Board of Revision's decision was sent. Notices of appeal must contain the roll number, legal description, grounds for appeal and name, as respondents, the parties on the application for revision from which the appeal arises.

Court of Appeal

- Decisions of The Municipal Board and the Court of Queen's Bench may be appealed to the Court of Appeal on questions of law or on questions regarding the jurisdiction of The Municipal Board or the Court of Queen's Bench. Court of Appeal decisions are final.