

Property Assessment and Taxation: A Guide for Alberta's Municipal Leaders



 **Alberta
Municipalities**
Strength
In Members

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Introduction

Property assessment and taxation is a long-standing approach to assign and collect tax from property owners based on the value of land and any improvements to the land. The system is based on the principle that the value of property owned is an indicator of ability to pay.

Municipal governments rely on property taxation as a primary source of revenue to fund municipal services and as such, it is important that municipal elected and administrative leaders have sufficient understanding to explain the property tax system to the public.

We created this guide to help inform municipal officials of the basic components and processes of the property tax system. It covers information on property assessment, equalized assessment, the complaint system, the differences between municipal property tax and education property tax and includes simple examples to demonstrate how each tax is determined. The guide also features helpful information on how to answer common questions from property owners, tips for educating the public, and links to resources.

For a quick overview of how property assessment and taxation works, we suggest you [watch this short video](#) by the City of Airdrie. For a more thorough understanding of Alberta's system, keep on reading. Where this document does not provide sufficient information, readers are encouraged to contact Alberta Municipal Affairs or your local assessor for details.

Roles & Responsibilities in Property Taxation

Alberta's property assessment and taxation system is guided by a legislative framework under the [Municipal Government Act and its supporting regulations](#). The system operates through the coordinated roles carried out by:

Government of Alberta

- Develops and maintains legislation and regulations that set standards and processes to support the property assessment and taxation system.
- Manages the assessment of designated industrial property.
- Determines the amount of provincial education property tax that each municipal government must collect from local property owners and remit to the province.
- Administers the Land and Property Rights Tribunal .
- Prepares equalized assessments for each municipality.

Municipal Council

- Provides leadership and direction to municipal administration on the desired service levels to be delivered, which in turn, impacts the municipality's budget and tax revenue requirements.
- Approves the budget and the property tax rates that will fund the operations of the municipality.

Municipal Administrators

- Oversee the provision of information to council that enables the approval of budgets and property tax rates.
- Distribute assessment notices and taxation notices to property owners.
- Collect municipal property taxes on behalf of the municipality.
- Collect provincial education property tax on behalf of the Government of Alberta.
- Manage the organization of assessment review boards.

Assessors

- Specifically trained and certified to collect and analyze data to determine the value of each property within a municipality's boundary.
- Can be employed by municipal governments, private businesses, or by the Government of Alberta.

FUNDAMENTALS OF PROPERTY ASSESSMENT

**About Property Assessment
Equalized Assessment
Appeals and Complaints**

Property Assessment

Property assessment is the process of assigning a dollar value to a property for the purpose of taxation.

What is property?

The *Municipal Government Act* defines property as a parcel of land, an improvement, or a parcel of land and an improvement to the land. An improvement is a structure or items attached to a structure that would ordinarily be transferred by a sale of the structure. Examples of an improvement may include a house, building, driveway, landscaping, manufactured home, or machinery and equipment.

Who prepares assessments in Alberta?

Assessments are prepared by trained and certified assessors. Certification can be obtained from the Alberta Assessors' Association, the International Association of Assessing Officers, or the Appraisal Institute of Canada.

Assessors are employed by the Government of Alberta, municipal governments, and the private sector. A municipality is required to appoint an assessor as a designated officer. Once appointed, the municipality must notify the Government of Alberta of the designated person(s) and their educational qualifications.

How is property assessed?

Assessments are determined using either a market value based standard or a regulated procedure based standard.

Market Value Standard

Most properties are assessed using the market value standard which estimates the value a property would likely sell for on the open real estate market. The method to calculate market value can be performed using one of three approaches:

- Sales comparison approach
- Income approach
- Cost approach

The *sales comparison approach* is the most common approach, which involves the analysis of recent sale prices of similar properties to determine the most probable price that a property would sell for on the open market between a willing buyer and seller. It is best suited to properties that sell frequently (e.g. residential homes). Assessors use a technique called 'mass appraisal' which allows assessors to accurately value many properties in a short period of time using common data, mathematical models and statistical tests.

The *income approach* may be used when there is insufficient sales data available and the property produces an income. The value of the property is determined by capitalization of the expected future income to be generated by the property to determine its value. It is often used to assess property such as retail buildings, hotels, apartment buildings or rental office buildings.

The *cost approach* is used when there is a limited amount of sales or rental information available or the property is a special use property. The cost approach is based on the principle that a buyer would not pay any more to purchase a property than it would cost to buy similar vacant land and build the same buildings or structures. It requires the assessor to calculate the market value of the land using the sales comparison approach and then add the estimated cost to construct the improvements. The last step requires the assessor to subtract an amount that reflects the depreciation and wear and tear of the existing improvements.

Regulated Procedure Standard

When a property seldom trades in the market, it crosses municipal boundaries, or has a unique nature, then it is assessed using a regulated standard. The Government of Alberta prescribes annual rates and procedures for assessors to assess properties under the regulated standard. Examples include:

- farmland
- machinery and equipment
- linear property
- railway property
- designated industrial property

What are the types and classes of property?

All properties are assigned to one of four assessment classes for the purposes of applying a tax rate.

Class 1 - Residential

- Residential property consists of land and improvements where the primary use of the property is for housing.
- Class 1 is assessed by the municipal assessor using a market value standard.

Class 2 - Non-Residential

- Non-residential property is generally property where the primary use is for business purposes such as:
 - commercial and retail property
 - industrial plants
 - linear property including railways, pipelines telecommunications lines
 - farm buildings, and many other types

Class 3 - Farmland

- Land that is used for farming operations. This does not include farm residences or farm buildings as they are assessed under Class 1 and Class 2, respectively.
- Farming operations are defined as the raising, production, and sale of agricultural products.
- Farmland is assessed on its ability to produce income growing crops and/or raise livestock.
- Any portion of the parcel not meeting this definition is assessed at market value.

Class 4 - Machinery & Equipment

- Machinery and equipment (M&E) property is the equipment within commercial and industrial properties where manufacturing or processing occurs and includes objects such as:
 - storage tanks
 - compressors
 - chemical injectors
 - metering equipment
 - ovens, mixers, grinders, & other equipment

Can a municipality create sub-classes of assessment?

Yes, a municipality may create sub-classes to further categorize properties or to assign different tax rates within a class. Municipalities may:

- divide Class 1 (residential) into any sub-classes deemed appropriate (e.g. improved vs. vacant land).
- divide Class 2 (non-residential) into sub-classes of:
 - vacant non-residential property,
 - small business property (businesses with fewer than 50 full-time employees across Canada), and
 - other non-residential property.

What is the assessment roll?

An assessment roll is a listing of a municipality's assessable properties and their assessed values. Each municipality must produce its assessment roll by February 28 of each year. Section 303 of the *Municipal Government Act* outlines what information must be included in the assessment roll.

What is an assessment notice?

An assessment notice is the document that municipalities send to property owners each year to inform them about the assessment value of their property. An assessment notice must show:

- the same information as the assessment roll,
- the notice of assessment date,
- the date by which the owner of the assessed property can file a complaint (60 days after the notice of assessment date), and
- information on how to file a complaint.

What is the valuation date and condition date?

The **valuation date** is a fixed date when all property assessments are valued. In Alberta, the valuation date is July 1. The market conditions as of July 1 will determine the assessment values on which taxes will be levied the following year. For example, for the 2023 tax year, the valuation date for property assessment is July 1, 2022.

The **condition date** is a fixed date when the condition of all property is recorded. The condition date is December 31 for all types of property except for designated industrial property; October 31 is the condition date in this case. The condition date means that, while a property is valued based on the market conditions as of July 1, the recorded assessment will reflect the physical condition of the property on December 31.

Example

On July 1, a property is valued at \$280,000. In October, the property owner builds a garage on the property. As such, the value of the property must be updated to reflect its condition as of December 31. If the garage had been in place as of July 1, its value would have been \$20,000. Therefore, the assessed value of the property as of the condition date is recorded as \$300,000 for the upcoming tax year.

Why is there a one-year delay between property valuation and taxation?

The time delay between when property is assessed and when property owners receive their tax notices is one of the most common issues of confusion for property owners. It is understandable that when property owners receive their tax bill, they expect the taxes owed will reflect the value of their property at that point in time. However, this is not possible due to the logistics of the property assessment system.

Assessors, municipal councils and the provincial government need a significant amount of time to determine property values, condition of properties, conduct appropriate audits, process assessment notices, approve budgets and set tax rates before tax notices can actually be mailed to property owners. This is why it is important for municipalities to communicate in the assessment notice and tax notice that the assessment is based on the value of the property as of July 1 the previous year.

How is property inspected?

All newly constructed properties are inspected, which allows the assessor to collect key details that are used as part of Alberta's mass appraisal system. Existing properties are reviewed from time to time using an on-site inspection or digital mapping where the assessor will review and verify the physical details of the property.

An assessor has the authority to enter and inspect the interior and exterior of a property and request any documents to assist in preparing the assessment. To do so, the assessor must provide reasonable notice of an inspection, conduct the inspection at a reasonable time and produce identification.

What factors affect residential market value?

Size of the finished living area	Age of the structure	Quality of the structure
Level of modernization	Type of building e.g. single detached, duplex, etc.	Type of structure e.g. bungalow, two-storey, etc.
Type of unit (if a condominium)	Size of the garage	Age and quality of the garage
Lot size	Lot topography	Lot access
Access to public transit	Proximity to traffic	Proximity to parks and greenspace
Proximity to commercial properties	Proximity to waterways	Proximity to schools
Proximity to trains	Proximity to transmission lines and communication towers	View from the property

Equalized Assessment

Equalized assessment involves a process to audit the assessment data that each municipality reports to the province and, when necessary, adjust the data to reach a level of fairness in assessment amongst municipalities.

The equalized assessment is prepared annually by the Government of Alberta and is used to determine:

- the amount of provincial education property taxes to requisition from each municipality,
- the amount the province bills to each municipality that receives policing services under the Provincial Police Service Agreement,
- regional requisitions, and
- the allocation of grants to municipalities (if a grant is linked to property assessment).

Why is the equalization of assessment necessary?

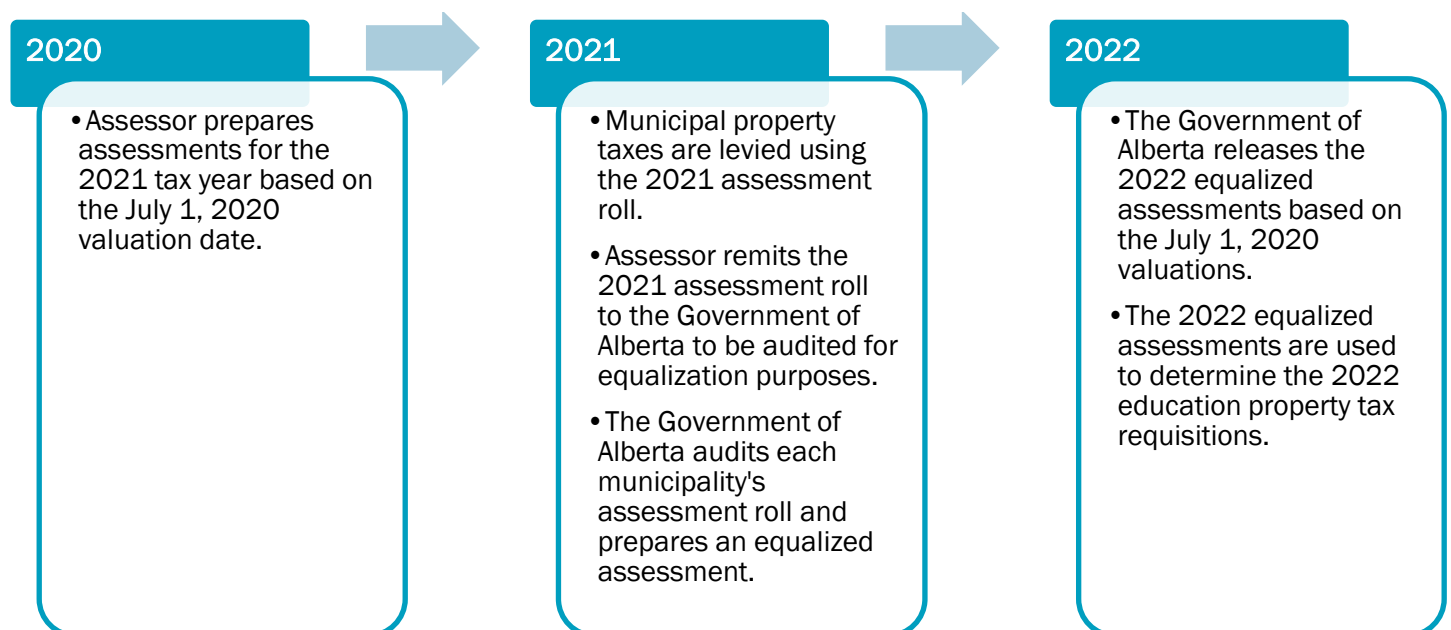
The *Municipal Government Act* requires that properties be assessed at market value. Where possible, all properties would be assessed at 100 per cent of market value; however, in practice, property assessments may be slightly above or below market value. This variation is attributed to Alberta's use of the mass appraisal approach to assess a large group of properties in a short period of time. Mass appraisal is a practice that is used widely in the assessment of property for the purposes of efficiency, but it does not necessarily always result in a value of 100 per cent of market value.

Because of this variance, equalization is necessary to adjust each municipality's total assessment to 100 per cent of market value to create a level playing field between municipalities for the purpose of requisitions and grant allocation.

Without this process, taxpayers in municipalities where overall assessments are above or below market value would be responsible for a disproportionate share of provincial education property taxes or municipalities would receive a disproportionate share of provincial grants that are distributed based on municipal assessment values.

What is the timeline for preparing equalized assessment?

The preparation of equalized assessments involves a two-year process and lags one year after the annual assessment process.



How is equalized assessment calculated?

The Government of Alberta audits the assessment roll information provided by local assessors to analyze the differences between the assessed values and the actual sale prices of sold properties. This analysis involves assigning each municipality an overall level (between 95 and 105 per cent of market value) for each assessment class (residential and non-residential). For example, if a municipality is assigned an assessment level of 97 per cent, it means that the assessments submitted by the assessor were, on average, found to be approximately 3 per cent below market value.

The Government of Alberta uses the assessment level and taxable assessment data to adjust each municipality's total taxable assessment to 100 per cent of market value to allow for fair distribution of provincial requisitions and grants. The formula to calculate equalized assessment is:

$$\text{Equalized Assessment} = \frac{\text{Taxable Assessment}}{\text{Assessment Level}}$$

Example

Both Town A and Town B have submitted taxable assessment rolls valued at \$100 million. The province's audit finds that Town A's assessment value is 95% of market value and Town B's assessment value is 101%. When the equalized assessment is calculated, it finds that Town A's equalized assessment should be \$105.2 million and Town B's should be \$99.0 million.

	Taxable Assessment		Assessment Level		Equalized Assessment
Town A	\$100,000,000	÷	95%	=	\$105,263,158
Town B	\$100,000,000	÷	101%	=	\$99,009,901
Difference		-			\$6,253,257

The above calculation shows that although the two municipalities reported the same taxable assessment, their equalized assessments are found to have a difference of \$6.3 million in value. To demonstrate what this means for taxation purposes, assume that the province's education property tax rate for residential property is \$2.50 per \$1,000 in assessment.

	Equalized Assessment		Education Tax Rate		Education Tax Requisition
Town A	\$105,263,158	x	0.0025	=	\$263,158
Town B	\$99,009,901	x	0.0025	=	\$247,525
Difference		-			\$ 15,633

If provincial education tax requisitions were calculated based on the assessment roll values, then both towns would have the same education tax requisition because they have the same taxable assessment (\$100 million x 0.0025 = \$250,000). However, equalization is designed to ensure that requisitions are distributed based on every municipality being assessed at 100 per cent of market value. After equalizing the assessments, Town A is actually responsible to collect \$263,158 in education taxes and Town B must collect \$247,525.

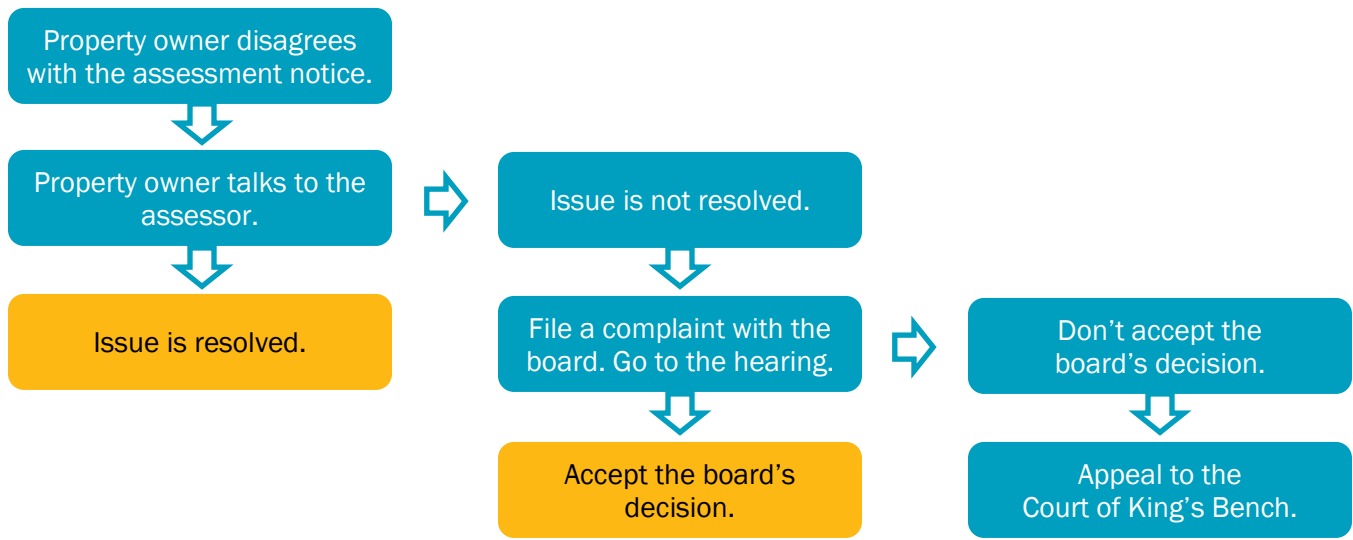
Does equalized assessment address regional differences in the responsibility for education taxes?

No. Regions with higher property values will pay a higher proportion of the total amount of education property taxes collected province wide. This follows the principle of property taxation where the value of property owned is an indicator of the ability to pay.

Appeals and Complaints on Assessments

Property owners have the right to file a complaint or appeal about their assessment if it is done within the prescribed time period. Prior to filing a complaint, property owners are encouraged to contact the assessor to review their issue(s). If the property owner is not satisfied with the assessor's response, they have the option to file a written complaint with the appropriate assessment review board.

How does the complaint system work?



What are the types of complaint boards?

There are three types of quasi-judicial administrative boards that are created, empowered, and staffed according to legislation to hear complaints on property assessment. The type of property will determine the type of the board that will hear the complaint.

	Responsibility	Board Members
Local Assessment Review Board (LARB)	<ul style="list-style-type: none"> Residential property with three or fewer dwelling units Farmland 	<ul style="list-style-type: none"> Three members appointed by the municipality
Composite Assessment Review Board (CARB)	<ul style="list-style-type: none"> Residential property with four or more dwelling units Non-residential property, except designated industrial property 	<ul style="list-style-type: none"> Two members appointed by the municipality One member appointed from the Land and Property Rights Tribunal
Land and Property Rights Tribunal (LPRT)	<ul style="list-style-type: none"> Designated industrial property Equalized assessments Land use planning Matters with a provincial interest 	<ul style="list-style-type: none"> Three persons drawn from a pool of provincially appointed members

How to file an assessment complaint?

Complaints must be filed in the form prescribed in the [regulations](#) on or before the deadline shown on the assessment notice. Municipalities must provide property owners a minimum of 60 days to file a complaint.

What is a valid complaint?

A complaint may be filed about:

- 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 or to what extent an exemption applies
- Whether the collection of tax on the property is deferred

The assessment review board cannot hear complaints about the amount of property taxes. If a property owner has concerns about tax levels, they may discuss them with the municipality's council or administration.

Can a decision on an assessment complaint be applied to past years?

No. A decision by an assessment review board only applies to the current year's assessment.

What training is required to serve on an assessment review board?

To be a member of an assessment review board, appointed members must obtain certification in Alberta that involves training in:

- Administrative law principles, such as ethics, natural justice, procedural fairness and legislative authority and jurisdiction,
- Assessment complaint process, such as evidence and disclosure, the role of board members, and practical and procedural issues,
- Process to make and issue written decisions, and
- Background on property assessment practices.

What is the benefit of a regional assessment review board?

To promote efficiency and cooperation between municipalities, the *Municipal Government Act* permits a group of municipalities to establish a regional assessment review board (ARB). A regional ARB can serve neighbouring municipalities to oversee complaints that are within the scope of LARBs or CARBs.

Regional assessment review boards can be advantageous as they eliminate the need for every municipal government to create and train its own ARB. This reduces training costs and allows municipalities to draw from a larger pool of people to source individuals with the appropriate qualifications and experience. Depending on the structure, a regional ARB can also remove issues of local bias by ensuring that board members do not oversee complaints on properties that are within their own municipality of residence.

FUNDAMENTALS OF PROPERTY TAXES

Municipal Property Taxes
Education Property Taxes
Other Taxes

Municipal Property Taxes

After assessing the value of each property, the next step is to apply a tax rate to each class of properties to generate revenue to fund the delivery of public services. Property taxes are not a fee for service. They are a method of distributing the cost for government services across properties based on their respective value as an indicator of wealth and ability to pay.

Are there different types of property tax?

Yes. In Alberta, a property tax notice generally has three types of taxes that fund different governments and authorities.

- **Municipal property tax** – funds the services managed by the municipal government as well as costs billed to the municipality that are managed by other levels of government, such as services by the Royal Canadian Mounted Police.
- **Provincial education property tax** – funds the Government of Alberta's Kindergarten to Grade 12 education.
- **Regional requisition** – funds the services managed by a regional seniors housing authority (if applicable).

Municipal governments are responsible to collect all property taxes and then remit the appropriate portions to the Government of Alberta and regional authorities.

How does a council determine the total municipal property taxes?

First, the municipal council determines the amount of money it needs to operate the municipality for the year. Then the municipality will determine the revenue that is expected from all sources other than property taxes (e.g. user fees and provincial grants). The municipality then deducts that amount from the total amount of revenue needed. The remainder is the amount of money the municipality needs to collect in property taxes to provide services for the year. The council will then set tax rates for each class of property to collect the required tax revenue.

What are property tax notices?

A property tax notice is the document sent by the municipality to the property owner that indicates the amount of property taxes owed to the municipality for the current year. The notice will list each type of property tax and any tax arrears if payment was not made in the previous year(s).

When are property tax notices sent?

The timing of tax notices will depend on what date the municipality uses as a deadline for payment of property taxes. Most municipalities use a deadline of June 30, meaning most tax notices are sent in May. Some municipalities have a September deadline. Despite the mid-year timing of property tax notices, all property taxes cover the calendar year of January 1 to December 31.

Can the municipality charge different tax rates to different properties?

Yes. The *Municipal Government Act* sets out four classes of property and allows for sub-classes to be created for classes 1-3:

- Class 1 – Residential
- Class 2 – Non-Residential
- Class 3 – Farmland
- Class 4 – Machinery and Equipment

A council may set different tax rates for each assessment class and/or sub-class; however, there are some limitations.

- The tax rate on residential property (Class 1) must be greater than zero.
- The tax rate for the 'Small Business Property' sub-class (Class 2) must be at least 75% of, and no greater than, the rate set for the 'Other Non-Residential Property' sub-class.
- A municipality may not have a tax ratio of greater than five to one. This means the municipality's highest non-residential tax rate shall not be more than five times greater than the municipality's lowest residential tax rate.
- The tax rate for Class 4 (Machinery and Equipment) must be equal to Class 2, or if the municipality has split Class 2 into sub-classes, then the Class 4 tax rate must be equal to the Class 2 sub-class called 'Other Non-Residential Property'.

Refer to Appendix A for a visual summary of how tax rates are linked between assessment classes.

How are municipal tax rates determined?

Property tax rates are influenced by two factors: the amount of tax dollars required and the total value of taxable assessment in the municipality. Once a municipality has determined the amount of property tax revenue it needs to operate for the year, the municipality uses that amount to calculate the municipal property tax rates for each class of property.

$$\text{Municipal Property Tax Rate} = \frac{\text{Revenue needed from property tax}}{\text{Total taxable assessment}}$$

Example

A municipality has determined it will need revenue of \$5 million to operate the municipality for the year. The municipality estimates that it will receive \$3 million in revenue from fees, grants, and other non-tax sources. This leaves \$2 million to be collected from municipal property taxes.

Cost to operate the municipality for the year	\$5,000,000
Less: Estimated revenue from fees, grants, and non-tax sources	(3,000,000)
Property taxes required	\$2,000,000

In order to calculate the tax rates for each class, the municipality needs to determine what portion of the \$2 million tax requirement will be collected from each assessment class (e.g. residential versus non-residential properties). In this simplified example, the municipality decides it will collect \$1.5 million from residential properties and \$500,000 from non-residential properties. The municipality's taxable assessment base consists of residential property valued at \$180 million and non-residential property of \$40 million.

		Residential	Non-Residential	=	Total
Tax revenue required	A	\$1,500,000	\$500,000	=	\$2,000,000
Taxable assessment	B	\$180,000,000	\$40,000,000	=	\$220,000,000
Municipal tax rate	A ÷ B	0.00833	0.01250		
Municipal mill rate		8.3	12.5		

Under this example, the municipality's residential property tax rate would be 0.00833 (8.3 mills) and its non-residential property tax rate would be 0.0125 (12.5 mills).

How are property tax bills calculated?

Once the municipality has determined the tax rates for each assessment class and sub-class (if applicable), then each type of property tax is calculated by multiplying the property's assessed value by the municipal property tax rate, the provincial education tax rate, and any regional requisition tax rate. Each tax is added up to produce the total amount owing on the property tax notice.

Example: Residential property valued at \$300,000

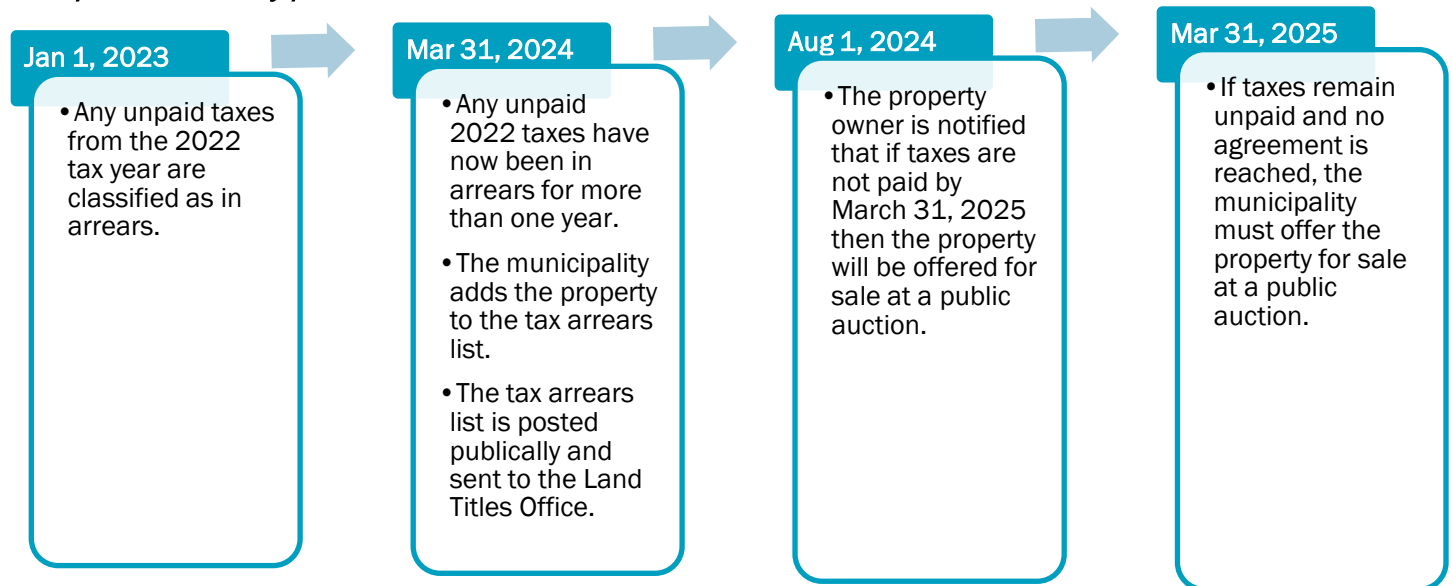
	Property Assessment		Tax Rate	=	Total
Municipal property tax	\$300,000	x	0.00800	=	\$2,400
Provincial education property tax	\$300,000	x	0.00275	=	825
Seniors' housing requisition	\$300,000	x	0.00025	=	75
Property tax owing					\$3,300

What happens if you do not pay your property taxes?

If a property owner fails to pay their property taxes by the deadline, the municipality may impose a penalty on any unpaid balance. The penalty rate is set by bylaw and varies by municipality. If a specific amount of time has passed where a property owner has not paid their property tax and the related penalty, then the municipality may take steps to recover the amount owing.

The approach to recover property taxes depends on whether the taxes relate to land, a designated manufactured home, or are taxes not related to land (e.g. well drilling equipment tax). Legislation provides municipalities with the tools to collect unpaid taxes, which may involve the forced sale of property at a public auction to collect the amount owing. In some cases, such as an oil or gas pipeline, a municipality's options are limited to applying a special lien that gives it priority over other creditors.

Example: Tax recovery process for land



For a detailed explanation, refer to the Government of Alberta's [Guide to Tax Recovery in Alberta](#).

What is the difference between unpaid taxes and taxes in arrears?

Unpaid tax represents any amount not paid by the municipality's property tax payment deadline. If any amount of property taxes and penalties is not paid by December 31, then that amount is classified as taxes in arrears and is then subject to the legislated rules for recovery of property taxes.

Can a municipality add unpaid bills to a property tax bill?

Yes, there are certain scenarios where a municipality has the authority to add unpaid non-tax amounts to the property tax roll. Once those unpaid amounts are added to the tax roll, those dollars are subject to the same rules that allow municipalities to take action to recover unpaid taxes. Examples include unpaid amounts for:

- service connections of a municipal public utility,
- water and wastewater utility services,
- violation of a bylaw, and
- costs associated with tax recovery proceedings.

Can a municipality impose a minimum property tax?

Yes. A municipality may set a minimum amount of tax on each property. The minimum property tax is not a fixed surcharge; it is a tax floor amount. The minimum tax only applies if the calculated tax rate multiplied by the assessed value of the property is lower than the amount set as the minimum tax. Also, a minimum tax can only be applied to municipal property tax and not to provincial education property taxes or any other property tax.

What is the difference between a tax rate and a mill rate?

The terms 'tax rate' and 'mill rate' are often used interchangeably but one should be wary of the interpretation. The tax rate is the number that is multiplied by each property's assessed value to determine its property taxes. It is usually expressed in four to six decimal places such as 0.008437.

Due to the number of decimal places, it can be simpler to communicate tax rates as a mill rate. A mill rate is achieved by multiplying the tax rate by 1,000. For example, a tax rate of 0.008437 would be presented as 8.44 in mill rate terms.

What property is exempt from assessment and taxation?

The following properties are not assessed, and therefore, not subject to taxation.

- Publicly owned infrastructure or equivalent privately-owned facilities (e.g. roads, dams, water systems, sewer systems, etc.)
- Minerals
- Property in First Nation reserves
- Property in Metis settlements
- Farm buildings except if it is located in a city, town, village, or summer village
- Growing crops
- Items such as furniture, vehicles or other personal possessions are not assessed because they do not consist of land or improvements to land.

The following properties are assessed but are fully or partially exempt from taxation as they are deemed to offer a significant public benefit.

- Hospitals, libraries, schools, colleges and universities
- Environmental, municipal and school reserves
- Churches and cemeteries
- Property owned by some non-profit organizations
- Farm residences located in a county, municipal district, improvement district, or special area
- Hostels

Exemptions for farm residences

Farm residences are part of Class 1 (residential property) and consist of the residence and any non-farming improvements within a three-acre parcel

surrounding the residence. If the farm residence is located in a county, municipal district, improvement district or special area, then the residence property receives an exemption of up to \$61,540 in assessment, depending on the value of the attached agricultural property. The greater the value of the agricultural property, the greater the assessment exemption will be applied to the farm residence, up to the \$61,540 limit. A second exemption of up to \$30,770 in assessment may apply if the farm property includes a second residence. The exemption limits have remained the same for several decades.

Can a municipality offer tax exemptions to specific properties?

Yes. When a tax has been levied, section 347 of the *Municipal Government Act* provides a municipality the authority to reduce, cancel, refund, or defer the municipal portion of property tax on a property or class of properties. A council can only grant tax relief under section 347 if the council considers it equitable to do so and it only applies to taxes that have already been imposed, not future property taxes.

Sections 364, 364.1 and 364.2 of the *Municipal Government Act* provide municipalities with additional authority to pass a bylaw that exempts certain types of property from tax. For example, under section 364.2 municipalities have the ability to pass a bylaw authorizing the reduction, exemption or deferral of the collection of property taxes for non-residential properties and machinery and equipment properties for up to 15 years as part of a strategy to attract local business development.

What is the designated industrial assessment requisition?

Within the non-residential property class, there is a sub-category called designated industrial property involving large refineries, wells, pipelines, power systems and other related property.

These properties are assessed by the Government of Alberta and it recoups the cost of conducting the assessment through a separate tax rate that is only applied to designated industrial property. The Government of Alberta sets the rate and municipalities are responsible for collecting the designated industrial property tax requisition and remitting it to the province.

Provincial Education Property Taxes

How do education property taxes work?

Education property taxes are determined by the Government of Alberta and each municipal government is responsible to include the provincial education tax on each property owner's tax notice, then collect the tax, and remit the funds to the province. In some instances, municipalities are responsible to remit education taxes directly to a separate school board.

What does education tax pay for?

Education property taxes are pooled in the Alberta School Foundation Fund (ASFF) and combined with the Government of Alberta's other general revenues to fund the cost of primary and secondary (K-12) education programs across the province. The funding is distributed to public school boards and separate school boards on an equal per-student funding formula.

Do all properties pay education tax?

No. Machinery and equipment property is exempt from education property tax as well as some not-for-profit organizations and seniors' lodge facilities.

Why are property owners asked to submit a school support declaration?

Canada's constitution establishes that citizens of Roman Catholic faith maintain minority rights to a separate education system. Therefore, municipalities are required to ask property owners to declare whether they support public school or a local Catholic or Protestant separate school district. If there is no separate school district or the property owner does not file a declaration, 100 per cent of the education property tax dollars are directed to the Alberta School Foundation Fund.

How is education property tax calculated?

The steps to determine each property's education property tax is as follows:

1. The province determines how much revenue it wants to collect from education property taxes for the current year.
2. The province sets a tax rate for residential/farmland property and a tax rate for non-residential property. Combined, the tax rates are calculated to generate the required tax revenue.
3. The province uses the provincial education tax rates and equalized assessment figures to calculate the dollar amount of education taxes that each municipal government must collect from property owners.
4. Each spring, the province notifies every municipality of how much education property tax must be collected from residential/farmland properties and from non-residential properties in the current fiscal year.
5. The municipality then takes the requisition amount and divides it by the taxable properties listed on the assessment roll to determine the provincial education tax rate for their municipality.
6. The municipality then uses this tax rate to levy the provincial education property tax on all taxable properties.

A key distinction is that the province's education tax rate is not the same rate that is levied on property owners. The province's education tax rate is only used to determine how much tax revenue is requisitioned from each municipality. The tax rates differ because the province calculates the education tax requisitions using equalized assessment data. When municipalities levy the education property tax, it is calculated using the assessment values from the current year assessment roll. As a result, the education tax rate shown on the property tax notice will differ slightly by municipality.

Other Municipal Taxes

In addition to general property taxation, municipalities may generate revenue through other forms of taxes including the following.

Supplementary property tax

A municipality may pass a bylaw that allows it to assess newly constructed improvements that have been added to land after the December 31 condition date and collect property taxes on a pro-rated basis for the remainder of the tax year. This approach provides fairness among property owners because, as new buildings are completed and occupied, the property owner receives municipal services, so the supplementary tax contributes towards the cost of providing those services.

Supplementary tax can only be collected on the value of new improvements that are completed in the current year. An example would be a homeowner that constructs a house on vacant land and completes it in August. The municipality may levy a supplementary tax on the new value of the property for the remaining five months in the tax year.

Business tax

A municipality may impose, by bylaw, a business tax on a business operating within its boundaries. The tax is payable by the person who operates the business, not the property owner. If the property owner and business operator are the same, both the property tax and the business tax still apply.

A municipality must choose a method on how to calculate the business assessment. The options are:

- a percentage of the gross rental value of the building,
- a percentage of the net rental value of the building,
- the storage capacity of the building occupied by the assessed business,
- the floor space occupied by the business, or
- a percentage of the property assessment.

Example

Lethbridge County charges a business tax on confined feeding operations and ranches based on animal storage capacity and to dog kennels and mushroom barns based on floor space.

Business revitalization zone tax

A business revitalization zone tax may be used in cases where business owners wish to improve the area in which they do business. This may involve updating or building new infrastructure in the area, installing decorative lighting, plants, boulevards, or constructing other improvements that will beautify the area. Upon request from at least 25 per cent of the affected businesses, a municipality may establish a business revitalization zone (BRZ) in which all improvements will be made. The businesses operating within that zone will receive a business tax notice reflecting the BRZ taxes, which are due each year in which the BRZ is in effect.

Example

The [City of Edmonton](#) has numerous business revitalization zones.

Local improvement tax

A municipality may impose a local improvement tax on properties within a defined area for the purpose of funding an improvement that is applicable to that area only. Examples of local improvements may include sidewalks, lane lighting, or paving of roads or alleys. Local improvement taxes are charged annually over a set number of years. This tax model offers flexibility to levy a tax on a specific area of the community and tax those properties based on factors other than property value.

Example

When the Village of Longview needed to upgrade its lagoon, the council determined that all property owners should equally share in the cost, including owners of vacant land as they would benefit from sewer services at some point in the future. In order to facilitate this approach, the Village approved a 36-year local improvement tax that is split equally among all property owners.

Special tax

A municipality may levy, through an annual bylaw, a special tax to provide or construct a special service that will benefit a defined area within a municipality. Examples of special services or constructions include waterworks, sewers, boulevards, drainage ditches, dust treatment, fire protection or recreation services. Special taxes are only paid by the property owners within the defined area.

Example

The [City of Calgary](#) uses special taxes on residential property to fund enhanced landscape and boulevard maintenance services for numerous communities in the City.



Community aggregate payment levy

A municipality may approve a community aggregate payment levy bylaw to impose a levy on all sand and gravel businesses operating in the municipality. The levy is to help fund the cost of infrastructure in the municipality and is payable by the sand and gravel operators based on the quantity of tonnage shipped. The municipality can set any rate per tonne up to the limit specified in the Community Aggregate Payment Levy Regulation.

Well drilling equipment tax

A municipality may approve a well drilling equipment tax bylaw which will impose a one-time tax on any new oil and gas wells that are drilled within the municipality. The amount of tax collected is dependent on the depth of the well and is intended to fund the cost of infrastructure such as roads that support the transport of drilling equipment. The tax is payable by the person or business who holds a license for the well.



Grants in place of taxes and payments in lieu of taxes

Property that is owned by the Government of Alberta or the Government of Canada is exempt from taxation. The Grants in Place of Taxes (provincial) and Payments in Lieu of Taxes (federal) programs provide municipalities with the opportunity to apply for a grant to compensate them for property taxes that would have been collected if the property was owned by a party other than a government. The Government of Alberta does not typically provide grant funding that equals the full amount of taxes that municipalities could have collected if the properties had been privately owned, so some of the service costs for properties owned by the province are borne by municipalities (and ultimately other property owners).

OTHER HELPFUL INFORMATION

Answers to FAQs
Items to Keep in Mind
Resources
Definitions

Answers to Frequently Asked Questions from Property Taxpayers

This section is presented in a conversational style to assist municipal elected officials and administrators to answer common questions from property owners regarding property assessment and taxes.

1. What do my property taxes pay for?

Your property tax bill is generally made up of two main taxes. One is your municipal property tax that goes toward paying for local services delivered by our municipal government. This includes services such as road maintenance and snow clearing, street lighting, parks and recreation services, fire protection, land use planning, and community programs. It also pays for the costs our municipal government incurs to have local policing services.

The second main tax is the provincial education property tax charged by the Government of Alberta. The province requires us to collect this tax on their behalf.

2. How is the value of my property determined?

Residential/Commercial Property

Your property is assessed by a trained professional who has certification in assessment. It was likely assessed using a market value standard, which uses a statistical and mathematical calculation to estimate what your property would sell for on the open real estate market. The method involves comparing recent sale prices of similar properties. If there is limited sales data or comparisons available, then the assessor would have used an income method or cost method to determine the market value.

Farmland, Machinery and Equipment, Linear, and Designated Industrial Property

Your property is assessed using a regulated procedure based standard. This is where the Government of Alberta prescribes specific rates and procedures that allow the assessor to determine the assessment value.

3. Why is my assessment higher/lower than the value of my property today?

Your property taxes are based on the value of your property as of July 1 from the previous year. The time from when your property is assessed to when we issue an assessment notice is necessary to provide time for assessors, the Government of Alberta, and our municipality to collect, review and distribute all data to property owners. The change that has taken place in the real estate market over the last year will be reflected in next year's assessment.

4. Why is my assessment higher/lower than my neighbour's house?

Assessments consider numerous factors which may impact your property value. Examples include:

- The size of your lot.
- Whether your lot is exposed to high street traffic, near a park or school, or has a walk-out.
- The type of house structure (e.g. bungalow, two-storey, split level) can impact value because there can be more/less market demand for certain types.
- Size, age, and condition of your house.
- Whether your basement is finished or has a walk-out.
- The existence of a garage or shed and the size and condition of those structures.
- The extent to which your home has been renovated or notable landscaping improvements.

5. How does my assessment affect my property taxes?

Your assessment is used to determine your share of property taxes, relative to all properties in the municipality. Once the municipality has set the property tax rate, your assessment is multiplied by the tax rate to determine the amount of property taxes you owe.

6. My assessment has changed. Does that mean my property taxes will increase/decrease?

It depends on how the value of your property has changed relative to the overall change in the market. If your home has increased in value more than the average change in value for residential property, then you will see a tax increase. This is because your property now represents a larger proportion of the municipality's taxable assessment base. For example, if the average residential property has increased by 2 per cent but your property has increased by 5 per cent, then you will see a tax increase. Alternatively, if your home has decreased in value more than the average change in residential property, then you will see a decrease in property taxes. The answer also depends on whether the municipality has budgeted to increase or decrease property tax revenue or if new development has occurred.

7. What is the difference between a tax rate and a mill rate?

The mill rate is the same as the property tax rate but it is expressed in a simplified manner to make it easier for communication. The property tax rate involves many decimals so it is easier to present it as a mill rate, which involves multiplying the tax rate by 1,000. For example, if a property tax rate is 0.0075, the mill rate is 7.5.

8. Why is our property tax rate higher/lower than other communities?

Comparing property tax rates is problematic because a municipality's tax rate is entirely dependent on how much taxable assessment is in a community. A more accurate approach is to

compare the average tax bill by municipality. You also need to consider the different types and quality of services provided by each municipality and the tax strategy by assessment class because that will impact each property tax rate.

9. Can I appeal my taxes?

No, you cannot appeal your property taxes. If you disagree with the assessed value of your property, you can appeal your assessment. This must be done within 60 days of the date of the assessment notice, but I'd encourage you to speak with the assessor first to see if your concern can be resolved. If you are concerned with the amount of your property taxes, you can speak with a member of council to share your concern.

10. I have filed a complaint about the assessment of my property. Do I still need to pay my property taxes?

Yes, you must still pay your property taxes by the due date to avoid penalties. If the decision on your complaint results in a lower tax levy, you will be credited the appropriate amount.

11. How is my provincial education property tax determined?

Each year, the Government of Alberta tells our municipality how much education property tax must be collected from residential, commercial, and industrial properties. This is known as the education property tax requisition. Our municipal government uses that information to calculate the education tax rate. That rate is then multiplied by your assessment to determine your portion of provincial education property taxes.

12. I am a senior. Is there support for me to pay my property taxes?

Yes. The Government of Alberta offers a [Seniors Property Tax Deferral Program](#) that allows eligible seniors to defer all or part of property taxes through a low-interest home equity loan. If you qualify, the province will pay your residential property taxes to the municipality and you re-pay the loan, with interest, when you move, sell the home, or earlier if you wish.

Tips to Remember about Property Taxes

Deficits and the impact on taxation by level of government

One of the key differences between the Government of Canada, Government of Alberta, and Alberta's municipal governments is the ability to budget for a deficit and the related impact on taxation.

Municipal governments rely on a property-based tax system where the tax base is relatively fixed. The *Municipal Government Act* prohibits municipalities from approving a budget with a deficit. Therefore, when inflation drives up costs on wages, contractor expenses, and supplies, municipalities will often need to increase their level of taxation to balance their budget per the legislation.

Alternatively, federal and provincial governments rely on an income-based tax system and have the ability to approve a budget with a deficit. This gives the federal and provincial governments the flexibility to keep tax rates at levels below what is needed to balance the budget with the intention to incur a deficit for one or more years.

What factors may cause an increase in property taxes?

Significant increases in property taxes will often raise questions from property owners. Common reasons for a property tax increase may be due to:

- | | |
|---|---|
| a. A plan to maintain service levels | ▪ Inflationary increases on municipal costs (e.g. employee wages, contractor rates, materials, energy prices) may require an increase in municipal property taxes. |
| b. A choice to increase service levels | ▪ A municipality may increase its spending for a variety of reasons which may include the decision to fund new services or increase the level of service currently provided. |
| c. Increase in expenditures forced by other levels of governments | ▪ The Government of Canada or Government of Alberta may introduce new requirements that increase costs for a municipality, or they may transfer the responsibility of a public service onto municipal governments. In many cases, municipalities are finding they need to step up to provide services that are the responsibility of the provincial or federal governments. Current examples include affordable housing and emergency first responders. |
| d. Reduction in grant funding | ▪ Reductions in grant funding from the Government of Canada or Government of Alberta may cause municipal governments to increase property taxes to fund the shortfall in revenue. |
| e. Changes in revenue sources | ▪ An increase in property taxes for certain assessment classes can be a result of declining assessment values. |
| f. Change in taxation policy by revenue source | ▪ A municipality may change its reliance on certain revenue streams. For example, a municipality may choose to reduce user fees and in turn, increase property taxes to make up the revenue difference. |
| g. Change in taxation policy by assessment class | ▪ A municipality may choose to shift the tax burden from one assessment class to another. For example, it may increase residential property taxes and lower non-residential property taxes with the goal of stimulating investment in the community. |
| h. Increase in regional authority requisition | ▪ A regional authority (e.g. seniors' housing) may increase its funding requisition to provide services. This amount is automatically added to the property tax bill. |
| i. Increase in provincial education property taxes | ▪ The Government of Alberta may increase the amount of education tax that is requisitioned from municipalities, which increases the amount billed by the municipality through the property tax notice. |

Comparisons of municipal property tax rates can be misleading

Comparing property tax rates by municipality can be misleading unless there is an understanding of the full scope of a municipal government's revenue strategy, physical environment, service levels, and financial circumstances. For example, here are some scenarios that can influence a municipality's residential property tax rate:

- A municipality with high commercial or industrial development has more flexibility to maintain lower residential property taxes.
- A municipality may choose to place a larger portion of the tax burden on residential properties as part of a strategy to have lower commercial taxes to attract business investment to the community.
- A municipality may choose to charge higher user fees in trade for lower property taxes or vice versa.
- A municipality may have higher property taxes because it is making a concerted effort to collect the revenues it will need to fund the replacement of infrastructure while other municipalities may delay action with the goal of securing grant funding.
- Most importantly, one must understand the difference in service levels provided by each municipality.

Perception of responsibility for property taxes

Property owners receive their property tax notice from the municipal government and pay their property taxes to the municipality. This creates a perception that the municipal council is responsible for all decisions that lead to any increase in property taxes. As a result, municipal elected officials often carry the full blame for any property tax increase. This is why municipal governments take steps to inform property owners that in addition to the municipal property tax, a portion of the tax bill is a provincial education property tax that is determined by the Government of Alberta and a portion is regional requisition (if applicable) determined by an independent board of individuals who may or may not be municipal elected officials from several communities.

Strategies that Alberta Municipal Affairs has endorsed for informing residents about municipal property tax versus provincial property tax include:

- Provide residents with the [Government of Alberta's pamphlet](#) on education property tax.
- A municipality may create and distribute its own pamphlets with the tax notice that provides information on budgeting, municipal finances, municipal services, property taxes, etc.
- Add informative notes and visuals to tax notices.
- Include Alberta Municipal Affairs' general contact information on property tax notices and encourage residents to contact them with questions about education property tax. (Note: MLAs may object to the inclusion of their contact information on property tax notices.)

Wording matters for penalties on unpaid property taxes

It is important that municipalities do not refer to the penalty on unpaid taxes as "interest". While the penalty is calculated based on a percentage, ratepayers should understand that the municipality is not offering a loan with interest on unpaid taxes. Instead, the ratepayer should understand that they are being penalized for not paying their property taxes. This clarification is important to ensure that ratepayers do not perceive municipal governments as a source of financing.

Tips for educating Albertans about property taxes

To maintain a positive relationship with taxpayers it can be helpful to inform residents and businesses about property taxes. The following tips may be helpful:

Assessment notices

- Explain what the property owner should do with their assessment notice.
- Explain how the property assessment value is determined.
- Explain how the valuation and condition dates apply to the property's assessed value.
- Explain how a change in assessment value may impact property taxes.
- Clearly state the deadline to file an appeal.

Tax notices

- Clearly communicate how the total tax bill consists of a municipal tax, an education tax, and any other taxes.
- Explain the purpose and use of each property tax.
- Provide detail on any other taxes that apply (e.g. local improvement tax).
- Provide a breakdown of how each tax dollar is used to fund each type of municipal service.
- Explain how the tax is a relationship between the property's assessed value and the approved budget.
- Clarify that property taxes are based on the calendar year of January 1 to December 31.
- Clearly state the deadline for taxes to be paid.
- State the penalty rate for unpaid taxes in both percentage and dollar terms to make it easier for taxpayers to understand (e.g. a 7% penalty rate is equivalent to a \$70 penalty for every \$1,000 in unpaid taxes).
- Explain how to join a tax installment payment plan (if available).
- Clarify that taxes must be paid even if an assessment complaint has been filed.
- Outline the Seniors Property Tax Deferral program as an option for eligible property owners.

Resources

Written Resources on Property Assessment and Taxation

- [Guide to Property Assessment and Taxation in Alberta](#), Alberta Municipal Affairs
- [A Guide to Tax Recovery in Alberta](#), Alberta Municipal Affairs
- [Guide to Property Tax Exemptions in Alberta](#), Alberta Municipal Affairs
- [Information on designated industrial property](#), Government of Alberta
- [Education Property Tax: Facts and Information](#), Alberta Municipal Affairs
- [Guide to Equalized Assessment in Alberta](#), Alberta Municipal Affairs
- [Provincial Equalized Assessment Reports](#), Government of Alberta

Videos on Property Assessment and Taxation

- [How assessment and taxation work](#), City of Airdrie
- [Property assessments explained](#) (7 videos), City of Edmonton
- [Taxes 101](#), City of Lethbridge
- [Creating a Tax Rate Bylaw](#), Alberta Municipal Affairs

Property Assessment Complaints and Appeals

- [Filing a Property Assessment Complaint and preparing for your hearing](#), Alberta Municipal Affairs
- [Guide for the Exchange of Assessment Information: Market Value Properties](#), Alberta Municipal Affairs
- [Composite Assessment Review Boards](#)

Definitions

Alberta School Foundation Fund

A provincial government fund into which all education funds are pooled and then allocated to public and separate system schools across Alberta.

Assessment

Process of placing a dollar value on property for taxation purposes.

Assessment base

The total value of all assessed property within a municipality.

Assessment class

Category under which property is assigned for assessment (Class 1 residential, Class 2 non-residential, Class 3 farmland, and Class 4 machinery and equipment).

Assessment notice

A document provided to each property owner to notify them about the assessment of their property which includes the location, type, description of the property, the assessment class, school support declaration, taxable status, and assessed value.

Assessment Review Board

Quasi-judicial administrative board that provides a forum for property owners to challenge their property assessment, except designated industrial property.

Assessment roll

A list of all assessable properties including key details and the assessed values which is required to be produced by each municipality each year.

Assessor

An individual that is trained and certified to collect and analyze data to determine the value of property.

Business revitalization zone tax

Tax imposed on businesses within a designated land area to fund improvements that will beautify and maintain the area.

Business tax

Tax imposed on business owners (not property owners) within a municipality's boundaries.

Community aggregate payment levy

Levy on all sand and gravel businesses operating in a municipality to raise revenue to pay for infrastructure in the municipality.

Condition date

The date on which the physical condition of the property is fixed for property assessment purposes. The condition date in Alberta is December 31, except for designated industrial property for which it is October 31.

Cost approach

One of three approaches used to value property for assessment purposes. The cost approach is based on the theory 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.

Court of King's Bench

Alberta's superior trial court that hears applications for judicial review of decisions made by assessment review boards.

Designated industrial property

Property that includes linear property, railway, and specific major plants (e.g. large refineries, upgraders, pulp and paper mills) and facilities regulated by the Alberta Energy Regulator, Canadian Energy Regulator, and Alberta Utilities Commission.

Education requisition

The amount of property tax a municipality must collect on behalf of the Government of Alberta to fund Alberta's primary and secondary education system.

Education property tax

The amount each property owner must pay towards the funding of Alberta's primary and secondary education system.

Equalized assessment

An annual calculation to adjust the assessment data that each municipality reports in order to reach a level of fairness in assessment values for distributing the provincial education property tax requisition and provincial grants among municipalities.

Improvements

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

Income approach

One of three approaches used to value property for assessment purposes. The income approach is based on the theory that the value of an income-producing property is determined by its income-earning potential.

Linear property

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

Local improvement tax

A tax imposed on a specific area in a municipality to pay for an improvement that is only applicable to that area (e.g. paving of an alley).

Market value

The most probable price that a property would sell for on the open market between a willing seller and a willing buyer.

Market value standard

A standard to assess property based on its market value.

Mass appraisal

Process of valuing a group of properties as of a given date, using common data, mathematical models and statistical tests.

Municipal Government Act

The legislation governing most aspects of municipal government activities in Alberta.

Property

A parcel of land, an improvement, or a parcel of land and an improvement to the land.

Property taxation

The process of applying a tax rate to an assessed value of property to generate revenue to fund the delivery of services.

Regulated property

Property that is assessed using prescribed rates and procedures (i.e. farmland, machinery and equipment, linear property and railway property) instead of the market value standard.

Regulated procedure based standard

A standard to assess property based on rates and procedures prescribed by the Government of Alberta.

Sales comparison approach

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

Special tax

A tax to fund a special service that will benefit a defined area within a municipality.

Supplementary assessment

Assessment of improvements to a property that were constructed part way through a year but not captured on the annual assessment notice.

Supplementary taxation

Levy of property taxes based on a supplementary assessment.

Tax arrears

Taxes that remain unpaid after December 31 of the year in which they were imposed.

Tax rate

The percentage of assessed value at which each property is taxed in a municipality. Some municipalities express this in terms of mills or mill rate.

Valuation date

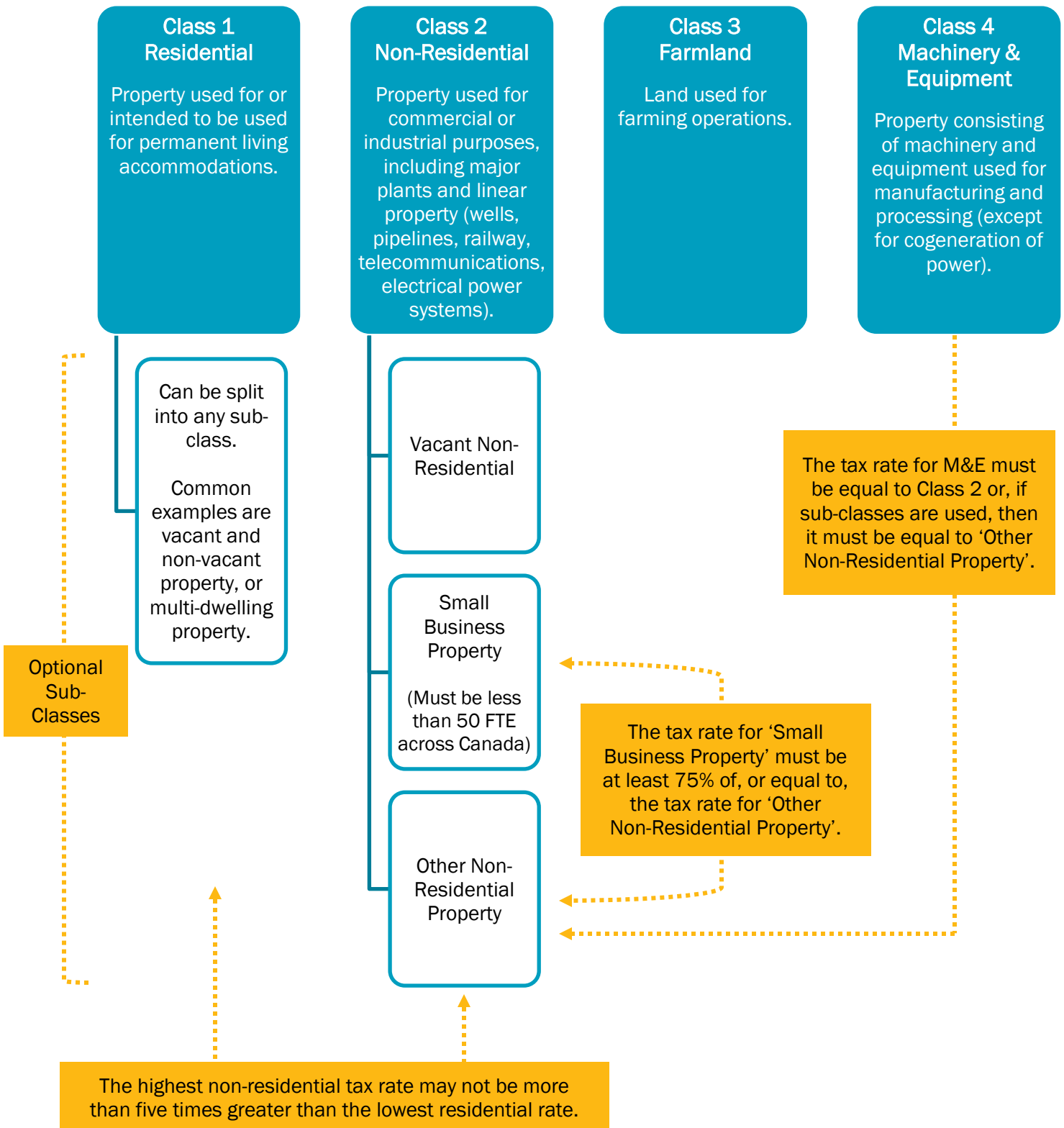
A fixed point in time on which assessment values are based. Alberta uses a valuation date of July 1.

Well drilling equipment tax

A one-time tax that is imposed on new oil and gas wells that are drilled. The tax is based on the depth of the well and is intended to fund the cost of infrastructure.

Appendices

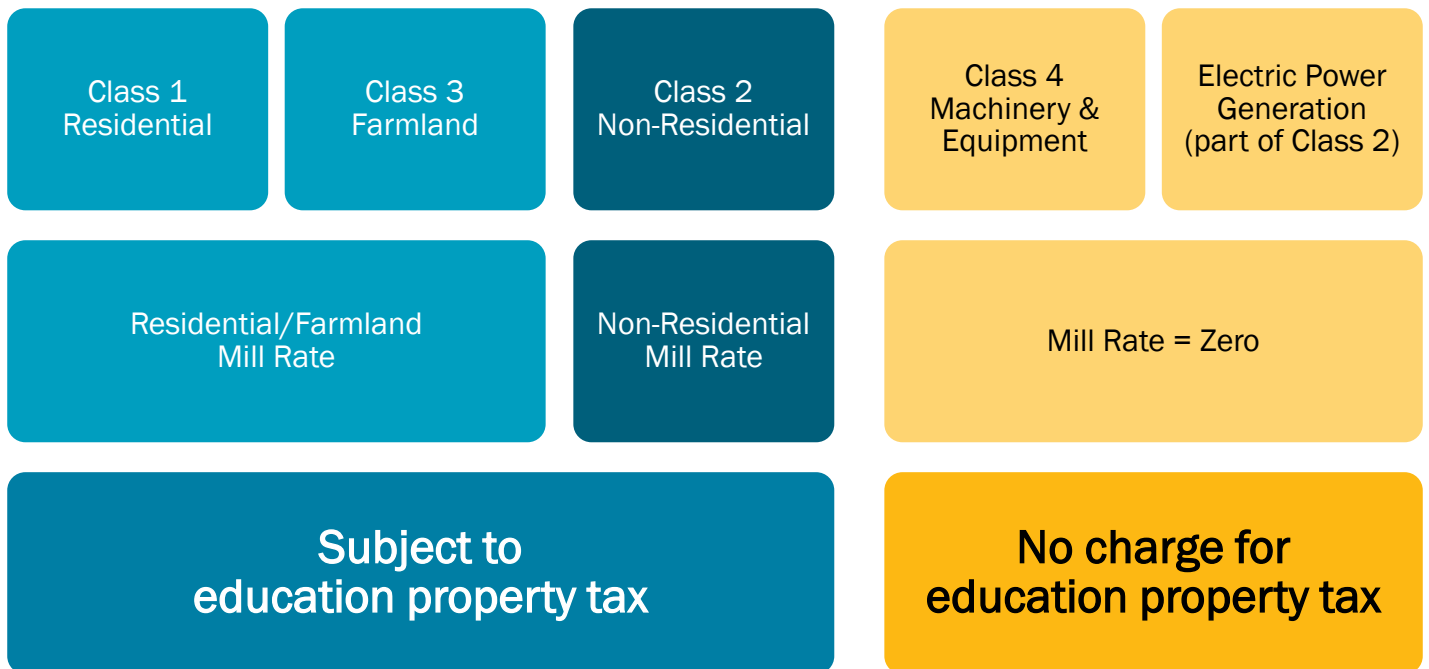
Appendix A: Property Classes and Restrictions for Municipal Property Tax Rates



Appendix B: Education Property Tax Mill Rates by Assessment Class

Each year, the Government of Alberta establishes three mill rates, which are used to determine the total amount of provincial education property taxes that will be collected from residential and non-residential properties across Alberta. The rates are also used by the province to determine the provincial education tax requisition by municipality.

- Classes 1 and 3 are grouped together under a residential/farmland rate.
- Class 2 has a non-residential mill rate.
- Technically, Class 4 has a mill rate applied but it is set to zero so that no education tax is charged to machinery and equipment or electrical power generation property.





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