


**TAX POLICY:  
COUNCIL BASICS**

**UMAAS Convention – June 3, 2015**

Presented by:  
Advisory Services, Ministry of Government Relations  
Saskatchewan Assessment Management Agency



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Municipalities are a level of government!



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**Council Duties - Assessment**

SHALL vs MAY

Council:

- SHALL appoint members to the Board of Revision [MA220]
  - ✓ Council members are not eligible [MA 220]
- SHALL appoint the secretary [MA221]
  - ✓ Administrator is not eligible [MA221]
- SHALL set term of office of each member of the board of revision [MA220,221]
- SHALL set remuneration and expenses [MA220]



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## Council Powers - Assessment

Council :

- MAY appoint assessor [MA2, CA163, NMA2]
- MAY pass bylaw to dispense with mailing assessment notices [MA214, CA184, NMA235]
- MAY set fees by bylaw for filing appeals [MA224, CA196, NMA245]
- Mayor MAY appoint a person as an acting alternate board member [MA220, CA192, NMA241]
- MAY extend the period of time all or part of the assessment roll is open for inspection [MA213, CA183, NMA234]




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## Assessor Duties

- Track property changes and report to SAMA
- All property must be assessed [MA194]
- Prepares assessment roll by May 1 or September 1 of year prior and mails assessment notices within 2 weeks [MA204]
- Advertise and open Assessment Roll to inspection [MA217]
  - ✓ 30 days every year [MA215]
  - ✓ 60 days in revaluation year [MA228]
- Agreement to Adjust




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## Decision Making Process

- Level of Service
  - What amount, quality and kind of municipal service does council provide or want to provide?
- Budget considerations
  - Operating costs; proposed capital projects and infrastructure program?
- Tax Policy
  - Three options




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## Assessment

- Assessment service provider evaluates and reports assessed property values to the municipality;
- Assessment is equity based;
- Assessment places each property in relation to all properties in a municipality.
- Taxes = taxable assessed value x tax rate




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## Percentages of value

Sets the taxable rate of properties.

- Agricultural
  - ✓ Non-arable (range or pasture land) – 40%
  - ✓ Other (cultivated ) agricultural land – 55%
- Residential – 70%
  - ✓ Multi-unit residential – 70%
  - ✓ Seasonal residential – 70%
- Commercial/industrial – 100%
  - ✓ Grain elevators, railway rights of way and pipelines – 100%

[MRegs 40]




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## Local Property classes

- Agricultural
- Residential
  - ✓ Includes apartments and seasonal residential properties
- Commercial & Industrial
  - ✓ Includes grain elevator, railway right of ways and pipelines
- Each property class has land and improvements

[MRegs 41]




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## Ad Valorem or Mill Rate

- Taxation may be linked to a person's ability to pay.
- Ability to pay is measured by a person's real estate holdings (property assessment).
- Higher assessed property = higher taxes
- Taxable Assessment X Mill Rate = Taxes
- *Ad valorem* method must be used for education property taxes.

[MA288]




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## Taxation - Ad Valorem

Class of Property	Assessed Value	Percentage of Value	Taxable Assessment	Mill Rate	Municipal Tax
Residential	200,000	70%	140,000	14	\$1,960.00
Commercial	200,000	100%	200,000	14	\$2,800.00
Agricultural (Range)	200,000	40%	80,000	14	\$1,200.00
Agricultural (Other)	200,000	55%	110,000	14	\$1,540.00




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## Taxation – Alternative Methods

- Some property classes receive more or better services than others; therefore, they should bear more of the cost.
- Everyone receives the same municipal services; therefore everyone should pay the same amount.
- Municipal tax policy may reflect these beliefs.




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## Tax Policy

Municipal government chooses:

- what taxes to levy
- what amounts, and
- Who pays

Tax policy will require

- ✓ Ad valorem tax calculation
- ✓ Classes of property
- ✓ Tax tools



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## Basics of tax tools

- Tax tools do not increase a municipality's tax revenue.
- Tax tools shift tax burden between the 3 property classes
- Tax reduction for one property class means more taxes come from another



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- Tax tools apply to all land and improvements in a property class
- Tax tools apply only to municipal property taxes.
- Tax tools must be set by **bylaw**.
- Vacant land can not be taxed at a different rate than land with improvements



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## Tax Tools

- Mill Rate Factors [MA285]
- Minimum Tax [MA289]
- Base Tax [MA290]

<http://www.saskatchewan.ca/government/municipal-administration/taxation-and-service-fees/municipal-property-tax-tools>



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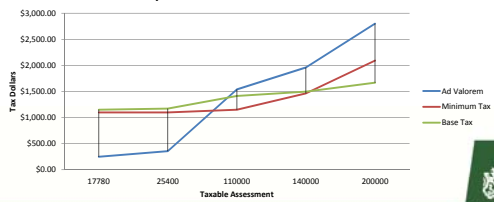
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## Comparisons

Comparison of 3 Methods of Taxation



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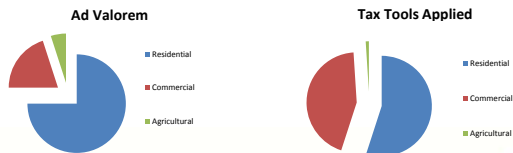
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## Impact on Property Classes



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## Impact: Assessment

Class of Property	Taxable Assessment	Mill Rate	Mill Rate Factor	Minimum Tax	Base Tax
Residential	360000	\$6,692.40	\$6,004.93	\$5,888.55	\$5,019.89
Residential	17780	\$330.53	\$296.58	\$450.00	\$675.70
Commercial/Ind	350000	\$6,506.50	\$11,266.67	\$11,048.31	\$9,024.19
Commercial/Ind	25400	\$472.19	\$817.64	\$801.79	\$1,072.24
Agricultural	110000	\$557.70	\$1,082.18	\$1,061.21	\$823.56
Agricultural	25000	\$278.85	\$541.09	\$530.60	\$411.78




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## Other Strategies

- Abatements
- Exemptions
  - ✓ Economic Development Agreement
- Tax Incentives
- Penalties
- Municipalities may face limitations with respect to taxes levied on behalf of other taxing authorities.




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## Implementation

- Tax tools and policies do not work in isolation.
- Municipalities should:
  - ✓ Review impact of tax tools;
  - ✓ implications of various tax tools; and
  - ✓ Communicate with the public.




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## Best practices

- Prior to determining the tax policy:
  - ✓ Compare the impact of the preferred tax policy using a cross section of unidentified properties
  - ✓ Consider how the tax policy may impact collections
  - ✓ Consider combination of options across assessment and property classifications
  - ✓ Proactively Communicate



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## Tips

- ✓ Use simple and concise language
- ✓ Do not overwhelm council with unnecessary documentation
- ✓ Don't assume what your council knows or doesn't know
- ✓ Council should be able to understand and explain its tax policy and benefits.



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## On-line resources

Property Assessment Guidelines and Exceptions web page  
<http://www.saskatchewan.ca/government/municipal-administration/taxation-and-service-fees/property-assessment-guidelines-and-exceptions>

Municipal Property Tax Tools web page  
<http://www.saskatchewan.ca/government/municipal-administration/taxation-and-service-fees/municipal-property-tax-tools>

Municipal Property Tax Tools Bylaws  
<http://www.saskatchewan.ca/government/municipal-administration/management-and-resources/guides-samples-and-resources/bylaw-samples#municipal-samples-bylaws>



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## Contact Information

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