

Property Assessment Process

Background

Property tax provides municipalities with a stable and sustainable source of revenue. It supports the municipal government's ability to provide everyday services to Calgarians. In Alberta, property assessment and tax are regulated through the *Municipal Government Act* (MGA), making these processes consistent and equitable across the province, no matter the size of a municipality.

In Alberta, property is taxed based on the ad valorem principle. Ad valorem means "according to value." This means the amount of tax paid is based on the value of the property. Property assessment is the method used to distribute the tax responsibility among property owners in a municipality.

A key characteristic of Alberta's property assessment system is that annual market value changes due to fluctuations in the real estate market do not automatically increase or decrease a municipality's total tax revenue. However, annual property value fluctuations may affect an individual's tax responsibility because the assessed values (and the way they change from year to year) can have a material impact on how that tax-supported budget is distributed among taxpayers.

"Assessment" is the process of estimating a value on a property for taxation purposes. This value is used to calculate the amount of taxes that will be charged to the owner of the property.

"Taxation" is the process of applying a tax rate to a property's assessed value to determine the taxes payable by the owner of that property.

The Assessment Process

The estimated value of each property comes from the measurement, analysis and interpretation of the real estate market and is governed by the MGA. This process is based on mass appraisal which is designed to establish fairness and equity between assessments and property owners as the legislated method of preparing assessments in Alberta.

An annual property assessment reflects the estimated market value of a property (the amount a property likely would have sold for on the open market) as of July 1 of the year prior, and the characteristics and conditions of the property as of December 31 of the year prior, as set by the MGA. Market changes that have occurred since July 1 of the previous year would be reflected in the following year's assessment. Changes to the physical characteristics of a property that have occurred since December 31 of the previous year would also be reflected in the following year's assessment.

To determine market value, Assessors use one of three industry accepted approaches to value:

Sales comparison: comparing to sales of similar properties

Income: capitalize the income being generated by the property

Cost: land value, plus the depreciated replacement cost of the improvement

All three approaches to determine market value involve extensive data collection, data verification, statistical analysis and testing. To ensure property information is up-to-date and accurate, The City

sends out requests for information annually and conducts inspections as necessary. Property owners are also encouraged to reviewed their property details online and update as required. We also collect and analyze large volumes of sales and income information which is used to measure market conditions.

Through extensive analysis, Assessors develop mass appraisal models that are designed to produce market value assessments that reflect typical market conditions for different groups of properties as of the valuation date. The assessed values go through internal checks and balances and a provincial audit before the Assessment Roll is declared and annual assessment notices are mailed.

2023 Assessment Timeframe & Customer Consultation

The annual assessment cycle is driven by legislated dates.

Pre-Roll Consultation Period (Pre-Roll) is a non-legislated period each fall when non-residential and multi-residential property owners and their representatives can review their preliminary property assessments and discuss those with Assessors before they are finalized and mailed in January. For the 2023 Assessment Year, the Pre-Roll program runs from Monday, Oct. 3 to Friday, Nov. 4, 2022.

Each January, after the annual property assessment notices are mailed, The City offers the Customer Review Period to help property owners understand their property assessment. During this legislated, 67-day period property owners are encouraged to review their property assessment and, if necessary, contact Assessment & Tax. Assessors work collaboratively with owners to explain the process and discuss real estate information used in determining their property's assessed value. In addition, Assessors will change an assessment if new, relevant information is brought forward in the current year.

The deadline for property owners to file a formal complaint with the Assessment Review Board (ARB) occurs at the end of the Customer Review Period and is specified on Assessment Notices.

The 2023 Assessment Timeline:

