

# Plenary Information Session - Revaluation Cycle Workshop and Feedback Session

**SAMA Annual Meeting  
June 17, 2009**

# Revaluation Cycle Workshop and Feedback Session

- ➔ Background
- ➔ Considerations for a shorter cycle
- ➔ Comparison to other provinces
- ➔ Options and costs
- ➔ Consultation and feed back process

# Description of Terms

- ⇒ Revaluation cycle: Number of years that the assessment roll uses the same base date.
  - Saskatchewan currently on a four-year cycle, with 2009-12 assessment rolls using a June 30, 2006 base date.
  
- ⇒ Base date time lag: Number of months that the base date precedes the first year of a revaluation.
  - Currently 30 months between the current base date and 2009 tax roll.

# Revaluation Cycle Questions

1. If the revaluation cycle and base date time lag are to be revised, when should the change be implemented?
2. What is the appropriate length of the cycle?
3. What is the appropriate base date time lag?

# Vision for the 2009 Revaluation

“To build public trust by providing fair, transparent, understandable and defensible property valuations in a results based, mass appraisal, market value assessment system, used for the distribution of taxation.

The principles for the 2009 revaluation are to implement a market value system that:

1. Permits the use of the cost, sales comparison, and income approach where appropriate in all jurisdictions
2. Uses regulation for properties such as agricultural land, oil and gas well production equipment, linear property and heavy industrial property and
3. Sets the stage for a shorter revaluation cycle.

# Revaluation Cycle - Background

- ⇒ Implementation of the 2009 revaluation has now stabilized major assessment valuation policies; with the exception of the planned review of the revaluation cycle.
- ⇒ Discussion needs to occur well in advance of any potential change.
  - May require legislative amendments.
  - May impact work processes of assessment service providers (ISPs).

# Revaluation Cycle - Background (cont'd)

- ➔ Four year cycle implemented in 1997.
  - Initially a three year cycle, then revised.
- ➔ The 2009 revaluation marks the fourth time this cycle used.
  - June 30, 1994 base date for 1997-00
  - June 30, 1998 base date for 2001-04
  - June 30, 2002 base date for 2005-08
  - June 30, 2006 base date for 2009-12

## Revaluation Cycle - Background (cont'd)

- ➔ Revaluation cycle reviewed in 2005 for possible implementation in 2009.
- ➔ Current position of SAMA Board.
  - Implement market valuation standard first, then consider a shorter cycle.
  - Maintain a four year cycle until 2013.
  - Consider shortening base date time lag for 2013.
  - Consider disconnecting (de-linking) tax policy process from revaluation cycle for 2013.

# Revaluation Cycle - Background (cont'd)

## Assessment Services Providers - Cities

- ➔ In-house: Prince Albert, Regina, Saskatoon, Swift Current.
- ➔ Contract: North Battleford (CD consulting), Moose Jaw (SAMA).
- ➔ SAMA: Estevan, Humboldt, Melfort, Melville, Yorkton, Weyburn.
- ➔ Other: Lloydminster (province of Alberta).

# Revaluation Cycle – Background (cont'd)

## Assessment Services - Other Municipalities

- ➔ SAMA serves all rural and northern municipalities.
- ➔ SAMA serves all towns, villages, resort communities except:
  - 14 towns and villages are serviced by a contractor (CD consulting).

# Considerations for a Shorter Cycle - Benefits

- ➔ Values more understandable as they more accurately represent current market value.
- ➔ More responsive to changing economic conditions.
- ➔ Reduces the magnitude of value shifts between revaluations.

# Considerations for a Shorter Cycle – Benefits (cont'd)

- ➔ Allows SAMA to better achieve its Mission in terms of accuracy, up-to-date, equitable and understandable.
- ➔ Fall more in line with other jurisdictions in Canada.

# Considerations for a Shorter Cycle - Negatives

- ➔ Increased administrative costs to all assessment service providers (ASPs), local and provincial governments.
- ➔ Potential for more appeals.
- ➔ May impact other ASP programs such as inspections.

# Considerations for a Shorter Cycle – Negatives (cont'd)

- ➔ Municipalities with limited market change will see limited benefit.
- ➔ Some local governments may view shorter cycle as also requiring more frequent review of tax policy.

# Revaluation Cycle – Other Provinces

- ➔ Five provinces on an annual revaluation cycle (BC, Alta, NS, NB, PEI).
  - BC has temporary legislation to allow the lower of 2007 or 2008 values for 2009.
  
- ➔ Manitoba adopting to a two-year cycle in 2010.
  - Base date time lag will be 21 months (April 1, 2008)
  - Moving from a four year cycle.

# Revaluation Cycle – Other Provinces

- ⇒ PQ and NFLD on a three year cycle.
  
- ⇒ Saskatchewan and Ontario on a four year cycle.
  - Ontario has struggled to implement an annual cycle. Base date time lag very short at 12 months.
  - Saskatchewan has the least up-to-date system of all provinces with values up to 6½ years old.

# Revaluation Cycle - Options

Revaluation Cycle (years)	Base Date Time Lag (time from base date to implementation date in months)			
	12	18	24	30
1	Most current, highest cost, greatest improvement	Very current, high cost, great improvement	High Cost, not as effective, good improvement	High cost, not as effective, good improvement
2	Very current, high cost, great improvement	Potential option	Potential option	Not as effective
3	Higher cost, not as effective, good improvement	Potential option	Potential option	Little/no cost, Limited improvement
4	Some cost Limited improvement	Limited improvement	Legal, but limited improvement, no cost	<b>Current</b>

# Revaluation Cycle - Costs

- ➔ Based upon SAMA's proposed 2010-13 Business and Financial Plan to catch up and maintain reinspections:
  - Implementing a three year cycle has an additional projected cost of \$300,000/yr.
  - Implementing a two year cycle has an additional projected cost of \$900,000/yr.

# Revaluation Cycle – Tax Policy Linkage

- ➔ Currently a legislative requirement for ASPs to provide preliminary assessments one year in advance of implementation.
- ➔ Provincial government then undertakes a tax policy review.
- ➔ Removal or shortening of this process is needed in order to effectively shorten the base date time lag.

# Revaluation Cycle Consultation Process

- ➔ Ongoing stakeholder (SUMA, SARM, SSBA, associations, prov gov't, etc) presentations and feedback.
- ➔ SAMA to map out work processes with ASPs, municipalities and Government to better understand work and cost.
- ➔ Wrap up of discussions at SAMA's Advisory Committee meetings November 18-19.
- ➔ SAMA Board meeting in December, 2009 to finalize, with recommendation to Government.

# Initial Feedback From Stakeholders

- ➔ A shorter cycle should result in better assessments.
- ➔ Impact on inspection cycle an important consideration.
- ➔ Should perform a full costing estimate. Any additional cost an important consideration.

## Initial Feedback From Stakeholders (cont'd)

- ➔ May 28<sup>th</sup>, 2009 City Mayor's Caucus meeting motion supports a cycle no longer than two years.
  
- ➔ April 22<sup>th</sup>, 2009 SAMA Urban Advisory Committee business meeting motion:
  - Three or two year cycle;
  - 18-24 month base date lag time;
  - Support subject to further discussion and consultation.

## Initial Feedback From Stakeholders (cont'd)

- ➔ Regina and Saskatoon Chambers of Commerce in favour of a shorter cycle.
- ➔ SARM suggests that change is not required at this time, prioritize resources to inspections.

# Revaluation Cycle Questions

## Question #1

If the revaluation cycle and base date time lag are to be revised, when should the change be implemented?

- For 2013 reval, set a base date of Jan 1, 2011?
- Shorten the reval cycle beginning in 2013 or consider for 2017?
- Can tax policy be disconnected from the revaluation cycle?
- Prioritize reinspections over the revaluation cycle?

# Revaluation Cycle Questions

## Question #2

If consensus to move forward, what is the appropriate length of the cycle?

- Least cost solution vs most current values.

# Revaluation Cycle Questions

## Question #3

What is the appropriate base date time lag?

- Current legislation allows for 24-36 months.
- Shortening/elimination tax policy has direct impact on this item.

# Summary

- ➔ SAMA is facilitating a discussion with stakeholders regarding the property assessment revaluation cycle.
- ➔ Need to estimate and consider overall costs.
- ➔ SAMA needs a clear mandate by the end of 2009 in order to provide timely recommendations to provincial government.

# Wrap-Up

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