

“Property Assessment in 2009” Information Session Summary

SAMA’s 2006 Annual General Meeting took place in Saskatoon on June 7th. **“Property Assessment in 2009”** was one of the four information sessions held that day (in both the morning and afternoon). The sessions included an interactive communications planning component that delivered to the Agency valuable public relations concepts and initiatives.

SAMA appreciates these thoughtful contributions from delegates. Your ideas will assist us greatly as we work towards compelling and effective communications prior to the 2009 revaluation year.

The information sessions were hosted by:

Fred Clipsham: SAMA Board Member

Irwin Blank: Managing Director of Technical Standards and Policy

Tanya Walker: Research Officer

The following summary combines material from the morning and afternoon sessions and is organized as follows:

A. Comments Analysis

- I. By Sector
- II. Tools to Disseminate Information
- III. General Assessment Field

B. Comment Summary

- I. Written Comments by Sector
- II. Verbal Questions and Answers

A. Comments Analysis

I. By Sector

1. The Public

The general public must have confidence in the property assessment system and believe it to be fair, equitable and open. The system should be understandable to the general public, not so much in the details of market value assessments (MVA), but in how the system impacts property taxes.

Improved awareness of the following needs to be achieved:

- percentages of value are set by the province
- assessment and taxation matters are separate issues,

Ratepayers need to know why the new system is better. Flexibility of the MVA system should be emphasised.

2. Municipalities and School Boards

Municipal and school board trustees and administrators should have a working knowledge of the general principles of market value assessment. Providing administrators and elected officials with this knowledge could be problematic due to turnover during election years.

Percentages of value issues are important – need to clarify that the province sets them, and that municipalities and school boards want them established earlier, with timelines for their provision.

Some basic questions need to be answered in the training process:

- How do assessors select an assessment approach? There needs to be a solid rationale for choosing one approach over the other.
- How are market value assessments calculated and how will they be better than current assessment procedures?

The message needs to be conveyed that the MVA system is used in all other Canadian jurisdictions.

3. Commercial Sector

Confidentiality is paramount for the commercial sector.

The business community wants to be assured the new system is proceeding towards implementation on schedule. They want more information on the system to be circulated.

Some uncertainty appears to exist in the retail sector as to how financial statements would relate to property value.

The commercial sector wants to know how capitalization rates will be determined, and expressed concerns how the rate might be affected by swings in the economy over each four-year cycle.

The commercial sector welcomes the change to MVA, provided it enhances the province's investment atmosphere.

4. Provincial Government

Communication on value shifts is critical – before May 2008.

Municipalities want the percentages of value set earlier in the process and want to be informed.

Municipalities want the provincial government to retain various tax tools.

II. Tools to Disseminate Information

Tools to promote the system and educate users and the general public should be tailored to the needs and concerns of each particular group – blanket coverage should be limited and plain language should be used. Information – both verbal and written, should be provided earlier rather than later.

Options for disseminating information are:

- Public meetings (preferably local) tailored to specific stakeholder groups, including the general public.
- Private meetings with specific stakeholder groups (Agriculture, Municipal, School and Business).
- Information sheets (general overview) to be distributed through Saskatchewan Urban Municipalities Association (SUMA), Saskatchewan Association of Rural Municipalities (SARM), Saskatchewan School Boards' Association (SSBA), Provincial Association of Resort Communities (PARCS), Rural Municipal Administrators' Association (RMAA), Urban Municipal Administrators' Association of Saskatchewan (UMAAS), Agricultural Land Review Committee (ALRC). Use their various conventions and district meetings to disseminate information.
- A web site dedicated to providing information on the market value assessment system, including a Frequently Asked Questions (FAQ) section written in layman's terms. Possibly use focus groups to determine what questions and answers should be made available.
- A 1-800 number connected to a help desk advisor to answer more complicated questions.
- Brochures included with tax notices. Other mail-outs explaining the new system.
- Use of various media such as TV, radio and newspaper advertisements.
- Administrator training, but not during the month of June.

III. General Assessment Field

Several other general assessment issues were raised:

- Changes in appeals process. Need to guarantee assessment information is provided by March 16th, in order to meet legislated date requirements.

- Municipalities expressed concern that the current method of ‘clustering’ (grouping many small municipalities into a single market neighbourhood) may not be relevant with the new system and must be scrutinized closely.
- More information needed on contaminated properties.
- The base date for the 2009 revaluation is June 30, 2006.
- Comments on changing the four-year revaluation cycle should be sent to the SAMA Board and Government Relations. Government Relations reviewed this issue approximately 18 months ago.
- The timing of the 2006 SAMA AGM is not convenient.

B. Comment Summary

I. Written Comments by Sector

1. QUESTION: What messages in the 2009 Revaluation Plan need emphasis?

a. Municipalities and School Boards

Fair, equitable, new, improved, and understandable.

Repeat key messages several times before 09.

Build Confidence. SAMA will be similar or the same as the rest of country.

How does assessment work? Workshops needed for administrators, trustees to provide them with a general understanding.

A major problem is the term of office for elected/appointed SAMA Board members who may not be serving in 2009.

Public needs to understand School Board shifts/changes.

b. The Provincial Government

May '08: critical for there to be communications: what is happening with the shifts?

Set percentages of values earlier in process and let municipalities know.

Public needs to know legislation.

We need to keep tax tools.

Build confidence.

A help desk.

Property classes.

c. The Commercial Sector

People need to be reassured about confidentiality.

Creditability of the system. Fairer system.

More information needs to get out – open houses.

Ensure that Saskatchewan is a place to reinvest.

d. The Public

Confidentiality

Fair and equitable. Fairer system. The less rigid nature of the new system.

Assessment & taxation separate issues. Awareness that the Provincial Government sets the percentages of value.

Need to have one-on-one sessions with taxpayers (People just look at bottom line of what it's going to cost them)

Early provision of verbal and written information on easy to read website.

Public meetings, specialized for each audience.

2. QUESTION: What messages need to be clarified or expanded upon?

Confidentiality - public has concerns.

Ratepayers will want to know how do you get to MVA and why will it be better?
Define and clarify income approach for the public. Retail: application - how do income financial statements relate to value?

Clarify that the province sets the percentages of value.

Administrators' session participation.

Openness: give all information.

Sales in area. Production. Physical aspect. Rent.

3. QUESTION: What methods would you recommend as the best to deliver the MVA message to all stakeholders and the public?

Train RM administrators.

Public meetings with SAMA. Perhaps regional meeting, but better if local.

Newspaper and radio.

Printed handouts available at municipal offices – should be a general overview.
Available on website.

Brochure in tax notice.

1-800 number for questions.

II. Verbal Questions and Answers (all answers were given by Irwin Blank unless otherwise indicated)

1. What guarantees are there? Have concerns about confidentiality (Business Owner, Town of Watson)

Answer: There are confidentiality provisions in Acts. SAMA has the right to ask but it shall be kept confidential. Board of Revision: if information is brought forward – can establish in-camera session and mask information.

2. What is the base date for the 2009 revaluation? (Horizon School Division).

Answer: June 30, 2006 is the base date.

3. There are three choices of approaches – there should be a solid rationale for choosing one over the other. Concern with the clustering of municipalities. Clusters must be scrutinized closely to ensure they are relevant. (Town of Wilkie)

Answer: System is flexible. Income technique can be used for obsolescence in a cost system. Clusters: grouping of municipalities to set up appropriate sales sample – there has to be solid rationale. Although clustering will still be a viable option in 2009 we will scrutinize existing clusters in detail and ask the question – are they still relevant?

4. What level of confidence can investors be given that we are moving towards the income approach? (Saskatoon Chamber of Commerce).

Answer: Legislation is already in place to support the use of the income approach in 2009. Based on initial results all four larger cities will be using rental income techniques in 2009 - Saskatoon already ahead of SAMA.

- Answer by Fred Clipsham: The SAMA Board is closely monitoring – there is a quarterly reporting system to the Board. Working to make sure everyone getting to the same place at the same time.

5. Will the Saskatchewan Assessment Manual impose the capitalization rate? How will the rate be affected by swings over the four-year cycle? Has Government Relations looked at this issue? Important to understand that is how investors look at it. (Saskatoon Chamber of Commerce).

Answer: Capitalization rates will be determined from the market and not from a manual. Once in place they are not expected to change over the four-year revaluation cycle. A partial base date revision is not allowed in our current system. The base date will determine the economic conditions which is a potential issue.

6. Will councils have any input on the assessment approach used? Any opportunity for input for Council? (Town of Wilkie).

Answer: Assessment professionals examine which approach provides the best market value. There are also quality assurance stages. For a council, the best chance for review and feedback is after preliminary values – if there is anything unusual then questions could be asked. However, SAMA would not be asking council which approach to use.

7. Is there anything Government Relations is doing about the four-year cycle? (Saskatoon Chamber of Commerce).

Answer: Government Relations examined this broadly in early 2005 and continue to review it. Suggest that comments on this issue be sent to the SAMA Board and Government Relations.

8. How are old service stations going to be assessed? (City of Moose Jaw)

Answer: Assessment best practices will be used consistently across the province. The City Assessors/SAMA Committee is reviewing the issue of contaminated properties.