

*\*\*This document was created using information provided from the Revaluation Cycle discussion paper presented to the SAMA Advisory Committee on April 22-23, 2009.*

## BACKGROUND

In 1997, the Saskatchewan Assessment Management Agency implemented a three year cycle for the valuation of property within Saskatchewan. This cycle was later modified to four years to allow for service providers to implement ongoing assessment policy changes of the day. The four year cycle has since been used in the 2005 and 2009 revaluations. In 2009, SAMA changed its method of property assessment and brought into service the market valuation standard. As part of this new standard SAMA set certain goals, one which committed to exploring a shorter revaluation cycle and base date time lag for property assessment. SAMA has committed to maintaining the current four year cycle until 2013. Before a final decision is made on the shorter cycle, SAMA deemed it necessary to conduct consultations with stakeholder groups as this proposed change will require legislative amendments and could have an impact on assessment service providers' administrative practices.

### What is a Revaluation Cycle and Base Date Time Lag?

A revaluation cycle can be described as the number of years that taxation rolls use the same base date. Saskatchewan is presently on a four-year cycle, with tax rolls for the years 2009 to 2012 using assessments with a June 30, 2006 base date.

The first year when a taxation roll is implemented with a new base date is referred to as a revaluation year.

The base date time lag is the number of months that the base date precedes the first year of a revaluation. Saskatchewan presently has a base date time lag of 30 months as the base date is June 30, 2006 and was implemented with the 2009 tax roll.

### What is the practice across the country?

There is no standard practice across Canada with respect to a revaluation cycle and base date time lag. The following chart outlines the practice for each province.

Revaluation Cycle (years)	Number of Provinces	Base Date Time Lag
1	5 (BC, Alta, NS, NB, PEI)	6-12 months
2	1 (Man)	21 months
3	2 (PQ, NFLD)	18 / 24 months
4	2 (Sask, Ont)	30 /12 months

## What are the impacts to a municipality with a shorter cycle?

### Benefits:

- More regular revaluations allow assessments to better respond to market value changes caused by changing economic conditions.
- Able to implement improvements to value accuracy sooner.
- A shorter cycle should reduce the magnitude of assessment shifts between revaluations.
- Could result in a reduced need for tax policy tools such as phase-in during a revaluation year.
- Property owners perceive market value assessments to mean current market value. A four-year cycle with 30 month base date time lag results in assessments that are as much as six and one half years old when compared to current market value.
- Property assessments would better reflect current market value.
- A shorter revaluation cycle will reduce the risk of a valuation base date set at the peak of the market being fixed in place for up to six and one half years.

### Negatives:

- Increased administrative costs (assessment notices sent out more frequently)
- Municipalities may need to conduct more frequent reviews of tax policy.
- Potential for higher levels of appeals tied to increased number of revaluation years.
- Smaller local governments may not have the administrative capacity to handle more frequent revaluations and inquiries regarding changing valuations.
- More appeals therefore added costs for Boards of Revision
- Smaller municipalities with limited markets will view shorter cycle as having limited benefit, but additional cost.
- May impact assessment service provider programs such as re-inspections.

## What is the cost associated with this proposed change?

Should the change in the revaluation cycle occur, at its earliest implementation, assessment service providers would not see any additional costs levied until 2013. Whereas, SAMA's assessment services would require additional funding or else require an extension of the re-inspection cycle program (SAMA is behind in re-inspections and will be requesting an extension and additional funding in 2010). Preliminary estimates put the cost of implementing a three year cycle at an additional \$300,000/yr or a two year cycle at an additional \$900,000/yr. The 2009 budget for SAMA is approximately \$17.4 million.

This additional cost would therefore require an increase to the amounts that municipalities pay for the services provided by SAMA and other assessment service providers.

## What are the options?

SAMA has developed a matrix of the potential options available. The desired option would be a situation where the biggest improvement was made, with limited or no additional cost.

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>

## What are other stakeholders saying about this proposal?

SAMA has already conducted consultations with other stakeholders within the province and is currently engaging SUMA members via the recent regional meeting tour. At this time the Saskatchewan Association of Rural Municipalities has stated that they do not support a change in revaluation. SARM would rather see SAMA prioritize internal resources to catching up on re-inspections. At the May 2009 City Mayor's Caucus meeting, the thirteen mayors in attendance supported a revaluation cycle that is no longer than two years and that the base date also be shortened. In addition, the City of Saskatoon has formally communicated to SAMA that they are in support of shorter assessment cycle. To date the position of the Saskatchewan School Boards Association is unknown.

## What is SUMA's position?

As the representative body for urban municipalities, SAMA will look to SUMA for a position on the shortening of the revaluation cycle. SUMA members have been consulted by SAMA extensively via the spring regional meetings. Taking in to account the positions already staked out by the city mayor's caucus and the City of Saskatoon, it is safe to assume that the implications of this change have been seriously considered by the city sector. SUMA should therefore consider supporting the position taken by the CMC. However, there still remains the impact this change will have on the smaller urban municipalities; it is on this position that SUMA will be responsible for developing a position that clearly reflects the smaller urban perspective.