

Property Assessments and Property Tax in Newfoundland and Labrador

Central Regional Meeting – Grand Falls-Windsor

March 22, 2024



DON HEARN, CEO

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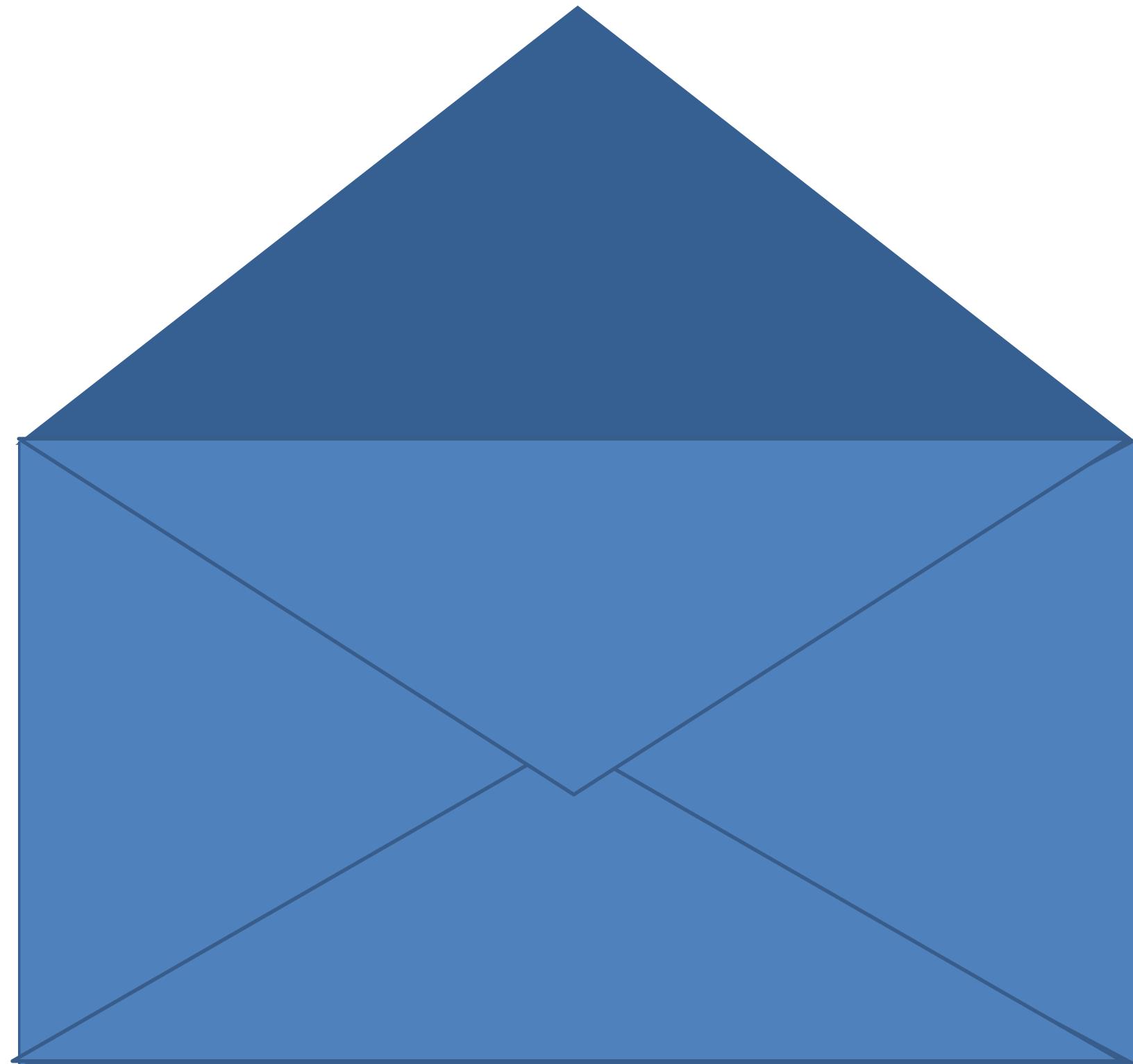
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Property Assessment and Taxation System



Property Assessment vs Property Tax

- ❖ Your property assessment and the property taxes you pay are not the same thing but are closely related.
- ❖ Property assessment is the process of establishing a market value for residential and commercial property to be used by municipalities to administer property tax.
- ❖ Property tax is an “according to value tax” based on the principle that the amount of tax paid should depend on the value of the property owned.



Property Assessment and Taxation in NL

GovNL establishes province's **Assessment Act, 2006**, which provides safeguards to ensure property owners receive a fair and uniform assessment of their residential and commercial property.

MAA is legislated and responsible for assessing over 210,000 properties in the province. MAA uses criteria to value and classify property assessments annually in NL (except the City of St. John's). Assessments are determined according to a base date to help ensure fairness between properties. For tax year 2024, the base date is January 1, 2023. For tax year 2025, the base date is January 1, 2024, and so on.

Assessments are shared with municipalities in the form of an assessment roll.

Council sets and approves the property tax (mil) rate based on revenue requirements for their community and collects property taxes to pay for important municipal services such as water and sewer, garbage collection, fire protection, snow clearing, etc. The rate developed is then applied to the property value to calculate the tax.

Assessment of Real Property

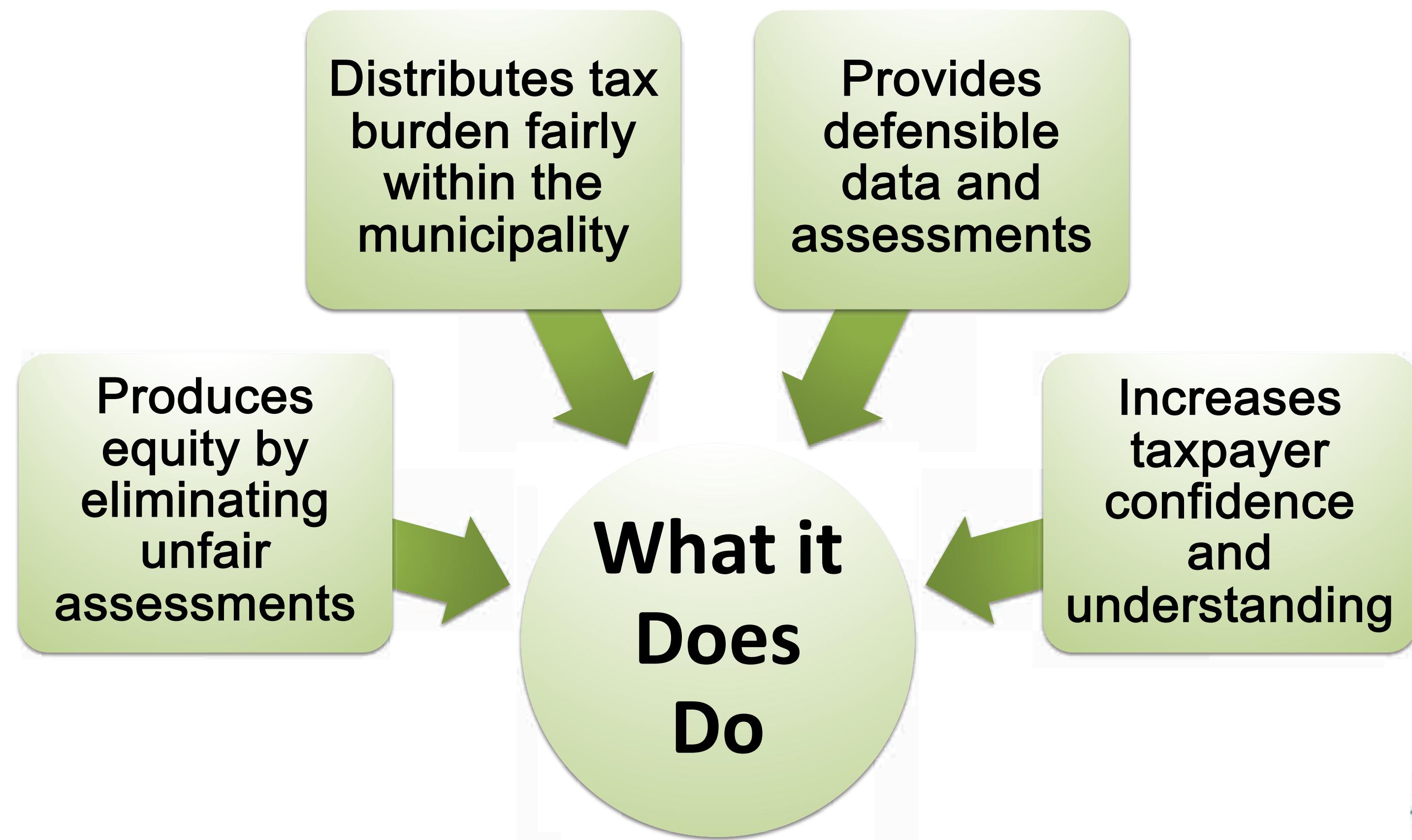
Under the **Assessment Act, 2006**, the assessor's job is to:

- ❖ Provide **fair assessments** by determining the market value of each property. Assessors do not create the value for the properties but simply discover it as it exists. The people in a community create the value of property based on their transactions in the marketplace.
- ❖ Maintain property records to ensure property information is current and accurate.
- ❖ Gather and analyze valuation data, verify and record sales information, and identify sales of similar market influence in the municipality.
- ❖ Help property owners understand assessments.
- ❖ Attend appeal hearings to defend assessments.

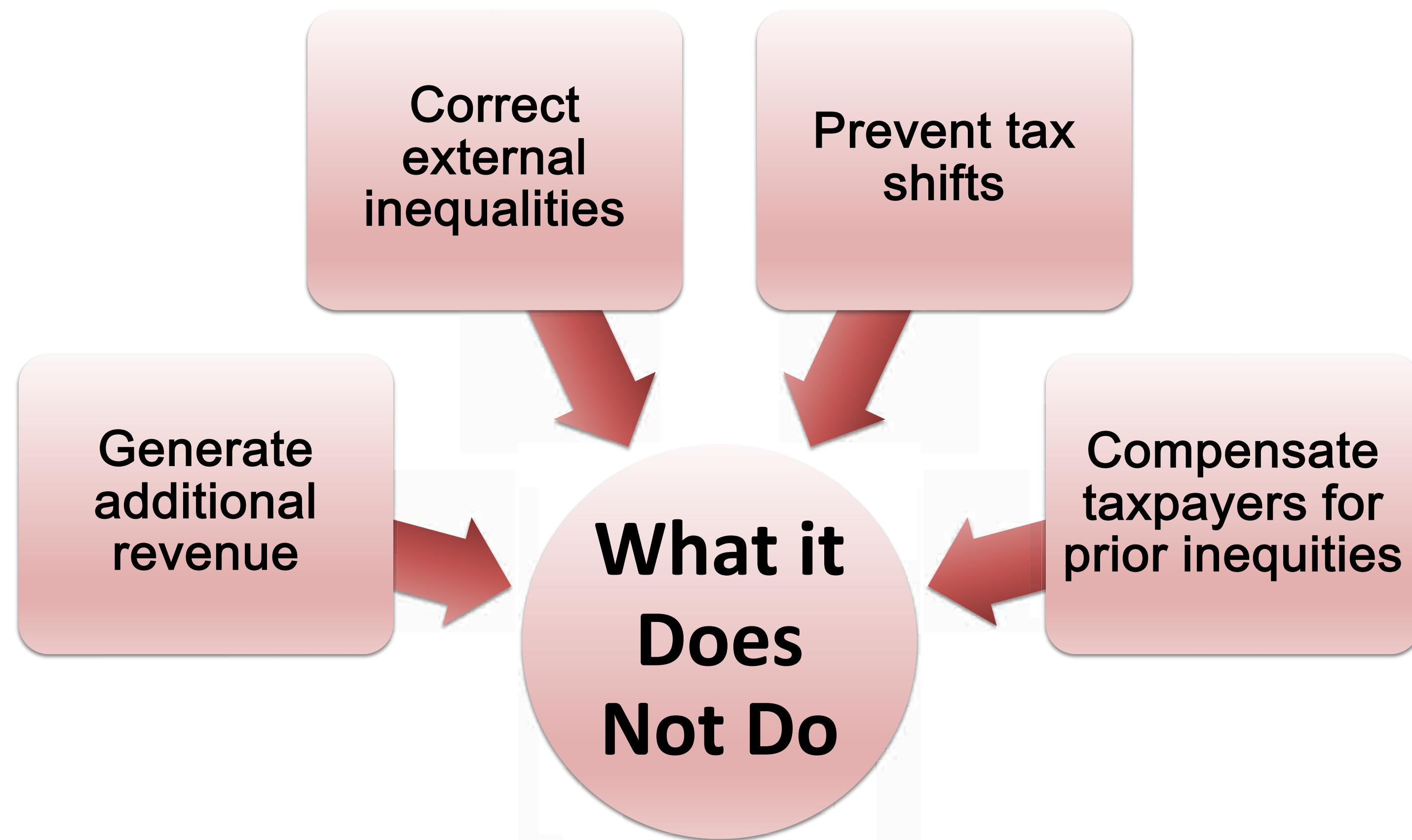


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Property Assessments



Property Assessments



Municipal Government

- ❖ Property taxes are the municipality's biggest source of revenue.
- ❖ During their annual budgetary process, council sets their municipal tax (mil) rate based on the total value of property within its jurisdiction to provide the necessary tax revenue to cover projected expenses – roads, water and sewer, emergency services, etc.
- ❖ The mil rate must be applied uniformly throughout the community, although certain properties, such as churches and schools, are exempt from real property tax. Council may exempt certain property owners from paying property tax. That is why the mil rate is calculated on the total taxable assessment.

Property Tax Calculation

Understanding the property tax and example calculation of property taxes:

The total amount of property tax required	\$540,000
Divided by total taxable assessed value	<u>120,000,000</u>
Equals tax rate	0.0045 x 1,000= 4.5 4.5 mils or \$4.50 per \$1,000

Sample Tax Bill:

Assessed value of the property	\$80,000
Tax Rate	4.5 mils
Calculation	$\frac{\$80,000 \times 4.5}{1,000} = \360

Property Tax Bill Process

Property values in this example are for illustrative purposes only

1. MAA ASSESSES ALL PROPERTIES IN A MUNICIPALITY:

(this determines the sum of all assessed properties in the municipality)

\$50,000,000

2. THE MUNICIPALITY SETS ITS ANNUAL BUDGET:

(Snow clearing, road maintenance, parks, administration, etc.)

\$200,000

3. THE MUNICIPALITY SETS THE MIL RATE (TAX RATE):

Amount to be Raised

\$200,000

Taxable Assessments

\$50,000,000

X 1,000

= 4 mils

A



\$20,000

B



\$100,000

C



\$250,000

4. THE MUNICIPALITY APPLIES THE MIL RATE TO EACH PROPERTY TO CALCULATE THE PROPERTY TAX BILL.

A

\$20,000

1,000

X 4 = \$80

B

\$100,000

1,000

X 4 = \$400

C

\$250,000

1,000

X 4 = \$1,000



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Value Changes to Property Assessments

- ❖ An increase in property assessments does not necessarily mean property taxes will increase.
- ❖ When properties are revalued, the most important factor is not how much your assessed value has increased or decreased, but how your assessed market value has changed within your municipality.
- ❖ The assessor establishes the actual value from an analysis of the market as of the base date NOT the amount of increase or decrease from year to year.



What Affects the Market?

Factors such as your property's size, construction type, age, condition of home, and location can affect your property assessment.

Some locations are more desirable than others. To some, scenic and waterfront property is highly desirable.

Market

Other factors can include economic influences, interest rates, availability of amenities and jobs.

These among other factors may influence property values.



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Three Major Approaches to Appraising

- ❖ Market value is determined by analyzing valid real estate sales.
- ❖ Trends and values observed from the sales are applied to unsold properties.
- ❖ Three Major Approaches:

Market Approach

1

Compare the subject property to others like it that have sold recently.

Cost Approach

2

Compute the cost of building a similar structure on a similar site.

Income Approach

3

Determine value based on the rental income the property is capable of earning.



Property Owner Responsibilities

The burden of proof is on the property owner. Homeowners must present convincing evidence that assessor's judgement was incorrect.

Property owners should review all information on the Assessment Notice to ensure correctness.

Property owners dissatisfied with their assessment may file an appeal to have the assessment reviewed.



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Assessment Appeals

Appeal Processing

- ❖ Deadline to file appeal is within 60 days from the date of the Notice of Assessment (actual date in Box 3 of the assessment notice).
- ❖ Two ways to file an appeal:
 1. Electronically (www.maa.ca/appeals)
 2. Complete and mail the Notice of Appeal Form
- ❖ Appeal Fees:
 - \$25 filing fee for residential
 - \$100 filing fee for commercial

Factsheet

Understanding your Assessment



Who does the Assessment?
Your property assessment is completed by the Municipal Assessment Agency who provides professional, independent property assessments throughout Newfoundland and Labrador in accordance with the Assessment Act, 2006.

Should I Appeal?

- Do you feel the value of your property was assessed fairly?
- Most concerns are resolved without a hearing. Telephone one of our assessors toll free at 1-877-777-2807 to discuss your file and understand how the value was determined.
- Visit our website at www.maa.ca/search.html to obtain and compare assessment information on properties of similar value in your area.
- You can request a file review of your assessment at any time without filing an appeal and can also obtain a parcel summary report of your property by calling 1-877-777-2807.
- The appeal deadline is Month Day, Year. Late appeals will not be accepted.

Appeal Process
If you wish to appeal this assessment, follow these steps:

1. Visit us online at www.maa.ca/propertyappeal. You will need a valid credit card for the online option; OR
2. Mail this form. You will need to include a cheque or money order, payable to the Municipal Assessment Agency, for the appeal fee of \$\$. Mail the Notice of Appeal to:
MUNICIPAL ASSESSMENT AGENCY
75 O'LEARY AVENUE
ST. JOHNS, NL A1B 2C9

- Appeals must be received or postmarked no later than Month Day, Year.
- Upon receipt of your appeal, an assessor will review the property file and may contact you to discuss. A property inspection may also be required.
- The review results will be communicated to you by mail and will include instructions if you wish to request a hearing.

Notice of Appeal Form

Appeal Deadline Date: Month Day, Year

I hereby appeal against the 20XX Tax Year Assessment of:

Parcel ID: 999999	Property Code: 2001
Owner: SOME OWNER	
Property Address: 20 SOME STREET	
Municipality: SOMETOWN	9999
Municipality Number: 9999	
Non-Taxable: \$ 0	
Taxable: \$ 345,000	
Business Tenant: \$ 0	

This appeal is made on the following grounds:

Required Info:
Name (print): _____ Signature: _____ Date: _____
Phone (Res): _____ (Bus): _____ (Cell): _____
Email: _____

Toll Free: 1-877-777-2807 Email: info@maa.ca Website: www.maa.ca

Assessment Appeals

- ❖ Fee is fully refundable to property owner:
 - Appellant may withdraw appeal at any time but fee paid may only be refunded where the appeal has been withdrawn at least 10 days before the hearing.
 - If appeal is resolved prior to fees being forwarded to the municipality, MAA will credit the municipality.
 - If appeal is resolved after fees have been forwarded to the municipality, the municipality is responsible for refunding fees.
- ❖ Appeal fees for appeals not resolved during the review process are sent to municipalities to offset the cost of the Assessment Review Commission.



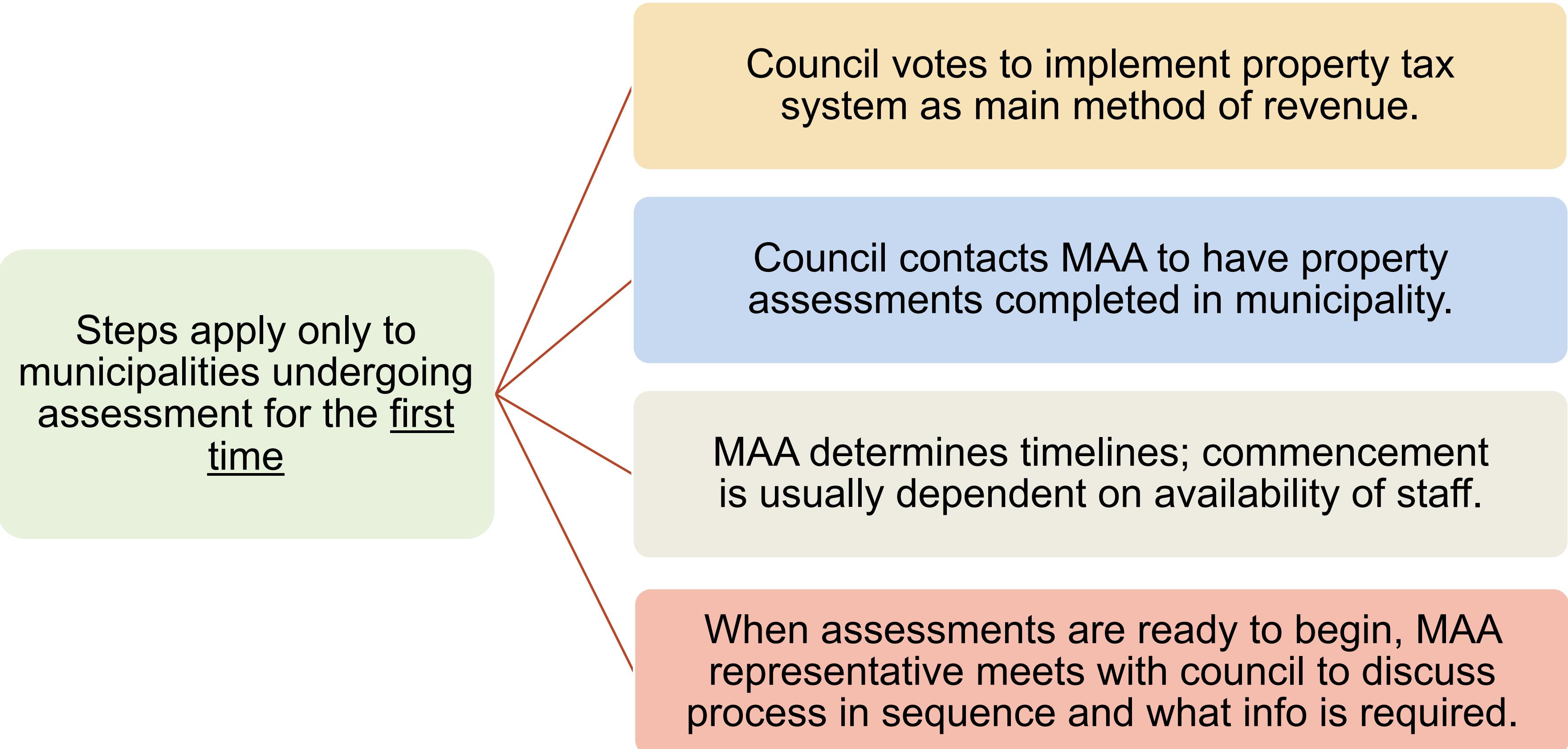
The Assessment Process in Newfoundland and Labrador



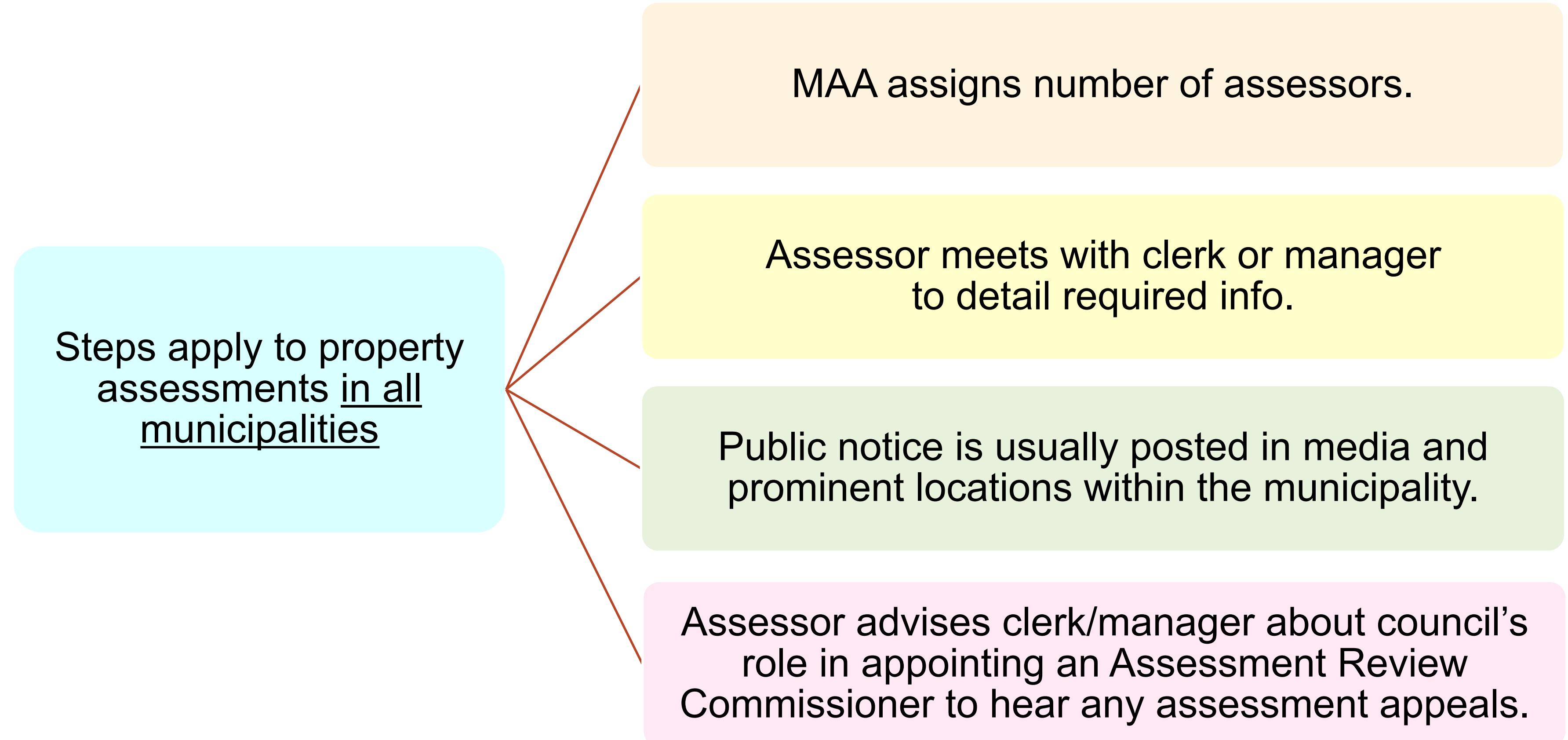
The Assessment Process

- ❖ Process begins with decision of municipal council to implement a real property tax system.
- ❖ Cooperative process between municipality and MAA. Each plays an important role in the successful development of the property tax system.
- ❖ Four phases that must be completed before assessment is complete:
 - Phase 1: Initial
 - Phase 2: Data Collection
 - Phase 3: Data Processing
 - Phase 4: Assessment Roll and Notices
- ❖ There are a series of steps within each phase that must follow proper sequence.

Phase 1: Initial



Phase 1: Initial (continued)



Phase 2: Data Collection

Steps Assessors take to collect specific info on all properties in the municipality:

Assessors collect info requested during Initial Phase.

All other sources of data are investigated and pertinent info gathered.

Info requested from owners / tenants. Info is collected during onsite visits or correspondence.

Assessor may not do full onsite inspection if no significant changes have occurred, after visual inspection.



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Data Collection Phase: Rights & Responsibilities

- ❖ Assessor has right to access property at any reasonable time to carry out duties.
- ❖ All info must be provided by any adult present during time of visit.
- ❖ If info is not available at time of visit, assessor can request particulars, orally or in writing, from “anyone having knowledge of property” (owners, tenants, architects, contractors, etc.).
- ❖ Person written has 45 days from date of delivery or mailing to provide info. Any info not available should be noted in correspondence.
- ❖ If not satisfied with accuracy/truthfulness of info, assessor has right/duty to challenge it.
- ❖ Assessor has right to assess property with/without detailed info; assessment based on fair market value.
- ❖ Assessor not required to accept info given by anyone concerning the property.
- ❖ If person claims ownership of property and assessor has reason to believe that individual in question does not have legal title to it, assessor can leave person’s name off the assessment roll.

Data Collection Phase: Penalties

If convicted for refusing access or entry or for giving false info, an individual may be liable for a fine of not less than \$50. If the fine is not paid, can be sentenced to up to one month in jail.

If convicted for not providing requested info within 45 days, the penalty is \$25 for each day after the expiration of 14 days following the delivery or mailing of the request. If the fine is not paid, then the penalty is up to one month in jail.

Convicted or not, for any offense committed under Section 7 of the **Assessment Act**, an individual who has contravened the law will lose the right to appeal any assessment on the property in question during the year in which the offense occurred. Also true for subsequent years, if the property owner continues to be uncooperative.

Data Collection Phase: On-Site Inspection

On-site inspection begins with a visit by an assessor. Inspection process:

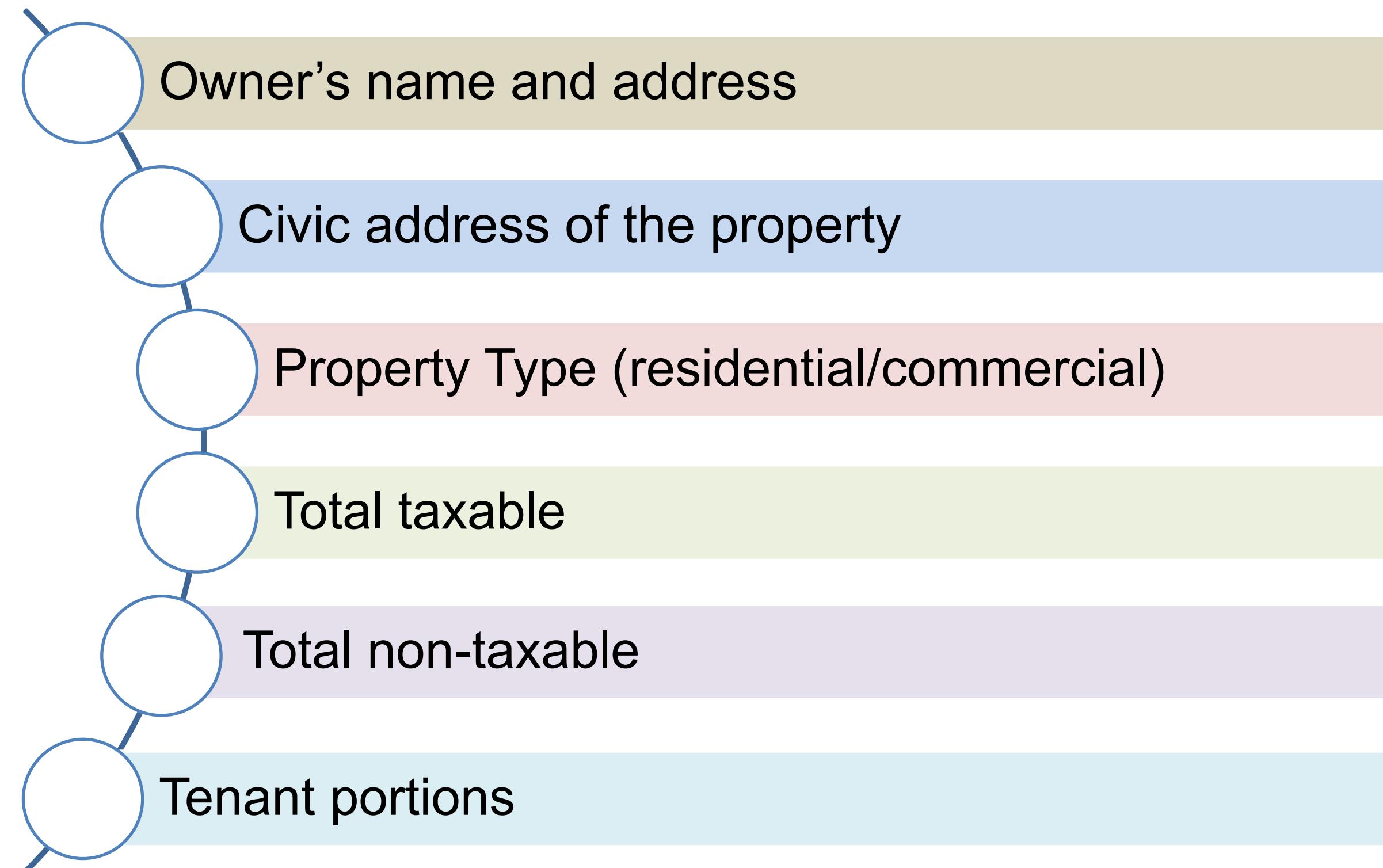
1. After proper identification, assessor explains purpose of visit and requests permission to carry out inspection.
2. Assessor will then observe, record and/or verify relevant physical details of exterior dimensions and characteristics, including land and buildings. Example: type, outbuildings, age, condition, etc. A picture is taken of the property.
3. Interior finish details are recorded (e.g. quality/handiwork, size or dimensions, number of rooms, type of heating/electrical system, number of plumbing fixtures, features such as fireplaces, basement rooms, etc. Personal property (e.g. tv's, furniture and other household items) are not included in the assessment.
4. During inspection, assessor will answer questions and advise of appeal procedures should property owner be dissatisfied with assessment. If property owner is not home, assessor will leave a “Notice of Visit” card.

Phase 3: Data Processing

Step 1	Data from all sources are compiled, evaluated, analyzed and compared.
Step 2	Assessor calculates reproduction cost & estimates depreciation (Cost Approach).
Step 3	Info on sales of comparable homes in area prior to a pre-determined base date is reviewed and a value for the property is assigned.
Step 4	Values determined are used to arrive at the assessed value (Market Value).
Step 5	When assessing commercial properties, must determine value of the property by using revenue and expenditure statements (Income Approach).
Step 6	Once all assessments are reviewed for accuracy, an equalization and other quality control procedures are carried out to assure uniformity.
Step 7	When all values are finalized, assessment roll is compiled & delivered to clerk.
Step 8	MAA is responsible for sending notices to property owners.

Phase 4: Assessment Roll and Notices

The **Assessment Roll** is a public document that shows:



Assessment Roll and Notices (continued)

When all assessments for a municipality have been completed, each property owner receives a **Notice of Assessment**. It shows:

Total assessment

Date the notice was mailed by MAA

Deadline date for appealing the assessment to MAA

Appeal Form

Assessment Roll and Notices (continued)

Clerk's Role and Responsibilities

MAA will send the annual Assessment Roll to the clerk once each year.

If a clerk neglects or refuses to carry out these or any other duties required by the **Assessment Act, 2006**, they are guilty of an offense and may be fined.



Definitions

Actual Value:

Actual Value means that value being the market value of the fee simple interest in the real property.

Base Date:

The date that the values of the properties in a municipality are set for that particular assessment cycle. Any special or supplementary assessments carried out after this date will relate to the property values that were assigned as of this “base date”.

Uniformity:

The idea of uniformity implies that the assessor, using standardized and acceptable assessment procedures, will consider all properties that are similar to the one being assessed. The value should then be similar to those other properties. Taxes for that property should be similar as well.

Definitions

Market Value:

The amount of money that probably would be arrived at through fair negotiations between a willing seller and a willing buyer. Consideration is also given to the uses to which the property may be put. The following characteristics of market value should be noted:

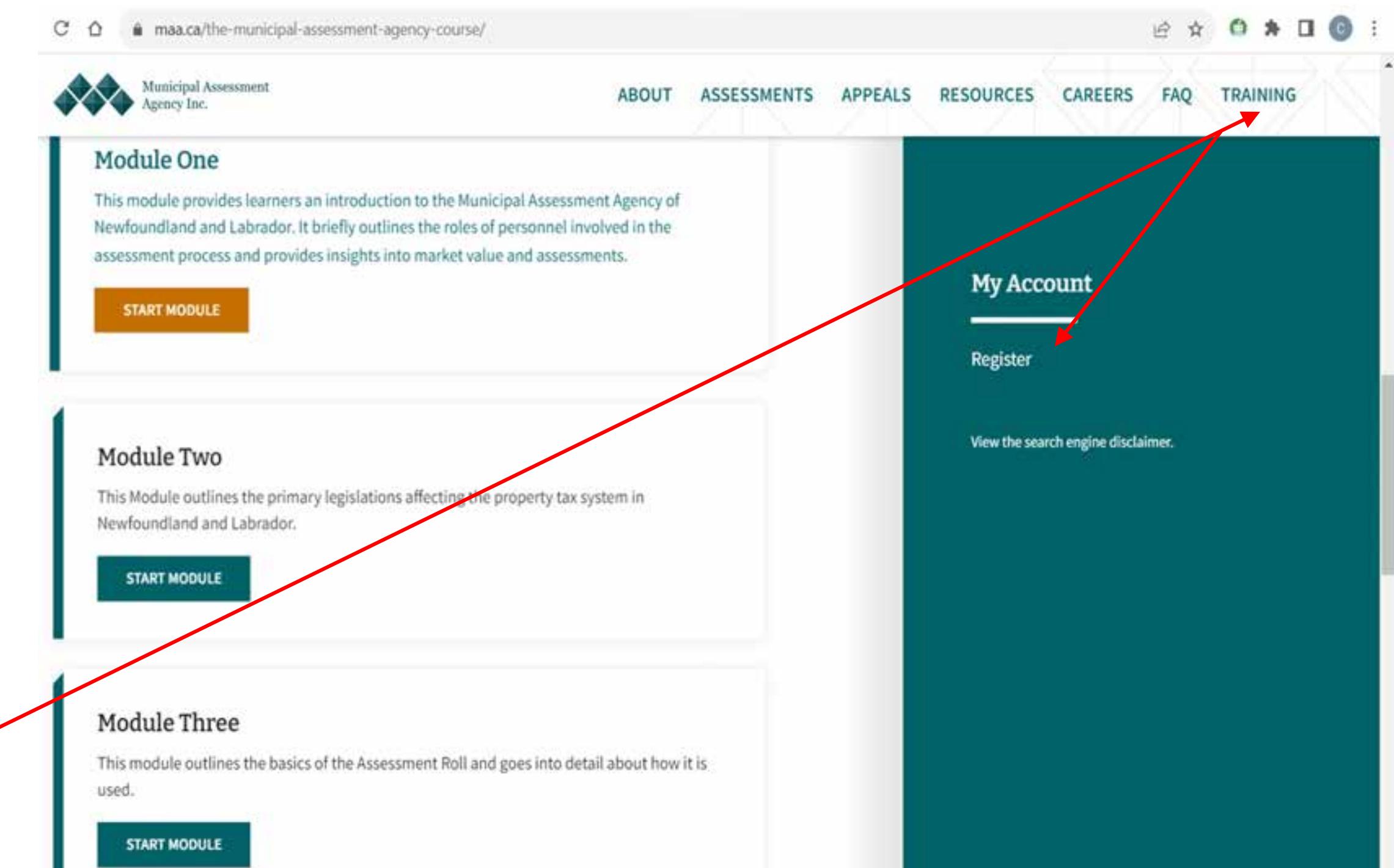
- Is the most probable price, not the highest, lowest or average price
- Is expressed in terms of money
- Implies a reasonable time to be exposed to the market
- Implies that both the buyer and seller are informed of the uses to which the property may be put
- Assumes an arms-length transaction in the open market
- Assumes a willing buyer and a willing seller, with no advantage being taken by either buyer or seller
- Recognizes both the present use and the potential use of the property

Online Introductory Training Course: The Fundamentals of the Property Assessment Process in Newfoundland and Labrador



Online Training

- ❖ Free course designed to help clerks, municipal staff, elected officials, and the public understand the assessment process.
- ❖ Three modules; each module takes 20-30 minutes to complete; can be completed at own pace.
- ❖ Register via Training Link on our homepage (www.maa.ca)



The screenshot shows the homepage of the Municipal Assessment Agency Inc. website. At the top, there is a navigation bar with links for ABOUT, ASSESSMENTS, APPEALS, RESOURCES, CAREERS, FAQ, and TRAINING. A red arrow points from the bottom-left towards the TRAINING link. The main content area features three modules: Module One, Module Two, and Module Three. Each module has a description and a 'START MODULE' button. To the right of the modules, there is a sidebar with a 'My Account' section containing a 'Register' link and a note about the search engine disclaimer. The URL in the browser's address bar is maa.ca/the-municipal-assessment-agency-course/.



Thank You!

QUESTIONS?



customerservice@maa.ca



Toll Free:
1-877-777-2807



www.maa.ca



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