

# HOW PROPERTY ASSESSMENT WORKS IN SASKATCHEWAN

2021  
EDITION



sama

SASKATCHEWAN ASSESSMENT  
MANAGEMENT AGENCY

## HOW IS MY PROPERTY VALUE DETERMINED?

### THREE PROPERTY VALUATION APPROACHES

Saskatchewan uses three generally accepted appraisal techniques to value property in a Market Valuation Assessment (MVA) system: the cost approach, the sales comparison approach and the property income (rental) approach.

The **cost approach** estimates the replacement cost of a building, less depreciation, adding land values primarily based on sales. The approach is most useful when there are few comparable sales, or a lack of rental and expense information needed to administer the sales comparison or property income (rental) approach.

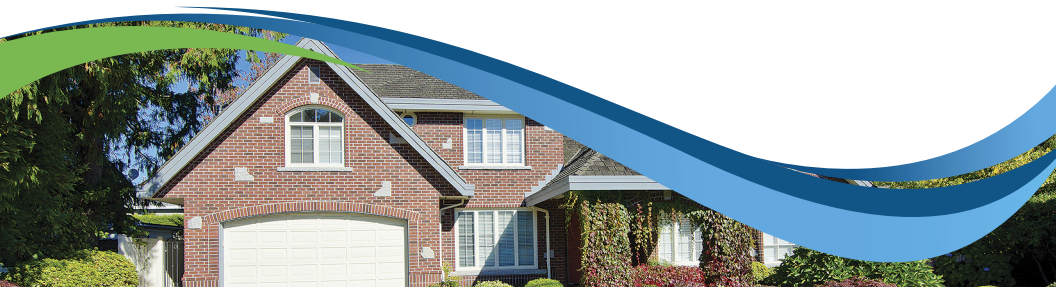
The **sales comparison approach** is appropriate for determining property assessments for areas and property types with active sales markets, such as residential property in medium to large cities.

The **property income (rental) approach** is based on the premise that the value of a property is directly related to the rental income it will generate. The appraiser analyses both the property's expenses and ability to produce future income, and then estimates the property's value.

### WHAT IS THE "AD VALOREM" SYSTEM?

Saskatchewan's assessment system is based on an "ad valorem" mass appraisal system, the valuing of properties using standard methods and allowing for statistical testing. Ad valorem means "according to value." The ad valorem principle is based on the concept that the amount of tax paid by a property owner should be determined in proportion to the value of their property. For property assessment, the accepted standard in North America is market value. Mass appraisal valuation models represent market supply and demand patterns for groups of properties rather than a single property.

To ensure final assessed values are as accurate as possible, professional assessment appraisers collect and analyse available cost, market and property rental income information and use the valuation approach that estimates the best value for various property types, based on available information.



## WHO IS SAMA? WHAT DOES SAMA DO?

The Saskatchewan Assessment Management Agency (SAMA) is responsible for the governance of Saskatchewan's property assessment system. As part of this function, SAMA coordinates a full revaluation of all properties in the province every four years. The previous revaluation in the province was completed in 2017, using January 1, 2015 as the base date. The 2021 Revaluation uses January 1, 2019 as the base date. The base date is the date to which the assessed values are related.

SAMA is responsible for assessment governance of the \$265 Billion property assessment base, and a \$2.1 Billion property tax base. The Agency provides assessment valuation services to 757 urban, northern and rural municipalities. It is directly responsible for the assessed values of over 869,000 properties in the province.

## THE COMPETITIVE ASSESSMENT ENVIRONMENT

Since 1995, a provision in The Assessment Management Agency Act has been made available that allows municipalities to use alternative assessment services.

In November 2004, the Province amended this legislation to require that municipalities wishing to undertake their own valuation services receive written consent from all affected school divisions as well as SAMA. Before this amendment, municipalities were only required to consult with school divisions and receive the written consent of SAMA.

SAMA and the Minister of Government Relation's consent are now needed for a municipality to opt out, or opt back into, SAMA's valuation services. Any municipality that carries out its own valuations and revaluations is not required to make requisition payments to the Agency. Jurisdictions that employ their own appraisal personnel still must follow the regulated Saskatchewan Assessment Manual and provincial assessment legislation.

The Assessment Management Agency Act contains separate legislation recognizing that the Major cities of Moose Jaw, Prince Albert, Regina and Saskatoon will provide for their own assessment services. The cities of Saskatoon, Regina, Prince Albert and Swift Current do not use SAMA's valuation services. In 2006, the city of Moose Jaw entered a long-term assessment services contract with SAMA.



## THE COMPETITIVE ASSESSMENT ENVIRONMENT (cont'd)

In 2014, 10 municipalities who had previously received their assessment services from an independent assessment service provider opted back into SAMA's assessment services, and an additional four municipalities, Battleford, North Battleford, Meadow Lake and Nipawin, transitioned their assessment services back to SAMA in 2018. SAMA is honored to continue to be the assessment service provider of choice for all our 759 client municipalities.

## WHAT IS NEW FOR THE 2021 REVALUATION?

For the 2021 Revaluation, all property types will have their values updated in relation to the **January 1, 2019** base date, regardless of being subject to a market valuation standard or a regulated property valuation standard.

Based on provincial averages for properties in SAMA's jurisdictions, the assessed values for arable and non-arable agricultural properties will, on average, be increasing approximately 1.25 and 1.21 times respectively over their assessed values from the 2017 Revaluation. This reflects the change in agricultural land selling prices between January 1, 2015 (the base date for the 2017 revaluation) and January 1, 2019 (the base date for the 2021 revaluation).

For 2021, the provincial average for assessments of residential properties are set to decrease approximately 7%. Commercial properties are set to increase approximately 15%. Rental apartment property assessments are set to decrease approximately 3% over their 2017 values.

The 2021 Revaluation is showing relative assessment stability compared to previous revaluations. There is a modest increase on an overall basis, with total provincial assessments only increasing by 1.05 times.

It is important to note that this is the anticipated increase to the provincial average for properties in SAMA's jurisdictions. Specific local increases in property values between 2017 and 2021 may vary from these figures depending on the overall trend in market values between 2015 and 2019 (the base date years).



## WHAT IS THE SAME FOR THE 2021 REVALUATION?

The 2021 Revaluation will continue to use the market valuation standard for the assessment of residential and commercial properties. The regulated property assessment valuation standard will continue to be used for the assessment of agricultural land, heavy industrial property, railway roadway, pipelines and resource production equipment (mines and oil and gas wells).

The 2021 Revaluation will maintain the stability of Saskatchewan's assessment system from a governance perspective by not introducing any major changes to assessment policy.

## HOW DOES THE VALUE OF MY PROPERTY AFFECT MY TAXES?

### PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA has no authority regarding property taxation. SAMA's role in determining property value is the first part of a process established by provincial legislation. Once SAMA has determined the value of a property, it is then multiplied by a percentage of value established by the provincial government. The result is the property's taxable assessed value.

On December 4, 2020, the Government of Saskatchewan announced the percentages of value for the 2021 Revaluation. Commercial, industrial, grain elevators, and railway right of way and pipeline are changing from 100% to 85%. All other percentages of value are staying the same.

Classes of property and their 2021 percentages of value established by the provincial government are:

- Non-Arable (Range) Land and Improvements (45%);
- Other Agricultural Land and Improvements (55%);
- Residential (80%);
- Multi-Unit Residential (80%);
- Seasonal Residential (80%);
- Commercial and Industrial (85%);
- Grain Elevators (85%); and
- Railway Right of Way and Pipeline (85%).

ASSESSMENT X PROVINCIAL "PERCENTAGE OF VALUE" = TAXABLE ASSESSMENT





## DOES SAMA SET TAX RATES?

SAMA does not set tax rates. To determine a property tax, a property's taxable assessment is multiplied by the mill rate set each year by municipal councils and the province, who sets the education tax mill rates each year as well. The municipal mill rate is determined based on the municipality's annual budget needs after considering all other sources of revenue.

Municipalities may also apply mill rate factors or other available tax tools to alter the total property taxes that would otherwise be paid by a class of properties. The final taxable assessment for a property in any year may be further affected if a municipal council adopts local tax tools such as a minimum tax or base tax.

**TAXABLE ASSESSMENT X LOCAL MILL RATE  
(ADJUSTED FOR LOCAL TAX TOOLS) = PROPERTY TAXES**

Property taxation is the main source of revenue for most municipalities. Their ability to deliver services depends on a stable assessment base. Property assessment is also a factor in calculating and distributing provincial transfer payments to local governments.

## HOW CAN I LEARN MORE?

For more information, please see the Revaluation 2021 section on our website at [www.sama.sk.ca](http://www.sama.sk.ca).

If you have further questions, comments or suggestions please contact SAMA directly:

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