

2023 SAMA Annual Meeting

How We Got Here –
The History and Importance
of SAMA

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Information Session Overview



1. History of
Assessments

2. Formation
of SAMA

3. Move to
Market Value
Assessments

4. Future
Policy and the
“IPTI” Report

5. Questions &
Discussion



*“You can’t really know
where you are going...
until you know where you
have been.”*

Maya Angelou

Information Session Goals:

1. Discuss the history and importance of SAMA and Assessments
 - ✓ “Know where we’ve been”
2. Look ahead to the future of assessment in our province
 - ✓ “Know where we are going”



The History of Assessments

1905 to 1945
& First
Manuals

1965 Manual

1987 SAMA
Formed

1997 Modern
Techniques
and Tax Tools

2009 Market
Value
Assessments

1905 to 1945 and the First Provincial Manuals ("The Wild West")

- 1905 to 1945- No Formal Manual. Assessments were ad hoc
 - Farmland valued at 6½ cents per acre in 1905
- 1936 Major Assessment Review
- First Assessment Manual in 1945
 - 1950 Manual / 1928 Base Date
22 Year Base Date Lag
 - 1961 Manual / 1947 Base Date
14 Year Base Date Lag
- Four Largest Cities Used In-House Assessments during this period



1965 Assessment Manual - "Same Song Book"

1965 Assessment Manual

ASSESSMENT MANUAL APPROVAL
(Section 311, The Urban Municipality Act)
Saskatchewan Urban Assessment Manual - 1982
Approval is hereby granted for the use of the
aforesaid manual in the determination of fair
value for all properties in urban municipalities.
All amendments and additions to this manual as
required from time to time must be approved
prior to being inserted as a part of the

Business Assessments – "Five and Ten Cent Store"

CODE	BUSINESS CLASSIFICATION	POPULATION UNDER 100,000
0920	<u>Five and Ten Cent Store</u>	
	Office and Sales.....	\$ 6.50
	Warehouse and Storage.....	1.25
0930	<u>Florist</u>	
	Office, Display and Sales.....	6.00
	Packing, Arranging and Work Area.....	2.75
	Warehouse and Storage.....	1.25
	Greenhouse.....	1.25
0940	<u>Flour and Feed (Also Seed and Feed)</u>	
	Office (without display or sales area).....	7.50
	Office and Sales.....	5.00
	Feed Processing - Equipment and Work Area.....	2.75
	Work Area and Storage Combined.....	2.00
	Warehouse.....	1.25
0950	<u>Flour and Feed Warehouse Sale (sales made directly from warehouse).....</u>	2.75
0960	<u>Flour and Feed Storage (connected with General Stores, etc.).....</u>	1.25

- 1965 Base Manual (used from 1974 to 1997):
 - First Manual Used Provincially
 - Common 1965 Base Date
 - Took 12 Years to Implement
- Two levels of value (1974 to 1986). **Required Equalization.**
- Still fully regulated. No relation to current market values. Assessed values were inequitable.

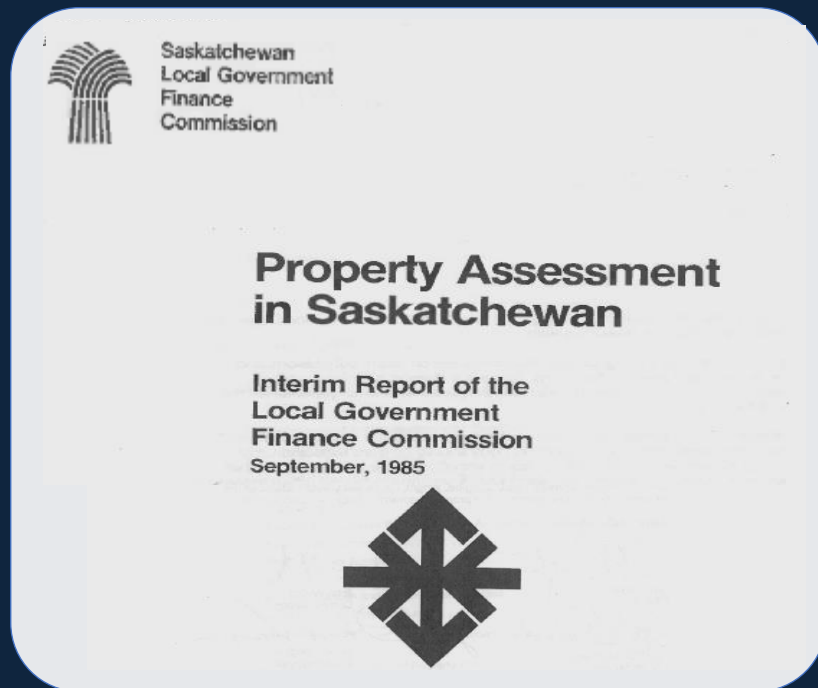
1987 Formation of SAMA



1985 Local Government Finance Commission Report

➤ SAMA formed in 1987 by *The Assessment Management Agency Act*

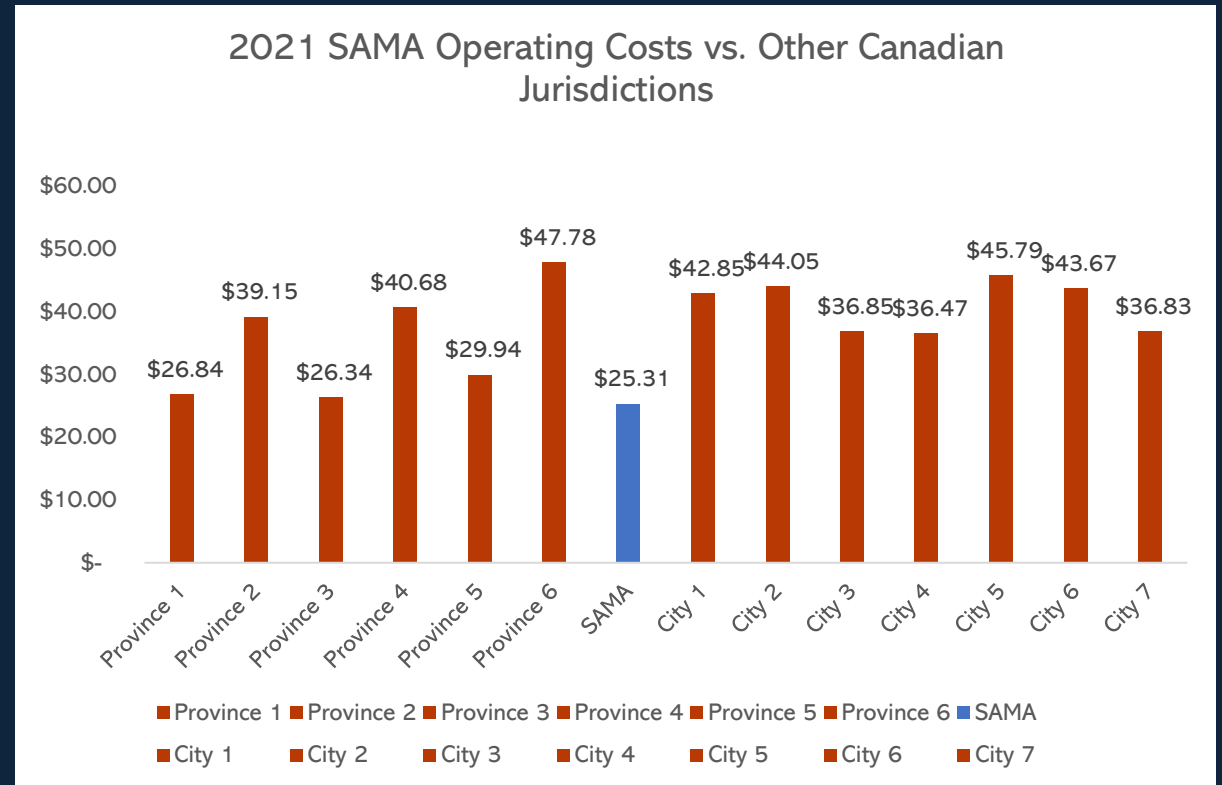
- Responsible for Assessment Policy/Governance
- Funded jointly by Province and municipalities (a partnership)
- Governed by Board of Directors
- Powers / Duties - Section 12 AMA Act





SAMA's Policy Goals and Objectives

- SAMA's Goal = stable, cost-effective assessment system
- Policy objectives: Accurate, up to date, universal, equitable and understandable
- SAMA has lowest cost per property in Canada



- ❖ SAMA is currently funded and resourced to complement the existing system (mass appraisal, two valuation standards, four year cycle)

1997 Revaluation – “A Big Step Forward” (Modern Techniques, Computers and Tax Tools)

- SAMA led a major system update for 1997 Revaluation (June 30, 1994 Base Date)
 - Modern assessment techniques
 - Used Market Data and Computer Systems
 - Values were updated by 29 years (from 1965 base)
- New tax tools in 1997
 - Provincial Percentages Of Value to mitigate major shifts
 - Phase in, Mill Rate Factors, Minimum Tax added
 - Base tax added in 2001

Basis for the Four Year Revaluation Cycle

- Revaluation cycle was legislated as 3 years for 1997 revaluation
- Regina and Saskatoon lobbied for a 4 year revaluation cycle
- In 1999 legislation was amended from a 3 to 4 years cycle
- 2001 / 2005 established as next revaluations

2009 to 2025 Revaluation Schedule:

Revaluation	Cycle	Base Date	Comment
2009	2009 to 2012	Jun 3, 2006	Introduced MV Based Assessments
2013	2013 to 2016	Jan 1, 2011	Base Date period 24 vs 30 months
2017	2017 to 2020	Jan 1, 2015	
2021	2020 to 2024	Jan 1, 2019	Current Revaluation
2025	2025 to 2028	Jan 1, 2023	Next Revaluation

2001/2005 Revaluations – “Setting the Stage”

- 2001 Revaluation - Expected minimal shifting.
 - Implemented market adjustments on Agricultural Land
 - Significant shifts occurred. System viewed as unstable
 - POVs used to cushion resulting tax shifts
 - The highly regulated/process-oriented system needed review
- 2005 Revaluation - Set the foundation for market value
 - 2005 introduced sales comparison (MRA) approach for residential
 - 2009 was slated for final steps toward a market value

2009 Revaluation

Move to Market Value Based Assessments

- March 2004- SAMA “Discussion Paper on the Assessment System and Revaluation Cycle”
- March 25, 2004- SAMA Board Approves Vision for 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 distribution of taxation”

2009 Revaluation

Move to Market Value Based Assessments

- March 25, 2004- SAMA Board Approved Three Main Objectives for 2009 Revaluation:
 - Permits the use of three approaches to value where appropriate
 - Uses regulation for properties such as agricultural land, oil and gas well production equipment, linear and heavy industrial property
 - Stabilize assessment policy to set the stage for a shorter revaluation cycle

2009 Revaluation

Move to Market Value Based Assessments

- SAMA Board establishes a Technical Development Committee (TDC) to review, research and make recommendations to the Board
 - Members- 7 City Assessors, SAMA Board members, solicitor, staff
 - TDC's primary role- Act as Market Value Steering Committee
 - Address technical issues required to implement the Market Value Assessment Vision as approved by the Board:
 - Mass appraisal best practices for MV
 - Regulated property types
 - Legislative changes
 - Regulatory safeguards
 - Resource / Staff / Computers
 - Critical Risk Factors and Mitigation
 - Communication Strategy
 - Create subcommittees

2009 Revaluation

Move to Market Value Based Assessments

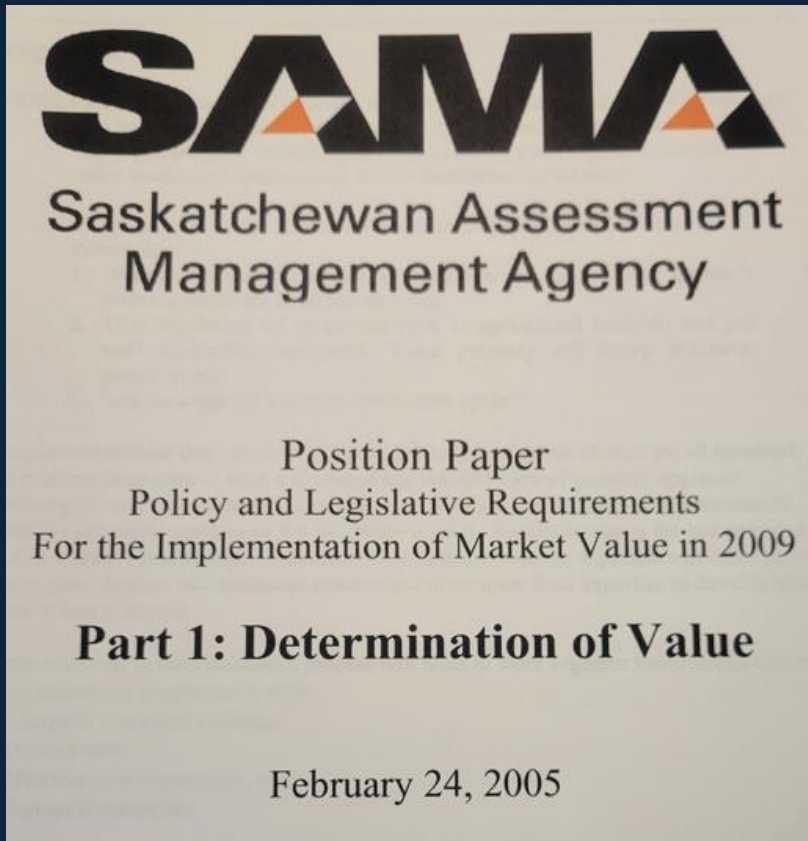
➤ TDC Issues Three Position Papers in early 2005:

1. Determination of Value

- Studied British Columbia, Alberta, Manitoba, Ontario
- Policy and Legislation- MV Standard, Regulated Standard, Mass Appraisal, Main Legislative Changes

2. Improvements to the Appeal Process

3. Requirements for Property Owners to Provide Information to the Assessor



2009 Revaluation

Move to Market Value Based Assessments

- SAMA developed a detailed 2009 Revaluation Plan
- Legal and Legislative Review Committee – 2006
- Research and Policy Finalization to 2007
- Move to Market Value Process planned from 2004 to 2009

SAMA
Saskatchewan Assessment
Management Agency

2009 Revaluation Detailed Plan

Plan Objectives

- Operational Plan for SAMA (independent municipality issues outside of plan scope)
- High level objectives set out on pages one and two of report:
 - Legislative changes (2006)
 - Research and Policy finalization; Manual and handbook preparation (January 2007)
 - CAMA model specification, calibration, updates (March 2007)
 - Sales and income data collection (March 1/July 1, 2007)
 - Market analysis, value reconciliation, SPAN data entry (Nov. 1, 2007)
 - Preliminary values to Government Relations (January 1, 2008)
 - Preliminary values to SAMA clients (May 2008)
 - Final values to SAMA clients (October 31, 2008)

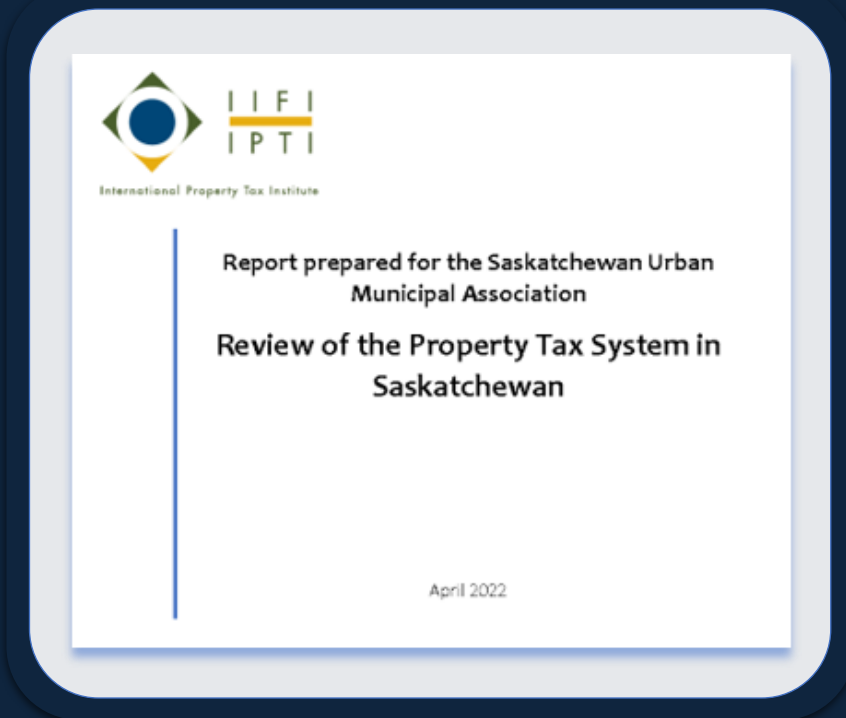
July 6, 2005

2009 Revaluation – “Market Value Based Assessments”

Lessons Learned from 2009 Move to Market

- SAMA provided leadership in this major assessment policy change
- Consisted of professional guidance, consultation and consensus
- The process took 5 years with clear vision.
- System moved from highly regulated, to results focused
- Last province to move to a market value based assessment system
- Using lessons learned we “built on what worked elsewhere, and we learned from the rest”

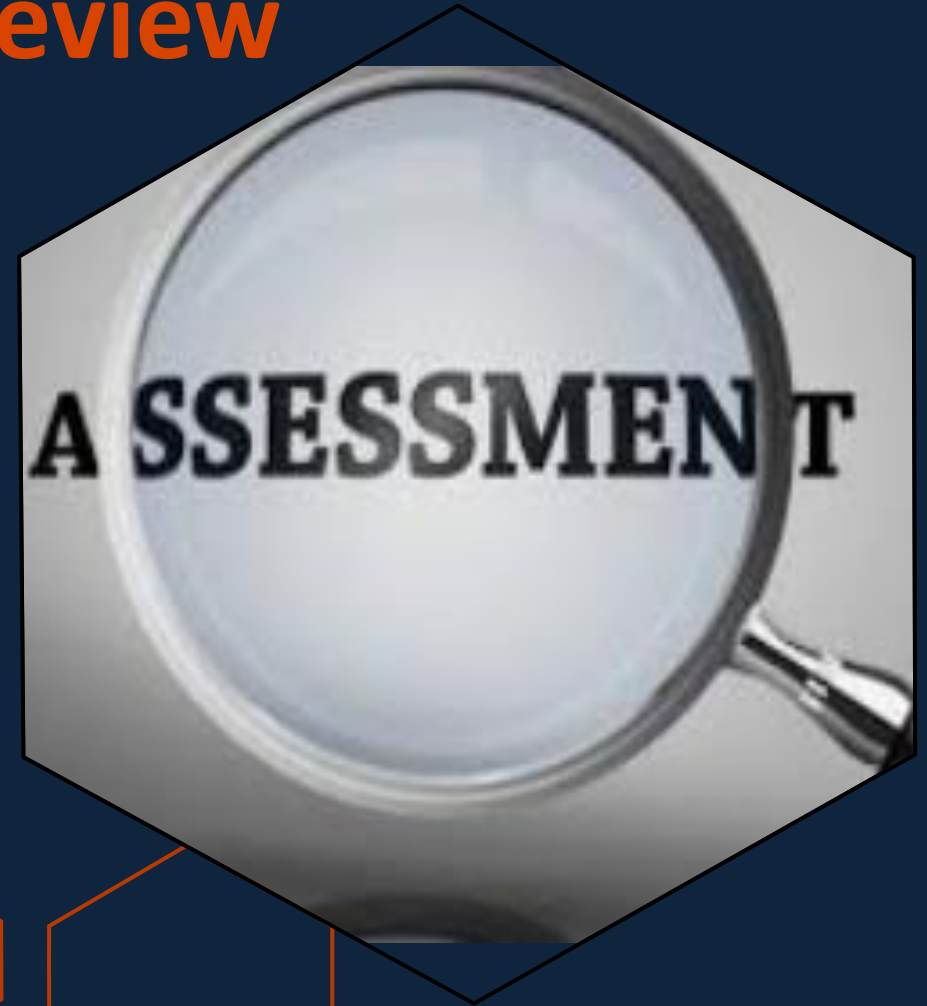
Future Assessment Policy and the IPTI Report



- Review of the Property Tax System in Saskatchewan
- Prepared by the International Property Tax Institute (IPTI)
- 158 Page Report. 185 Page Appendices.
- “Options for Change” versus recommendations
- Comparisons to other assessment jurisdictions:
 - Canada- British Columbia, Alberta, Ontario.
 - International- New York, England, The Netherlands

IPTI **Assessment/Taxation Review**

- 8 Options for Change
- Options include assessment and taxation related recommendations
- SAMA is responsible for consulting and recommending assessment policy for the province
- The Province has authority for taxation and legislation related changes



IPTI Assessment/Taxation Review

➤ 8 Main Options for Change:

1. Move to Using “True Market Values”	5. Change the base date
2. Move agricultural property out of Regulation	6. Change the assessment/taxation timetable
3. Remove the provincial percentages of value	7. Reform the appeal system
4. Shorten the current 4-year revaluation cycle	8. Training

IPTI Assessment/Taxation Review

➤ Assessment Policy Options for Change:

1. Move to Using “True Market Values”	5. Change the base date
2. Move agricultural property out of Regulation	6. Change the assessment/taxation timetable
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1. IPTI- Move to Using “True Market Values”

- This options involves valuing Regulated Properties using market values (i.e. remove regulated standard)
- Regulated Properties = Heavy Industrial, Oil and Gas / Mine RPE, Pipeline, Railway, Agricultural Land. Valued using regulated Manual.
- Saskatchewan has Market Value Based assessments for properties that have a market (with adequate sales, income, expense information)
- All three approaches to value are currently used to value residential and commercial type properties that commonly sell
- The Regulated Valuation Standard primarily uses the cost approach for properties that do not commonly sell

1. IPTI- Move to Using “True Market Values”

- Involves eliminating the regulated valuation standard
- This is a foundational change to the current system
- Would not significantly impact urban municipalities
- To value regulated properties using the Market Valuation Standard, SAMA would require additional resources for policy, valuation, and support of value
- Assessment stability was recommended to set the stage for a shorter cycle
- Allowing market valuations on regulated properties would increase assessment instability

1. IPTI- Move to Using “True Market Values”

Use of Single Property Appraisals on Appeal

- Current system does not allow use of single property appraisals (using a few comparable sales) to overturn mass appraisal based assessments (developed using all comparable sales, statistics)
- Purposely decided on mass appraisal standard in 2009, versus a double standard
- As last jurisdiction to move to market system, our province interviewed other jurisdictions for lessons learned
- Must consider date of fee appraisal, intended use, valuation standard, permission to use report, weight to give opinion relative to all sales. Need Court appeals to adjudicate.
- Appraisals could be used for an agreement to adjust or assessment reductions on appeal for a single property. Benefits one owner; contradicts equity.
- At the time, Calgary had 100's of millions in assessment appeals related to this issue

2. IPTI- Move Agricultural out of Regulated

- Arable and Pasture agricultural land is regulated. Stakeholders support this model.
- Ag land is valued using the productive capacity method.
- Calibrated to overall provincial average selling price (provincial factors) for every revaluation
- Market value (LMI) for ag land was removed for 2005 revaluation due to shears
- Arable model was just fully reviewed for 2025 revaluation (by U of S) using 30 years of up to date crop data
- Change would impact over 400,000 properties

3. IPTI- Shorten Current 4 Year Cycle

- Part of the Board Vision for the 2009 move to market based assessments
- A shorter cycle was viewed as only possible once major assessments policy stabilized
- Current cycle is established in legislation as 4 years (1999 *AMA Act*)
- Subject of extensive consultations in 2009. No consensus among stakeholders.
- A shorter cycle would require additional resources. 2017 SAMA review indicated 26 FTE's/ \$2.7M to implement 2 year cycle (require new estimate)
- IPTI report recommends against a split cycle (e.g. Cities 2 years, Others 4 years)
- Computer systems and technology have improved
- Shorter cycle possible subject to adequate staff and funding

4. IPTI- Change the Base Date

- Part of the Board Vision for the 2009 move to market based assessments
- Current period between the base date and the revaluation date is 24 months
- The base date period (or lag) was reduced from 30 to 24 months for 2013 revaluation
- Shortening period makes values 12 months more current, or only 1 year old on implementation
- Page 7- Shortening the base date from 2 years to 12 months could be introduced as a “standalone” improvement to the property tax system
- This change would require the Ministry to use trended assessments to determine percentages of value. Less ability “preview” assessments

IPTI Assessment/Taxation Review

➤ Other Options for Change:

1. Move to Using “True Market Values”	5. Change the base date
2. Move agricultural property out of Regulation	6. Change the assessment/taxation timetable
3. Remove the provincial percentages of value	7. Reform the appeal system
4. Shorten the current 4-year revaluation cycle	8. Training

4. IPTI- Other Options for Change (1/3)

3. Remove the provincial percentage of value

- Remove provincial tax policy and percentages of value to improve assessment stability, consistency, and transparency
- Allow tax rates and local tax policy decide the tax burden

6. Change the assessment / taxation timetable

- Assessed values should be provided to the provincial government and municipalities no later than September 1 in the year before the tax year
- Municipalities can then prepare budgets in September and October using actual assessed values versus estimates

4. IPTI- Other Options for Change (2/3)

7. Reform the appeal system

- Extend the appeal period.
- Move to a provincial versus local BoR's to improve decision making (report notes BoR decisions are sometimes overturned)
- Change the onus/burden of proof to the assessor.
- Consider making the next appeal level [Saskatchewan Municipal Board (SMB) - Assessment Appeal Committee (AAC)] a trial "*de novo*" (consider anew).
- Remove the current restriction and allow the AAC to use single property appeal techniques in making their decision.

4. IPTI- Other Options for Change (3/3)

8. Training

- Training / education needed for:
 - Present System
 - Changes to Existing System
- Education needed for policy makers and stakeholders
 - Target council members making tax policy decision
 - Improve awareness of taxpayers about existing system
- Risk of not addressing options for change include loss of confidence and reputational damage

IPTI Assessment/Taxation Review - Comments

- Page 15- There is no “perfect” or “ideal” property tax system in the world
- Page 40- The “accuracy” versus “equity” issue arises in many property tax jurisdictions
- Page 131- Most jurisdictions IPTI has studied have a similar definition of Market Value as Saskatchewan
- Page 132- Valuation regarded by many as an “art” versus a “science”
- Recent Court of Appeal – “Affinity Decision” affirmed assessment and appeal provisions for our province. Existing system has matured.
- Government introduced Board training and certification, and a Provincial Board of Revision for 2023
- SAMA has history of constantly reviewing system and leading needed policy change.

Future Assessment Policy and the IPTI Report

- Await SUMA response on options they endorse
- Participate on SUMA “IPTI Assessment/Legislation Working Group” as observer
- Begin preliminary communications and education
 - Present to SUMA - City Mayor’s Caucus, SAMA Advisory Committees, SAMA AGM
- Formulate Board direction/vision for change and decide the next steps

Future Assessment Policy Considerations



Existing Assessment System is Stable

- Province has History of Improvement (1905 to Present)
- 2009 Move to Market Considered IPTI Changes
- The Existing System is Stable and Cost Effective



Major System Changes Require Time

- Move to Modern Assessment System (1997 to 2009)
- 2009 Move to Market Value Assessments (2004 to 2009)
- IPTI Options for Change will occur after 2025 Revaluation



IPTI Recommendations Require Support and Funding

- Assessment and Taxation System Reviews are Positive
- System Improvements Require Consensus and Support
- IPTI Options for Change require Funding and Resources

Other Future Assessment Policy Options

- Focus on better education for the assessment and taxation system
- Use opportunities to simplify assessment explanations - dispel the myths
- Dedicate resources and rethink approaches for previews of new assessments
- Employ new technology to look for assessment change anomalies (Arc GIS Insights)
- Promote understanding and use of municipal tax tools for future revaluations
- Explore option to shorten the Base Date lag?



Questions?

Thank you

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