

# Answers to Frequently Asked Questions from Property Taxpayers

This section is presented in a conversational style to assist municipal elected officials and administrators to answer common questions from property owners regarding property assessment and taxes.

## 1. What do my property taxes pay for?

Your property tax bill is generally made up of two main taxes. One is your municipal property tax that goes toward paying for local services delivered by our municipal government. This includes services such as road maintenance and snow clearing, street lighting, parks and recreation services, fire protection, land use planning, and community programs. It also pays for the costs our municipal government incurs to have local policing services.

The second main tax is the provincial education property tax charged by the Government of Alberta. The province requires us to collect this tax on their behalf.

## 2. How is the value of my property determined?

### Residential/Commercial Property

Your property is assessed by a trained professional who has certification in assessment. It was likely assessed using a market value standard, which uses a statistical and mathematical calculation to estimate what your property would sell for on the open real estate market. The method involves comparing recent sale prices of similar properties. If there is limited sales data or comparisons available, then the assessor would have used an income method or cost method to determine the market value.

### Farmland, Machinery and Equipment, Linear, and Designated Industrial Property

Your property is assessed using a regulated procedure based standard. This is where the Government of Alberta prescribes specific rates and procedures that allow the assessor to determine the assessment value.

## 3. Why is my assessment higher/lower than the value of my property today?

Your property taxes are based on the value of your property as of July 1 from the previous year. The time from when your property is assessed to when we issue an assessment notice is necessary to provide time for assessors, the Government of Alberta, and our municipality to collect, review and distribute all data to property owners. The change that has taken place in the real estate market over the last year will be reflected in next year's assessment.

## 4. Why is my assessment higher/lower than my neighbour's house?

Assessments consider numerous factors which may impact your property value. Examples include:

- The size of your lot.
- Whether your lot is exposed to high street traffic, near a park or school, or has a walk-out.
- The type of house structure (e.g. bungalow, two-storey, split level) can impact value because there can be more/less market demand for certain types.
- Size, age, and condition of your house.
- Whether your basement is finished or has a walk-out.
- The existence of a garage or shed and the size and condition of those structures.
- The extent to which your home has been renovated or notable landscaping improvements.

## 5. How does my assessment affect my property taxes?

Your assessment is used to determine your share of property taxes, relative to all properties in the municipality. Once the municipality has set the property tax rate, your assessment is multiplied by the tax rate to determine the amount of property taxes you owe.

## 6. My assessment has changed. Does that mean my property taxes will increase/decrease?

It depends on how the value of your property has changed relative to the overall change in the market. If your home has increased in value more than the average change in value for residential property, then you will see a tax increase. This is because your property now represents a larger proportion of the municipality's taxable assessment base. For example, if the average residential property has increased by 2 per cent but your property has increased by 5 per cent, then you will see a tax increase. Alternatively, if your home has decreased in value more than the average change in residential property, then you will see a decrease in property taxes. The answer also depends on whether the municipality has budgeted to increase or decrease property tax revenue or if new development has occurred.

## 7. What is the difference between a tax rate and a mill rate?

The mill rate is the same as the property tax rate but it is expressed in a simplified manner to make it easier for communication. The property tax rate involves many decimals so it is easier to present it as a mill rate, which involves multiplying the tax rate by 1,000. For example, if a property tax rate is 0.0075, the mill rate is 7.5.

## 8. Why is our property tax rate higher/lower than other communities?

Comparing property tax rates is problematic because a municipality's tax rate is entirely dependent on how much taxable assessment is in a community. A more accurate approach is to

compare the average tax bill by municipality. You also need to consider the different types and quality of services provided by each municipality and the tax strategy by assessment class because that will impact each property tax rate.

## 9. Can I appeal my taxes?

No, you cannot appeal your property taxes. If you disagree with the assessed value of your property, you can appeal your assessment. This must be done within 60 days of the date of the assessment notice, but I'd encourage you to speak with the assessor first to see if your concern can be resolved. If you are concerned with the amount of your property taxes, you can speak with a member of council to share your concern.

## 10. I have filed a complaint about the assessment of my property. Do I still need to pay my property taxes?

Yes, you must still pay your property taxes by the due date to avoid penalties. If the decision on your complaint results in a lower tax levy, you will be credited the appropriate amount.

## 11. How is my provincial education property tax determined?

Each year, the Government of Alberta tells our municipality how much education property tax must be collected from residential, commercial, and industrial properties. This is known as the education property tax requisition. Our municipal government uses that information to calculate the education tax rate. That rate is then multiplied by your assessment to determine your portion of provincial education property taxes.

## 12. I am a senior. Is there support for me to pay my property taxes?

Yes. The Government of Alberta offers a [Seniors Property Tax Deferral Program](#) that allows eligible seniors to defer all or part of property taxes through a low-interest home equity loan. If you qualify, the province will pay your residential property taxes to the municipality and you re-pay the loan, with interest, when you move, sell the home, or earlier if you wish.