



BACKGROUND: ASSESSMENT REVIEW MODELS

About Property Assessment Models

Property assessment is regulated by provincial legislation and is intended to provide a means for all properties in the province to be assigned an objective annual value for property taxation. The intent is to prepare assessments in a fair, transparent, and equitable manner. While most properties are assessed based on their market values, the assessment of industrial properties, including wells and pipelines, is based on a standardized set of guidelines which include factors such as physical characteristics of assets and a standard depreciation rate.

Under the current assessment model, wells and pipelines are assessed at 67% of their replacement value, regardless of age. The new model proposes an asset life depending on the asset type and the scenario along with new depreciation ranges. Some of the proposed changes also include setting land values to zero rather than market value, which is the current practice. The Province is suggesting these changes are to enhance industry competitiveness, but the County questions whether the program will have the desired effect and it raises the issue of fairness and equity between different sets of taxpayers.

How could these changes impact Lacombe County?

Based on the various potential changes presented by the province, Lacombe County would be required to increase the residential tax rate by between 17.5% and 39.1%, the non-residential tax rate by between 3.6% and 8.4%, or reduce full-time employment by between 8% and 17.9%. Raising tax rates to off-set the impacts of the assessment model change will have the effect of merely transferring taxes from the oil and gas industry to other businesses and residents.

In reality, the County may be forced to enact a combination of all three changes, as well as reduce service levels. These changes could not only impact our municipality and the services we provide to residents and businesses, but potentially on the entire region and our urban neighbours through:

- increased school taxes, seniors' housing funding
- decreased funding support from Lacombe County in terms of Intermunicipal Collaboration Framework contributions (i.e. recreation facilities, shared services, etc.).