



## REVALUATION 2021

# MINING EQUIPMENT

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

SAMA is responsible for assessment governance of the \$250 billion property assessment base, and a \$2.1 billion property tax base. The Agency provides assessment valuation services to 759 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 869,000 properties in the province.

### 2021 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2017 was the year of the last revaluation, and the 2021 Revaluation will see assessed values updated to reflect a new base date of January 1, 2019. The legislated base date means that 2021 values reflect a property's value as of January 1, 2019.

### VALUATION STANDARDS

For the 2021 revaluation, Saskatchewan will use a **regulated property assessment valuation standard** for valuing mining equipment. Legislation also requires that assessments are to be calculated using mass appraisal, be of the applicable base date, and equity must be considered by the appraiser as a dominant and controlling factor in assessment preparation.

The formulas, rules and principles for the valuation of mining equipment are found in the *Saskatchewan Assessment Manual (2019 Base Year)*.

### COST APPROACH

The assessed value for mining equipment is based on a depreciated replacement cost system.

The assessment of resource production equipment (RPE) used in the mining industry includes fixtures, machinery, tools and other associated appliances used for extraction and production of a mineral resource. Provincial legislation specifies that resource production equipment used to process or refine a mineral resource is not to be assessed.

The following factors are considered in determining the fair value of mining RPE:

- replacement cost new;
- depreciation;
- downtime; and,
- downtime allowance factor.

### REPLACEMENT COST NEW

The replacement cost new for most assessable mining RPE is determined using the original installed cost, which is adjusted to 2019 values. Appraisers obtain the original installed cost from company records. The only exceptions among resource production equipment are conveyors and some solution mining equipment, which are assessed using unit-in-place cost tables in the *Saskatchewan Assessment Manual (2019 Base Year)*.

## DEPRECIATION

Depreciation in the form of physical deterioration is accounted for in the valuation of mining resource production equipment. A lifetime depreciation allowance of 40 percent is used to account for physical deterioration, irrespective of whether the equipment is new or old. There is no adjustment for either functional or economic obsolescence.

## DOWNTIME AND DOWNTIME ALLOWANCE FACTOR

A downtime allowance of 10 percent is applied to all mining RPE. The allowance is to account for "normal" shutdowns for annual maintenance and repair. Mining RPE is also eligible for an additional downtime adjustment where it was shut down for an extended period during the preceding year.

## PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate\* to produce property tax levies, also known as your property tax bill.

[SAMA]		[Province]		[Municipalities and Government]		[Taxpayer]
ASSESSED VALUE	X	PERCENTAGE OF VALUE & EXEMPTIONS	X	MILL RATES*	=	PROPERTY TAXES

\*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.

SAMA's *Saskatchewan Assessment Manual (2019 Base Year)* is available on SAMA's website.



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SAMA has Information Sheets available on the assessment process for different types of properties. For further information visit SAMA's website or contact your local municipality or any SAMA office.

Please note that for jurisdictions where SAMA provides valuation services, individual property assessed value information is available on SAMA's website at [www.sama.sk.ca](http://www.sama.sk.ca), by clicking the SAMAVIEW link.

October 2020