



## REVALUATION 2021

# HEAVY INDUSTRIAL PROPERTY

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 heavy industrial property. 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 heavy industrial property are found in the *Saskatchewan Assessment Manual (2019 Base Year)*. Heavy industrial property contains very large, unique structures built to fulfill specific needs. Examples of properties include mines, petroleum refineries/upgraders, large ethanol plants and plants manufacturing products such as fertilizer, plywood, steel or steel pipe.

### THE COST APPROACH

The assessed value for heavy industrial property is based on a depreciated replacement cost system. The cost approach is also used to value other properties such as commercial and residential properties. However, there is no recognition of economic obsolescence in the valuation of heavy industrial property. The valuation of these kinds of properties by the cost approach is a generally accepted practice of the mass appraisal industry.

LAND VALUE + DEPRECIATED REPLACEMENT COST OF BUILDINGS = ASSESSED VALUE

### LAND ASSESSMENT

Land deemed to be primary industrial land is valued with the rate schedules set out in the *Saskatchewan Assessment Manual (2019 Base Year)*.

Land not deemed to be primary industrial land, such as land used for residential purposes, will be valued using the market valuation standard. The appraiser then considers factors such as use, location, zoning, services to the land that affect value and average selling prices. Land used for agricultural purposes will be valued using the regulated property assessment valuation standard.

## BUILDING ASSESSMENT

The depreciated replacement cost of heavy industrial buildings and structures are based on average construction costs, and consideration of both physical deterioration and functional obsolescence. The replacement cost new is calculated using the procedures set out in the Manual.

The amount of physical deterioration is determined using age and condition tables as set out in the Manual. An allowance may be made for functional obsolescence where there is a loss in the utility of the building that is not already accounted for in the replacement cost new.

Heavy industrial buildings and structures may also be eligible to receive further adjustments in their building assessment in the form of a closure adjustment factor. The closure adjustment factor may be applied when a heavy industrial plant is completely closed for a period of at least one 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.



### SAMA CENTRAL OFFICE

200 - 2201 - 11th Avenue  
Regina SK S4P 0J8  
P: 306.924.8000 F: 306.924.8070  
TF: 800.667.7262 (In Saskatchewan)  
W: [www.sama.sk.ca](http://www.sama.sk.ca)

### SAMA REGIONAL OFFICES

#### MELFORT

107 Burrows Avenue West  
P.O. Box 1089  
Melfort SK S0E 1A0  
P: 306-752-6142 F: 306-752-6151  
TF: 800-216-4427 (in Saskatchewan)

#### MOOSE JAW

228 Main Street North, 4th Floor  
Moose Jaw SK S6H 3J8  
P: 306-694-4425 F: 306-694-4505  
TF: 866-398-7889 (in Saskatchewan)

#### NORTH BATTLEFORD

303 1101-101st Street  
North Battleford SK S9A 0Z5  
P: 306-446-7665 F: 306-446-7568  
TF: 800-824-2570 (in Saskatchewan)

#### REGINA

330 - 2505 11th Avenue  
Regina SK S4P 0K6  
P: 306-924-8080 F: 306-924-8088  
TF: 800-498-0578 (in Saskatchewan)

#### SASKATOON

300 333-25th Street East  
Saskatoon SK S7K 0L4  
P: 306-933-5385  
TF: 800-667-5203 (in Saskatchewan)

#### SWIFT CURRENT

203 - 350 Cheadle Street West  
Swift Current SK S9H 4G3  
P: 306-778-8444 F: 306-778-8445  
TF: 800-498-0574 (in Saskatchewan)

#### WEYBURN

314-110 Souris Avenue  
Weyburn SK S4H 2Z8  
P: 306-848-2397 F: 306-848-2399  
TF: 800-498-0575 (in Saskatchewan)

#### YORKTON

45B Palliser Way  
Yorkton SK S3N 4C5  
P: 306-786-1370 F: 306-786-1372  
TF: 800-498-0576 (in Saskatchewan)



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.

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