



ASSESSMENT & TAXATION

ASSESSMENT AND TAXATION EXAMPLES

EXAMPLE 1(A) RESIDENTIAL & FARM CLASSIFICATION

Full quarter section with Farmland Regulated Value.
Example is part of a Farm Unit that qualifies for full RAP exemption.

Improvement Value Home **\$150,000** minus RAP Exemption (max) **\$61,540** = **\$88,460.00**

Improvement Value Shop **\$350,000** minus Farm Buildings Exemption = **\$0.00**

Land Value \$200,000 adjusted based on Farmland Regulated Value = **\$38,250.00**

TOTAL ASSESSMENT: \$126,710.00

RESIDENTIAL CLASS: \$88,460.00 x 4.36715 / 1,000 = \$386.32

FARM CLASS: \$38,250.00 x 10.45965 / 1,000 = \$400.08

TOTAL TAX PAYABLE: \$786.40

EXAMPLE 1(B)

(Same as 1(A) except Shop is used 50% for Small Business)

Improvement Value Home **\$150,000** minus RAP Exemption (max) **\$61,540** = **\$88,460.00**

Improvement Value Shop (50% Small Business & 50% Farm Building Exempt) = **\$175,000.00**

Land Value \$200,000 adjusted based on Farmland Regulated Value = **\$38,250.00**

TOTAL ASSESSMENT: \$301,710.00

RESIDENTIAL CLASS: \$88,460.00 x 4.36715 / 1,000 = \$386.32

SMALL BUSINESS CLASS: \$175,000.00 x 10.45965 / 1,000 = \$1,830.44

FARM CLASS: \$38,250.00 x 10.45965 / 1,000 = \$400.08

TOTAL TAX PAYABLE: \$2,616.84

In this scenario, prior to Saddle Hills County establishing the Small Business Class, total taxes would have been **\$3,148.90**.

EXAMPLE 1(C)

(Same as 1(A) except Shop is used 100% for Small Business)

Improvement Value Home **\$150,000** minus RAP Exemption (max) **\$61,540** = **\$88,460.00**

Improvement Value Shop (100% Small Business) = **\$350,000.00**

Land Value \$200,000 adjusted based on Farmland Regulated Value = **\$38,250.00**

TOTAL ASSESSMENT: \$476,710.00

RESIDENTIAL CLASS: \$88,460.00 x 4.36715 / 1,000 = \$386.32

SMALL BUSINESS CLASS: \$350,000.00 x 10.45965 / 1,000 = \$3,660.88

FARM CLASS: \$38,250.00 x 10.45965 / 1,000 = \$400.08

TOTAL TAX PAYABLE: \$4,447.28

In this scenario, prior to Saddle Hills County establishing the Small Business Class, total taxes would have been **\$5,511.40**.

EXAMPLE 2(A) RESIDENTIAL CLASSIFICATION

10 acres of land with improvements used exclusively as a residence.

Improvement Value Home = **\$150,000.00**

Improvement Value Shop = **\$350,000.00**

Land Value = **\$100,000.00**

TOTAL ASSESSMENT: \$600,000.00

RESIDENTIAL CLASS: \$600,000.00 x 4.36715 / 1,000 = \$2,620.29

TOTAL TAX PAYABLE: \$2,620.29

EXAMPLE 2(B)

(Same as 2(A) except Shop is used 50% for Small Business)

Improvement Value Home = **\$150,000.00**

Improvement Value Shop (50% Small Business & 50% Residential) = **\$350,000.00**

Land Value = **\$100,000.00**

TOTAL ASSESSMENT: \$600,000.00

RESIDENTIAL CLASS: \$425,000.00 x 4.36715 / 1,000 = \$1,856.04

SMALL BUSINESS CLASS: \$175,000.00 x 10.45965 / 1,000 = \$1,830.44

TOTAL TAX PAYABLE: \$3,686.48

In this scenario, prior to Saddle Hills County establishing the Small Business Class, total taxes would have been **\$4,218.54**.

EXAMPLE 2(C)

(Same as 2(A) except Shop is used 100% for Small Business)

Improvement Value Home = **\$150,000.00**

Improvement Value Shop (100% Small Business) = **\$350,000.00**

Land Value = **\$100,000.00**

TOTAL ASSESSMENT: \$600,000.00

RESIDENTIAL CLASS: \$250,000.00 x 4.36715 / 1,000 = \$1,091.79

SMALL BUSINESS CLASS: \$350,000.00 x 10.45965 / 1,000 = \$3,660.88

TOTAL TAX PAYABLE: \$4,752.67

In this scenario, prior to Saddle Hills County establishing the Small Business Class, total taxes would have been **\$5,816.79**

MUNICIPAL ASSESSMENT AND TAXATION IN SADDLE HILLS COUNTY

Assessment in Alberta is conducted in accordance with legislation and regulations set out in the Municipal Government Act of Alberta. All municipalities in Alberta are required to assess the dollar value of all property within their municipality.

Assessment is defined by Municipal Affairs as the process of assigning a dollar value to a property. This value is then used to calculate the amount of taxes payable.

Taxation is the process of applying the tax rate (or mill rate) to a property's assessed value. This determines the taxes payable.

Land and Improvements are assessed by class. A tax rate is established for each assessment class.

Saddle Hills County tax rates are established by Saddle Hills County Council annually. These tax rates are documented in the current Tax Rate Bylaw.

Below are the assessment property classes along with the corresponding 2023 tax rate (or mill rate) for each property class:

- Residential - 4.367150
- Farm - 10.459650
- Non-Residential - 13.500000
- Small Business - 10.459650

$Assessment \times Tax Rate (Mill Rate) / 1,000 = Tax Payable$

All assessments are based on Market Value.

To establish Market Value, Assessment in Alberta considers each property's unique characteristics. These are the same characteristics that a property purchaser would consider such as location, services, size, layout, age, finish, quality, garages, sun decks, condition of buildings, and recent sales of similar properties.

When Land and Improvements meet the criteria for farm use under the Alberta Farm Regulations, unique factors apply. Farm building values are exempt from taxation, farm residence values are reduced in accordance with the Rural Assessment Policy (RAP) exemptions, and farmland values are adjusted based on Alberta's Farmland Regulated values. RAP consists of a maximum exemption of \$61,540 for the first residence and \$30,770 for each additional residence depending on how many units of farmland an individual owns. In Alberta, Farmland Regulated values, according to Municipal Affairs, were last reviewed and updated in 1994.

Farmland assessment has four steps. Starting with Alberta Farmland Regulated values of \$350 per acre for dry arable land or dry pastureland, \$450 per acre for irrigated arable land, and \$135 per acre for woodlot lands. *In Saddle Hills County we do not have irrigated land or woodlot land.* Alberta Municipal Affairs establishes an "Assessment Year Modifier" to adjust assessed property values to align with changing value trends. The Assessment Year Modifier is applied, and Assessors adjust these values for types of soil, subsoils, texture rating and topography rating. For pasture lands, adjustments are made for the carrying capacity of the lands, plant type and zone. Using the agricultural use value of the parcel, adjustments are made depending on road access and the distance a parcel is from a farm service centre.

If Farm use does not apply the parcel is assessed at market value.

Non-Residential is assessed at Market Value. In Saddle Hills County, property that meets the criteria of Bylaw 415-2023 is assessed as Small Business class. Prior to this Bylaw, Small Business was taxed at the same rate as the non-residential class.

The interior pages show examples of Residential, Farm and Small Business class property assessment.

These examples indicate the effect different property uses have on Property Classification, Assessment, Tax Rate and the corresponding tax payable.



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