

# Reassessment 2010

## – an overview

Courtesy Manitoba Intergovernmental Affairs

**Property reassessment is underway** in Manitoba, and comes into effect for the 2010 tax year.

For 2010, the assessment values of all properties province-wide are being updated to reflect April 1, 2008 market values, from 2003 market values. This past spring, all property owners in Manitoba were mailed new assessment notices and municipalities received their 2010 preliminary assessment roll. Meetings have also been held with every municipal council across the province. Provincial assessors have advised councils about how assessments have changed in their municipality and how property taxes will shift as a result of the reassessment.

- Cottage property assessments are increasing very significantly across the province, reflecting an exceptionally strong demand for recreational properties. Within municipalities with large cottage areas, cottage assessments are increasing more than all other types of properties.
- Commercial and industrial property assessments are increasing moderately. Assessments are increasing significantly for oil wells in southwest Manitoba, as well as for railways and pipelines.
- Farm property assessments are increasing. Assessment increases vary among municipalities and even within

assessments increase or decrease relative to the provincial commercial average.

- Special Levy shifts where property assessments increase or decrease relative to the school division average. Municipalities seeing higher than average increases within the school division will be required to raise a bigger share of the school division's special levy.

In 2010, budget decisions by municipalities and school divisions will determine how much revenue comes from property taxes.

Councils need to be able to respond to citizens' questions about their 2010 property taxes when they hold their 2010 financial plan public hearing next March or April. However, councils can't wait until next year to decide about what, if any, steps they will take. The time to think about this is now!

At the tax impact meetings, councils were advised about legislative authorities to mitigate the tax impacts of the reassessment. Councils can consider the options available to them, and tailor them to address the unique situation of their own municipalities.

**Property Tax phase-in** – Phase-in of municipal and school tax increases and decreases is a key tax mitigation tool that is specifically designed to address local property tax shifting. Phase-in has been used by several municipalities in previous reassessments.

Phase-in is a flexible tool that can be used on an individual property or property class basis. Councils can determine how a phase-in program could work in their municipality, for example phasing-in tax increases or decreases over a certain dollar or percent amount.

Phase-in enables councils to spread tax increases and decreases over a two-year period, reducing the tax impact to property owners. Within a two-year reassessment

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For 2010, Manitoba is seeing the greatest increases in assessment values since the market value system of assessment was introduced in 1990. Assessment increases vary among municipalities across the province, reflecting different market conditions. However, there are some key province-wide trends:

- Residential property assessments have increased more significantly than all other types of property, reflecting Manitoba's continuing strong housing market. Single family residences in particular are increasing, with strongest increases in Winnipeg's inner city neighbourhoods, and municipalities surrounding Winnipeg, the Brandon area, and some northern municipalities. Increased immigration is creating higher demand for housing, and is impacting property values in some municipalities.

municipalities, given reflecting the very diverse nature of farming in Manitoba. Irrigated farmland, as well as farmland suited for specialty crops, is seeing greater assessment increases. Farmland assessments are also increasing more than farm building assessments.

Starting in 2010, property reassessments will be taking place more often.

Reassessment will occur every two years instead of every four. As a result, we are unlikely to see assessment increases of the magnitude seen in this reassessment. After 2010, the next reassessment will take place in 2012.

In a reassessment, property taxes shift. Some properties see increases, while other properties see decreases:

- Municipal taxes shift where property assessments increase or decrease relative to the municipal average.
- ESL shifts where commercial

cycle, tax increases and decreases are phased-in for 2010 and 2011. Properties will pay their full taxes when the next reassessment takes place in 2012.


Options also exist for how councils can fund a phase-in program. Depending on your municipality's situation, a phase-in program may be funded without increasing your municipal budget. The amount of tax increases to be phased-in can be offset if your municipality also chooses to phase in tax decreases.

**Municipal portioning** – Another option available to municipalities is to vary the portion of assessment subject to municipal tax, to shift municipal taxes from one property class to another. Municipalities cannot vary portions for school taxes. Provincial approval is required. To date, no municipalities have used this authority.

**Alternative ways to pay for municipal services** – In most cases, municipalities levy taxes to pay for the cost of municipal services based on the assessed value of property. Property owners that see an increase in taxes as a result of the reassessment may have higher expectations for municipal services. They may question the types of services or the level of services they are receiving. Some property owners may question how the municipality is charging for municipal services, and may raise concerns about fairness.

Municipalities have tools to address these types of property owner concerns:

- **Special Services** - special services can be used to levy for services in various ways: per parcel, by property area, or frontage, as well as by assessment. Special services can be effective when a particular service or services are provided to properties in a particular area of the municipality and not to all properties in the municipality. A broad range of services can be delivered as a special service under The Municipal Act, including waste collection, snow removal and dust control, street lighting, and recreation services.
- **User Fees** – User fees can be also be considered, so that all users of a service, not only property owners, pay for the municipal service.

Intergovernmental Affairs will be pleased to assist your municipality and answer any questions about the options that are available to your municipality. Please contact a Municipal Services Officer. 

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