

# Assessment Bulletin

Phone: 780.422.1377  
Fax: 780.422.3110  
Email: [lgsmail@gov.ab.ca](mailto:lgsmail@gov.ab.ca)  
[www.municipalaffairs.gov.ab.ca](http://www.municipalaffairs.gov.ab.ca)  
15<sup>th</sup> Floor, Commerce Place  
10155-102 Street  
Edmonton, AB T5J 4L4

*IB* Bulletin No. 08-04  
May 2008

## **Railway Property Assessment Methodology (Regulated versus Non-Regulated)**

The attached information sheet has been developed to provide guidance to assessors in regards to the value standards applicable to railway property (regulated property) and trackage located outside of a railway right-of-way (non-regulated property). The recommended assessment practice applicable to trackage (non-regulated property) takes into consideration input that was provided by a focus group established to address this issue. The focus group included assessors and representatives from affected property owners.

If you have any questions regarding this bulletin, please contact Rory Badger of the Assessment Services Branch with Alberta Municipal Affairs at 780-422-8391. For toll-free access, call 310-0000, then dial 780-422-8391.

Attachment

ISBN 978-0-7785-7166-7 (print)  
ISBN 978-0-7785-7167-4 (online)

**Information Sheet**  
**Railway Property Assessment Methodology**  
**(Regulated Versus Non-Regulated)**

Railway property in Alberta that is regulated for property assessment and tax purposes is defined in section 284 of the *Municipal Government Act (MGA)*. Only railway property that falls within the *MGA*'s definition can be assessed using the Railway Property Assessment Minister's Guidelines.

Under section 284(1) of the *MGA*, railway property is defined as follows:

- (s) *"railway" means roadway and superstructure*
- (t) *"roadway" means the continuous strip of land owned or occupied by a person as a right of way for trains, leading from place to place in Alberta, but not including*
  - (i) *land that is outside of the right of way and owned or occupied by the corporation for station grounds or extra right of way for sidings, spur tracks, wyes, or other trackage for trains, or*
  - (ii) *land within the right of way that is used by the corporation for purposes other than the operation of trains;*
- (v) *"superstructure" means*
  - (i) *the grading, ballast and improvements located on a right of way for trains and used for the operation of trains, and*
  - (ii) *the improvements that form part of a telecommunications system intended for or used in the operation of trains*

All trackage and other improvements located outside of a railway right-of-way are not included as part of railway property defined in the *MGA*. These properties fall within the definition of an "improvement" under section 284 (1)(j)(i) of the *MGA*. As such, an improvement is considered non-regulated property and the value standard is market value (section 5 of the Matters Relating To Assessment and Taxation Regulation). The recommended assessment practice for the valuation of this type of non-regulated property for property tax purposes is as follows:

- Taking into consideration that trackage is special purpose property, use the cost approach to calculate an estimate of market value by using either:
  - trended original cost (use cost indices to trend historical cost to current assessment year cost), or
  - available cost models trended to the year of assessment(Marshall and Swift)
- Use a 30-year anticipated age life to calculate normal depreciation (Marshall and Swift and working group input), and
- If it is demonstrated that it exists, apply abnormal depreciation on a site-specific basis in the same manner that it is applied to the subject plant or property as a whole.

Although this valuation method is not a requirement under regulation, the Assessment Services Branch of Alberta Municipal Affairs is adopting it as a best practice within Alberta. Therefore, assessment auditors may include this best practice as part of their audit process.