

A Assessment Bulletin

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Guidance on Assessing a Mixed Use Agricultural Property

Overview:

Rural municipal assessors have asked the ministry to provide advice on the assessment of mixed use agricultural properties to assist in improving the consistency of assessment. This is an overview prepared by the Assessment Services Branch that provides guidance for assessing a mixed use agricultural property. The relevant sections of the *Municipal Government Act* and the Matters Relating to Assessment and Taxation are listed.

“Typical” Examples

Market Value:

Residence:

The farm residence plus 3 acres of land is assessed at market value [MRAT section 6]. The assessment notice is sent to the owner of the land. This portion of the property is taxed at the residential tax rate set by the municipality. Typically, there is an attached garage or a detached garage where the garage is used for farming operations. The assessor should determine the extent to which the garage is used for farming operations and prorate the assessment. In addition, where there is sufficient farm land, the assessment of the house is reduced by the assessment of the farm land in the farm unit to a maximum of \$61,540 [MRAT section 22].

Farm Buildings:

Where the parcel is located in a rural municipality, the barn and machine shed located on the property are both not assessable [MGA Sect. 298(1)(y)].

When located in an urban municipality, these farm buildings are exempt from taxation to the extent of 50% of their assessment [MRAT Part 5, Section 22(c)]. The farm buildings are assessed at their value based on their use for farming operations. The farm buildings are taxed at the non-residential rate.

Services:

The septic tank and water well connecting to the residence are all non-assessable property. The effect of their presence is included in the market value of land (i.e. serviced land) [MGA Section 298(1)(b.1)]. The market value of the site reflects the value of the services on the land.

Commercial operation:

Bob's Trucking would be assessed as a commercial building at market value. The land occupied (the commercial site can be of any size) by Bob's Trucking is also assessed at market value. [MRAT Part 1, Section 4(3)(e)(f) and Section 4(4)]. The assessment notice is sent to the land owner. This portion of the property is taxed at the non-residential tax rate set by the municipality.

Regulated:

Farm land:

Assess farm land using the Minister's Guidelines and the 1984 Farmland Manual. In this example a two acre commercial site and a three acre residential site are used.

Example of a farm land assessment:

Schedule A: Base Rate for Dry Pasture Land = 350

Schedule B: 2008 Modifier = 1.00

Schedule C: (1984 farm manual)

Agricultural Region: 2H – Peace River (2HPR)

Soil Group, Adjusted Rating: 65 Rating, (DGt-) (Dark Grey transitional) (Landry Series)

Surface Depth: 2 Rating, AP0-1 (color and depth association slightly varied from soil Group specifications)

Subsoil: 4 Rating, C (Clay)

Texture: 0 Rating, SICL (Silty Clay Loam)

Miscellaneous: 0 Rating (not applicable)

NPR (Net Productivity Rating): 59

ICP (Increased Cost of Production):

Topography: 1 Rating (U) (Undulating)

Stone Cover: 0 Rating (no stones)

Miscellaneous: 2 Rating (obstacle in center)

ICR Final Rating: 3 points

Final Rating (FR): 56 points

Schedule D: (Distance in Miles) Greater than 10 up to 15 = 4% reduction (0.96 factor) (7.060.500)

Formula:

Schedule A X Schedule B X Schedule C X Schedule D

(A= 350) X (B= 1.00) X (C=0.56) X D=0.96) X 155* acres =\$30,380.00

*155 is calculated as such: (160 -2 acres for commercial and -3 acres for residence)

Linear Property:

Many rural parcels in Alberta have linear property, the assessment of any linear property is prepared annually by the Designated Linear Assessor. Below are the linear property types.

- Pipelines,
- Wells,
- Telecommunication Carriers,
- Cable Distribution Undertakings, and
- Electric Power Systems.

Annually the Designated Linear Assessor sends the assessment notices to the linear property owners and the municipality where the property is located. The municipality then issues the tax notice to the linear property owner at the non-residential tax rate.

“Non-typical” Examples

Commercial operation:

Bob’s Trucking is assessed as a commercial building at market value. The land occupied (2 acres) by Bob’s Trucking is also assessed at market value [MRAT Section 4(3)(e) and (f)].

If the site is contiguous to the residence, then 5 acres at market prorated $\frac{3}{5}$ residential and $\frac{2}{5}$ commercial. If the sites were at opposite ends of the parcel (not contiguous), then we used separate site values, in other words, 3 acre site for the residence and a separate 2 acre site for the commercial.

Communications Tower:

Where the communication tower is not owned or operated by a company described in 284(1)(k) the communications tower is assessed as a structure at market value and the associated equipment as machinery and equipment. In addition, a site area is required to be assessed at market value and assessed to the land owner (e.g. 1 Acre).

For a list of companies regulated by the CRTC, please visit their website at <http://www.crtc.gc.ca/>.

(Note: this parcel would have 6 acres assessed at market value for land. The prorated amounts for each would be $\frac{3}{6}$ to residential, $\frac{3}{6}$ to non-residential (land occupied by Bob’s Trucking and the communications tower).

If you have any questions, please contact the Assessment Services Branch at lgsmail@gov.ab.ca, or at 780-422-1377 (toll free by first dialling 310-0000).

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