

Assessment Bulletin

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EQUALIZED ASSESSMENT PANEL TECHNICAL COMMITTEE

EAP Technical Committee Recommendation

Item: 2D

Title: Direct Equalization Methodology

EAP Recommendation: 4Ai, 4Aii

Question: Direct equalization will be introduced January 1, 2007. What is the direct equalization methodology?

Background:

Direct equalization involves converting ratio study results into adjustment factors and having locally determined assessed values changed to more nearly reflect market value, or the statutorily required level of assessment. Direct equalization has an advantage in that it can be applied to specified strata that do not meet assessment level performance standards. Direct equalization also produces results that are more visible to taxpayers and will clearly reduce perceived inequities between property groups.

In preparing assessments, a municipal assessor will use direct equalization procedures to adjust each assessment. These adjusted assessments must then pass the provincial audit test for the statutory assessment level.

Recommendation:

The direct equalization methodology should be:

1. Determine the median assessment ratio for a market area by performing a ratio study. If the market area meets the quality standard for the median assessment ratio and coefficient of dispersion then proceed to the next step, otherwise the model must be recalibrated because direct equalization impacts the coefficient of dispersion.
2. Divide each assessment in the market area by the median assessment.

Recommendation Background:

See Item 2A for the recommendation of a standard for median assessment ratio quality range.

Recommended



Steve White
EAP Technical Committee Chair

April 9, 2002

Date

Accepted



Brad Pickering
ASSET Steering Committee Chair

April 19/02

Date