



SAMA and the 2021 Revaluation

The Saskatchewan Assessment Management Agency (SAMA) is the leader and authority on property assessment, and Saskatchewan's service provider of choice (Agency Vision). The Agency is responsible for assessment governance of the \$265 billion property assessment base, and a \$2.1 billion property tax base. In 2020, the Agency provided assessment valuation services to 757 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 869,000 properties in the province.

SAMA conducts revaluations based on a four-year cycle. 2017 was the year of the last revaluation, and the 2021 Revaluation will see assessed values updated to reflect a new base date of January 1, 2019. The legislated base date means that 2021 values reflect a property's value as of January 1, 2019.

Assessments in Saskatchewan are retrospective. In other words, the date of valuation for a property is in the past. For 2021 to 2024, property values are reflective of the market conditions as of a base date of January 1st, 2019.

SAMA cannot consider market data from after January 1, 2019 when implementing new values with the 2021 Revaluation. Market data from January 1, 2019 - January 1, 2023 will be used for the subsequent 2025 Revaluation.

The 2021 Revaluation will continue to use the market valuation standard for the assessment of residential and commercial properties. The regulated property assessment valuation standard will continue to be used for the assessment of agricultural land, heavy industrial property, railway roadway, pipelines and resource production equipment (mines and oil and gas wells).

For the 2021 Revaluation, all property types will have their values updated in relation to the **January 1, 2019** base date, regardless of being subject to a market valuation standard or a regulated property valuation standard.

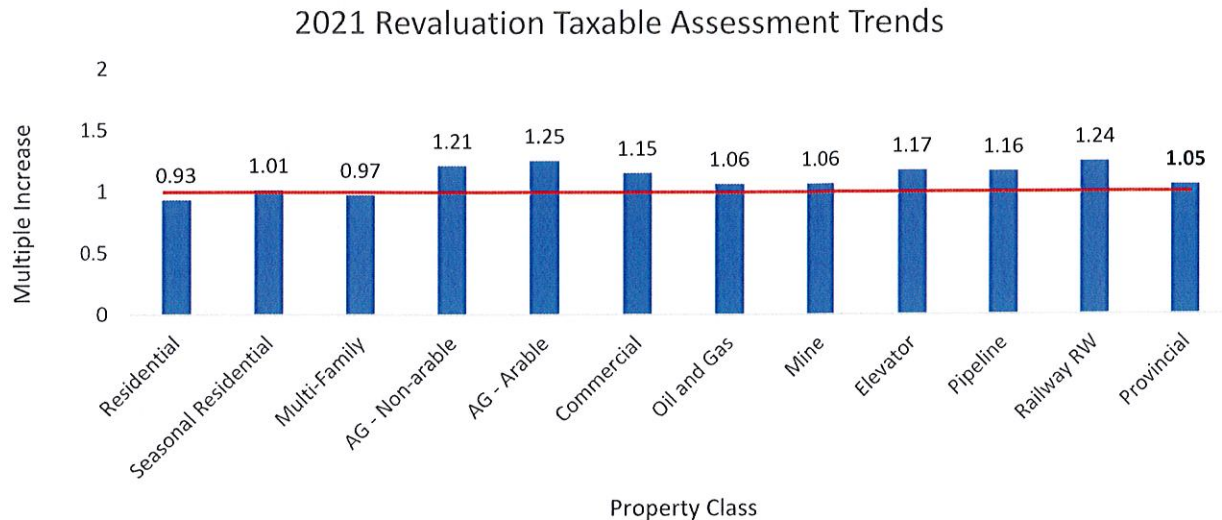
The 2021 Revaluation continues SAMA's goal of stabilizing the assessment system from a governance perspective by not introducing any major changes to assessment policy.

Assessed Values for 2021

Assessment information for the 2021 Revaluation shows smaller shifts for most property types as compared with the 2017 Revaluation.

The following chart uses provincial averages to show assessment trends for various property types. It should be noted these are trends for the entire province. Local property specific taxable assessment trends may vary from the indicated provincial trend depending on how local market conditions compare with the provincial averages used to establish the taxable assessment trends noted below. Property types that fall below the red line in the following chart are seeing an overall decrease to the average assessed value, whereas property types that are above the red line are seeing an overall increase to the average property value.

The 2021 Revaluation is showing relative assessment stability compared to previous revaluations. There is a modest increase on an overall basis, with total provincial assessments only increasing by 1.05 times.



Detailed property specific preliminary values were provided to the Saskatchewan Ministry of Government Relations in April 2020. The Ministry used this information to determine percentages of value and associated provincial property tax policies. Preliminary 2021 property values were also distributed to SAMA's municipal clients starting in June 2020.

SAMA began delivery of final assessed values to municipalities in January 2021. We will work closely with our client municipalities to meet their needs regarding these new values. SAMA was busy completing maintenance in late 2020 and early 2021 to be ready to implement the revaluation in 2021.

SAMA will have 2021 Revaluation information on our website (www.sama.sk.ca) and the Agency will be making use of SAMAView, our service that allows the general public access to individual property assessments for all SAMA client jurisdictions, to communicate assessed values for the 2021 Revaluation. SAMA will not post any final 2021 Revaluation property assessments before they have been seen by government and municipalities.

SAMA is already conducting advance work for the 2025 Revaluation. This preliminary work for 2025 includes a full oil and gas well assessment model review. This model review looks to assessment professionals and industry technical experts to review and update the current oil and gas models used by SAMA. The review is required to ensure the models reflect current oil and gas practices and technologies and ultimately provide accurate assessment valuations that are fair and equitable.

Questions on the 2021 Revaluation?

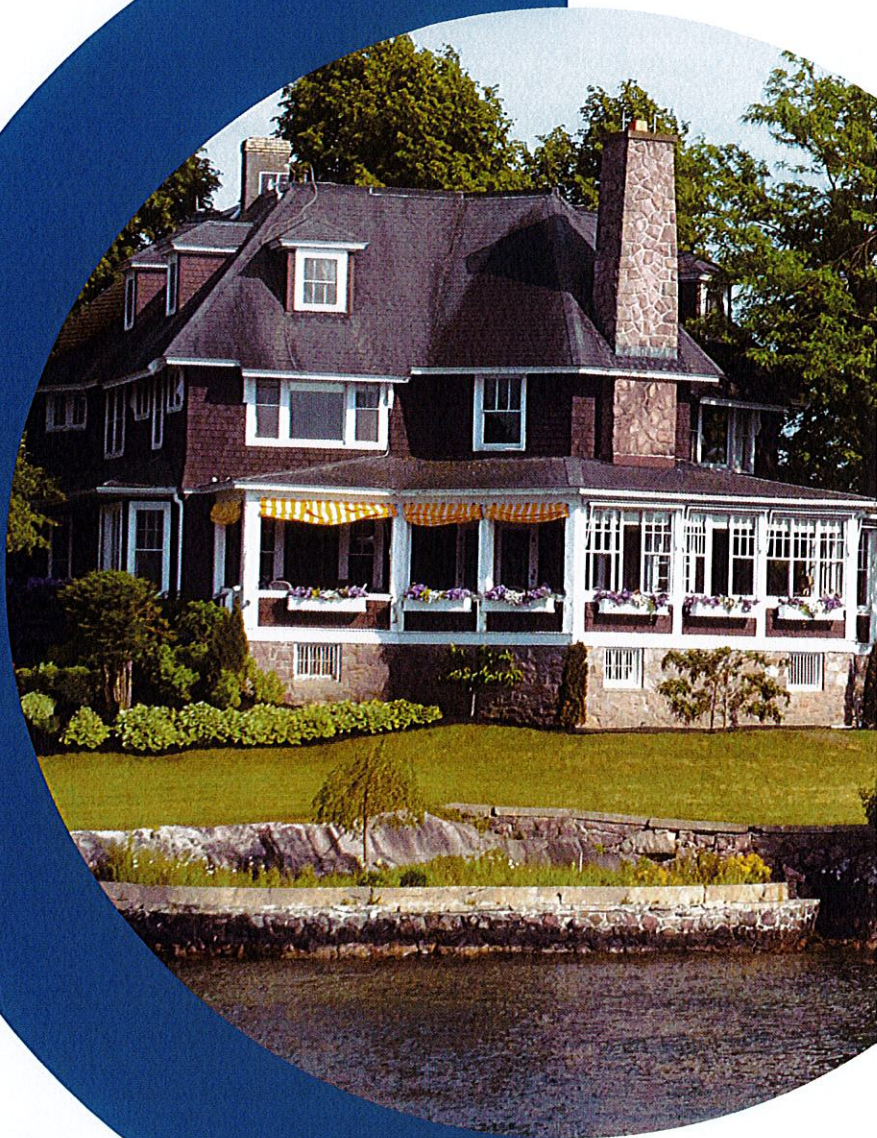
If you would like more information, please see the Revaluation 2021 section on our website at www.sama.sk.ca.

If you have further questions, comments, or suggestions, please contact SAMA directly:

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HOW PROPERTY ASSESSMENT WORKS IN SASKATCHEWAN

2021
EDITION



sama

SASKATCHEWAN ASSESSMENT
MANAGEMENT AGENCY

HOW IS MY PROPERTY VALUE DETERMINED?

THREE PROPERTY VALUATION APPROACHES

Saskatchewan uses three generally accepted appraisal techniques to value property in a Market Valuation Assessment (MVA) system: the cost approach, the sales comparison approach and the property income (rental) approach.

The **cost approach** estimates the replacement cost of a building, less depreciation, adding land values primarily based on sales. The approach is most useful when there are few comparable sales, or a lack of rental and expense information needed to administer the sales comparison or property income (rental) approach.

The **sales comparison approach** is appropriate for determining property assessments for areas and property types with active sales markets, such as residential property in medium to large cities.

The **property income (rental) approach** is based on the premise that the value of a property is directly related to the rental income it will generate. The appraiser analyses both the property's expenses and ability to produce future income, and then estimates the property's value.

WHAT IS THE "AD VALOREM" SYSTEM?

Saskatchewan's assessment system is based on an "ad valorem" mass appraisal system, the valuing of properties using standard methods and allowing for statistical testing. Ad valorem means "according to value." The ad valorem principle is based on the concept that the amount of tax paid by a property owner should be determined in proportion to the value of their property. For property assessment, the accepted standard in North America is market value. Mass appraisal valuation models represent market supply and demand patterns for groups of properties rather than a single property.

To ensure final assessed values are as accurate as possible, professional assessment appraisers collect and analyse available cost, market and property rental income information and use the valuation approach that estimates the best value for various property types, based on available information.



WHO IS SAMA? WHAT DOES SAMA DO?

The Saskatchewan Assessment Management Agency (SAMA) is responsible for the governance of Saskatchewan's property assessment system. As part of this function, SAMA coordinates a full revaluation of all properties in the province every four years. The previous revaluation in the province was completed in 2017, using January 1, 2015 as the base date. The 2021 Revaluation uses January 1, 2019 as the base date. The base date is the date to which the assessed values are related.

SAMA is responsible for assessment governance of the \$265 Billion property assessment base, and a \$2.1 Billion property tax base. The Agency provides assessment valuation services to 757 urban, northern and rural municipalities. It is directly responsible for the assessed values of over 869,000 properties in the province.

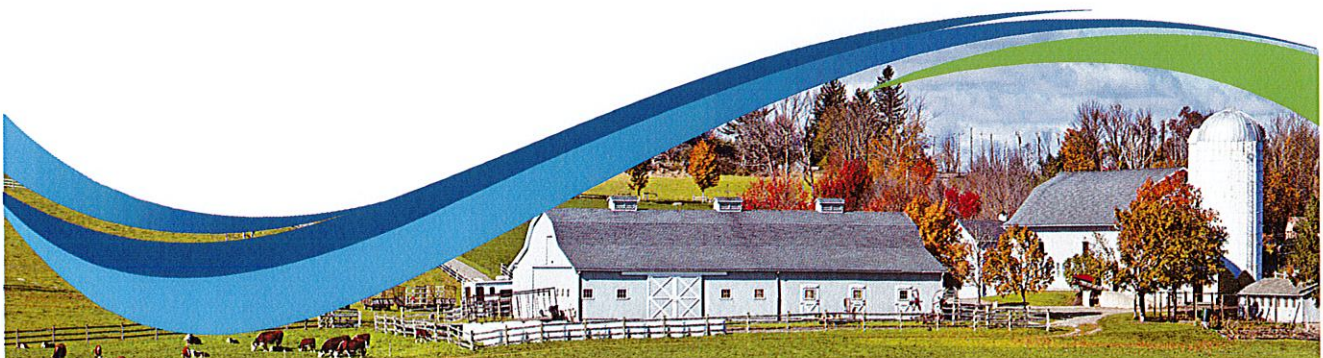
THE COMPETITIVE ASSESSMENT ENVIRONMENT

Since 1995, a provision in The Assessment Management Agency Act has been made available that allows municipalities to use alternative assessment services.

In November 2004, the Province amended this legislation to require that municipalities wishing to undertake their own valuation services receive written consent from all affected school divisions as well as SAMA. Before this amendment, municipalities were only required to consult with school divisions and receive the written consent of SAMA.

SAMA and the Minister of Government Relations' consent are now needed for a municipality to opt out, or opt back into, SAMA's valuation services. Any municipality that carries out its own valuations and revaluations is not required to make requisition payments to the Agency. Jurisdictions that employ their own appraisal personnel still must follow the regulated Saskatchewan Assessment Manual and provincial assessment legislation.

The Assessment Management Agency Act contains separate legislation recognizing that the Major cities of Moose Jaw, Prince Albert, Regina and Saskatoon will provide for their own assessment services. The cities of Saskatoon, Regina, Prince Albert and Swift Current do not use SAMA's valuation services. In 2006, the city of Moose Jaw entered a long-term assessment services contract with SAMA.



THE COMPETITIVE ASSESSMENT ENVIRONMENT (cont'd)

In 2014, 10 municipalities who had previously received their assessment services from an independent assessment service provider opted back into SAMA's assessment services, and an additional four municipalities, Battleford, North Battleford, Meadow Lake and Nipawin, transitioned their assessment services back to SAMA in 2018. SAMA is honored to continue to be the assessment service provider of choice for all our 759 client municipalities.

WHAT IS NEW FOR THE 2021 REVALUATION?

For the 2021 Revaluation, all property types will have their values updated in relation to the **January 1, 2019** base date, regardless of being subject to a market valuation standard or a regulated property valuation standard.

Based on provincial averages for properties in SAMA's jurisdictions, the assessed values for arable and non-arable agricultural properties will, on average, be increasing approximately 1.25 and 1.21 times respectively over their assessed values from the 2017 Revaluation. This reflects the change in agricultural land selling prices between January 1, 2015 (the base date for the 2017 revaluation) and January 1, 2019 (the base date for the 2021 revaluation).

For 2021, the provincial average for assessments of residential properties are set to decrease approximately 7%. Commercial properties are set to increase approximately 15%. Rental apartment property assessments are set to decrease approximately 3% over their 2017 values.

The 2021 Revaluation is showing relative assessment stability compared to previous revaluations. There is a modest increase on an overall basis, with total provincial assessments only increasing by 1.05 times.

It is important to note that this is the anticipated increase to the provincial average for properties in SAMA's jurisdictions. Specific local increases in property values between 2017 and 2021 may vary from these figures depending on the overall trend in market values between 2015 and 2019 (the base date years).



WHAT IS THE SAME FOR THE 2021 REVALUATION?

The 2021 Revaluation will continue to use the market valuation standard for the assessment of residential and commercial properties. The regulated property assessment valuation standard will continue to be used for the assessment of agricultural land, heavy industrial property, railway roadway, pipelines and resource production equipment (mines and oil and gas wells).

The 2021 Revaluation will maintain the stability of Saskatchewan's assessment system from a governance perspective by not introducing any major changes to assessment policy.

HOW DOES THE VALUE OF MY PROPERTY AFFECT MY TAXES?

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA has no authority regarding property taxation. SAMA's role in determining property value is the first part of a process established by provincial legislation. Once SAMA has determined the value of a property, it is then multiplied by a percentage of value established by the provincial government. The result is the property's taxable assessed value.

On December 4, 2020, the Government of Saskatchewan announced the percentages of value for the 2021 Revaluation. Commercial, industrial, grain elevators, and railway right of way and pipeline are changing from 100% to 85%. All other percentages of value are staying the same.

Classes of property and their 2021 percentages of value established by the provincial government are:

- Non-Arable (Range) Land and Improvements (45%);
- Other Agricultural Land and Improvements (55%);
- Residential (80%);
- Multi-Unit Residential (80%);
- Seasonal Residential (80%);
- Commercial and Industrial (85%);
- Grain Elevators (85%); and
- Railway Right of Way and Pipeline (85%).

ASSESSMENT X PROVINCIAL "PERCENTAGE OF VALUE" = TAXABLE ASSESSMENT



DOES SAMA SET TAX RATES?

SAMA does not set tax rates. To determine a property tax, a property's taxable assessment is multiplied by the mill rate set each year by municipal councils and the province, who sets the education tax mill rates each year as well. The municipal mill rate is determined based on the municipality's annual budget needs after considering all other sources of revenue.

Municipalities may also apply mill rate factors or other available tax tools to alter the total property taxes that would otherwise be paid by a class of properties. The final taxable assessment for a property in any year may be further affected if a municipal council adopts local tax tools such as a minimum tax or base tax.

**TAXABLE ASSESSMENT X LOCAL MILL RATE
(ADJUSTED FOR LOCAL TAX TOOLS) = PROPERTY TAXES**

Property taxation is the main source of revenue for most municipalities. Their ability to deliver services depends on a stable assessment base. Property assessment is also a factor in calculating and distributing provincial transfer payments to local governments.

HOW CAN I LEARN MORE?

For more information, please see the Revaluation 2021 section on our website at www.sama.sk.ca.

If you have further questions, comments or suggestions please contact SAMA directly:

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SASKATCHEWAN ASSESSMENT
MANAGEMENT AGENCY





sama

SASKATCHEWAN ASSESSMENT
MANAGEMENT AGENCY





REVALUATION 2021

UNDERSTANDING ASSESSMENT

ROLE OF THE SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

SAMA is responsible for assessment governance of the \$250 billion property assessment base, and a \$2.1 billion property tax base. The Agency provides assessment valuation services to 759 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 869,000 properties in the province.

2021 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2017 was the year of the last revaluation, and the 2021 Revaluation will see assessed values updated to reflect a new base date of January 1, 2019. The legislated base date means that 2021 values reflect a property's value as of January 1, 2019.

VALUATION STANDARDS

Market Valuation Standard

For the 2021 Revaluation, Saskatchewan will continue to use the market valuation standard for valuing residential and non-regulated commercial property.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the cost approach, the sales comparison approach and the property income (rental) approach.

The market valuation standard for residential and non-regulated commercial property requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

Regulated Property Assessment Valuation Standard

Agricultural land, heavy industrial property, railway roadway, pipelines and resource production equipment will continue to use a regulated system (regulated property). These types of properties are required to meet the regulated property assessment valuation standard as specified in legislation.

Both the market valuation standard and the regulated property assessment valuation standard adhere to the base date, and equity must be considered by the appraiser as a dominant and controlling factor in assessment preparation.

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate* to produce property tax levies, also known as your property tax bill.

(SAMA)		(Province)		(Municipalities and Government)		(Taxpayer)
ASSESSED VALUE	X	PERCENTAGE OF VALUE & EXEMPTIONS	X	MILL RATES*	=	PROPERTY TAXES

*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.

VALUATION INFORMATION FOR DIFFERENT PROPERTY TYPES

The process of determining value for different types of properties is outlined in more detail in separate SAMA Information Sheets. The following information sheets can be obtained from SAMA's website:

Understanding Assessment (#1)	Agricultural Land (Arable) (#6)
Residential Property (#2)	Agricultural Land (Pasture) (#7)
Commercial Property (#3)	Heavy Industrial Property (#8)
Resort Property (#4)	Oil and Gas Equipment (#9)
Golf Courses (#5)	Mining Equipment (#10)

The following three publications were prepared by the Agency for use with the 2021 Revaluation:

1. *Saskatchewan Assessment Manual (2019 Base Year)* - This is a regulated document that has the force of law. It contains the rules for the valuing property subject to the regulated property assessment valuation standard.
2. *SAMA's 2019 Cost Guide* - This is a non-regulated document that provides guidance for SAMA's appraisers on the application of the cost approach to value.
3. *Market Value Assessment in Saskatchewan Handbook* - This is a non-regulated document that provides guidance for the valuation of property subject to the market valuation standard. This document describes the three approaches to value but primarily focuses on the property income (rental) approach.



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If you have questions or would like to order paper copies of any of the Information Sheets listed above, please contact any SAMA office.

Please note that for jurisdictions where SAMA provides valuation services, individual property assessed value information is available on SAMA's website at www.sama.sk.ca, by clicking the SAMAVIEW link.

October 2020



REVALUATION 2021

RESIDENTIAL PROPERTY

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

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VALUATION STANDARD

Residential property is subject to the market valuation standard set out in provincial legislation. The **market valuation standard** requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the sales comparison approach, the cost approach and the property income (rental) approach. The sales comparison approach is used for areas and property types with active sales markets. If there are few comparable sales, the cost approach will be used. The income approach is not used for residential property because rental income is not the main driver in determining residential property values.

THE SALES COMPARISON APPROACH

The sales comparison approach is appropriate for determining property assessments for locations and property types with active sales markets, such as residential property in medium to large cities. Multiple regression analysis (MRA) techniques are commonly used in developing these valuation models.

THE COST APPROACH

The cost approach estimates the replacement cost of a building, less depreciation, adding land values based on market information and relating the resulting building and land values to average selling prices as of the base date using comparable property sales information. The approach is most useful when there are few comparable sales. The cost approach is used in smaller municipalities and for specific property types across Saskatchewan.

LAND ASSESSMENT + RESIDENTIAL BUILDING ASSESSMENT = ASSESSED VALUE

RESIDENTIAL LAND ASSESSMENT

To value residential land, appraisers consider its use, location, zoning, and average selling prices. Appraisers also consider services to the land that often affect its value, such as paved streets, sidewalks, sewer and water connections and other similar factors.

Average selling prices are a key consideration in valuing residential land. Neighbourhoods that are subject to similar market influences are identified and average selling prices determined. For SAMA's purposes, neighbourhoods can be defined as part of a municipality, a whole municipality or even a group of municipalities with similar market characteristics.

RESIDENTIAL BUILDING ASSESSMENT

The depreciated replacement cost of residential buildings is based on the type and quality of construction, average construction costs, the age and condition of the building and average selling prices. All residential buildings and structures are assessed, including porches, decks, garages and other structures that add value to the property. While no record is kept for improvements such as fences, driveways and landscaping features, these do affect average selling prices, and are accounted for in the Market Adjustment Factor (MAF).

REPLACEMENT COST NEW	-	DEPRECIATION	X	MARKET ADJUSTMENT FACTOR	=	RESIDENTIAL BUILDING ASSESSMENT
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The market valuation standard permits replacement costs to be obtained from different sources. *SAMA's 2019 Cost Guide (Guide)* contains procedures for applying the cost approach plus construction cost tables for residential structures. Additional details on cost guides and the cost approach can be found on SAMA's website at www.sama.sk.ca.

The system also accounts for all types of depreciation: physical deterioration, and functional and economic obsolescence. Physical deterioration is calculated using tables set out in the *Guide*. Functional obsolescence is accounted for with market adjustments. Economic obsolescence, and any other loss or gain in value, is accounted for with the MAF.

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate* to produce property tax levies, also known as your property tax bill.

[SAMA]		[Province]		[Municipalities and Government]		[Taxpayer]
ASSESSED VALUE	X	PERCENTAGE OF VALUE & EXEMPTIONS	X	MILL RATES*	=	PROPERTY TAXES

*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.



SAMA has Information Sheets available on the assessment process for different types of properties. For further information visit SAMA's website or contact your local municipality or any SAMA office.

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REVALUATION 2021

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VALUATION STANDARD

Commercial property is subject to the **market valuation standard** set out in provincial legislation. The market valuation standard requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the property income (rental) approach, the cost approach and the sales comparison approach. The income approach will be used for properties that have active lease or rental markets. If there are few comparable sales the cost approach will be used. The sales comparison approach has limited application for commercial property as there are generally not enough sales to support its use.

THE PROPERTY INCOME (RENTAL) APPROACH

The property income (rental) approach to value is based on the premise that the value of a property is directly related to the rental income it will generate. The appraiser analyses both the property's expenses and ability to produce future income, relates that information to sales of comparable properties, and then estimates the property's value. The property income (rental) approach provides the most fair, reliable and accurate assessed values for commercial properties and rental apartments in areas where there are active lease and rental markets.

THE COST APPROACH

The cost approach estimates the replacement cost of a building, less depreciation, adding land values based on market information and relating the resulting building and land values to average selling prices as of the base date using comparable property sales information. The approach is most useful when there are few comparable sales. The cost approach is used in smaller municipalities and for specific property types across Saskatchewan.

COMMERCIAL LAND ASSESSMENT

To value commercial land, appraisers consider its use, location, zoning, and average selling price. Appraisers also consider services to the land that often affect its value, such as paved streets, sidewalks, sewer and water connections, and other similar factors.

Average selling prices are a key consideration in valuing commercial land. Neighbourhoods subject to similar market influences are identified and average selling prices are determined. For SAMA's purposes, neighbourhoods can be defined as part of a municipality, a whole municipality or even a group of municipalities with similar market characteristics.

COMMERCIAL BUILDING ASSESSMENT

The depreciated replacement cost of commercial buildings is based on the average construction costs for various building types and qualities of construction. All commercial buildings and structures are assessed, including sheds, garages, and other structures that add value to the property. While no record is kept for improvements such as fences, driveways and landscaping features, these do affect average selling prices, and are accounted for in the Market Adjustment Factor (MAF).

REPLACEMENT COST NEW	–	DEPRECIATION	X	MARKET ADJUSTMENT FACTOR	=	COMMERCIAL BUILDING ASSESSMENT
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The market valuation standard permits replacement costs to be obtained from different sources. SAMA's 2019 Cost Guide (Guide) contains procedures for applying the cost approach plus construction cost tables for commercial structure types. Additional details can be found on SAMA's website at www.sama.sk.ca.

The system also accounts for all types of depreciation: physical deterioration, and functional and economic obsolescence. Physical deterioration is calculated using tables set out in the cost guides. Functional obsolescence is accounted for with market adjustments. Economic obsolescence and any other loss or gain in value is accounted for with the MAF.

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate* to produce property tax levies, also known as your property tax bill.

(SAMA)		(Province)		(Municipalities and Government)		(Taxpayer)
ASSESSED VALUE	X	PERCENTAGE OF VALUE & EXEMPTIONS	X	MILL RATES*	=	PROPERTY TAXES

*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.



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REVALUATION 2021

RESORT PROPERTY

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

SAMA is responsible for assessment governance of the \$250 billion property assessment base, and a \$2.1 billion property tax base. The Agency provides assessment valuation services to 759 urban, northern and rural municipalities. It is directly responsible for the assessed values of approximately 869,000 properties in the province.

2021 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2017 was the year of the last revaluation, and the 2021 Revaluation will see assessed values updated to reflect a new base date of January 1, 2019. The legislated base date means that 2021 values reflect a property's value as of January 1, 2019.

VALUATION STANDARD

Resort property is subject to the **market valuation standard** set out in provincial legislation. The market valuation standard requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the sales comparison approach, the cost approach and the property income (rental) approach. The sales comparison approach is used for areas and property types with active sales markets. If there are few comparable sales, the cost approach will be used. The income approach is not used for resort residential property because rental income is not the main driver in determining residential property values.

THE SALES COMPARISON APPROACH

The sales comparison approach is appropriate for determining property assessments for locations and property types with active sales markets. Multiple regression analysis (MRA) techniques are commonly used in developing these valuation models.

THE COST APPROACH

The cost approach estimates the replacement cost of a building, less depreciation, adding land values based on market information and relating the resulting building and land values to average selling prices as of the base date using comparable property sales information. The approach is most useful when there are few comparable sales. The cost approach is used in smaller municipalities and for specific property types across Saskatchewan.

LAND ASSESSMENT + RESORT BUILDING ASSESSMENT = ASSESSED VALUE

RESORT LAND ASSESSMENT

To value resort land, appraisers consider its use, location, zoning, and average selling prices. Appraisers also consider services to the land that often affect its value, such as paved streets, sidewalks, sewer and water connections and other similar factors.

Average selling prices are a key consideration in valuing resort land. Neighbourhoods that are subject to similar market influences are identified and average selling prices determined. For SAMA's purposes, neighbourhoods can be defined as part of a municipality, a whole municipality or even a group of municipalities with similar market characteristics.

RESORT BUILDING ASSESSMENT

The depreciated replacement cost of resort buildings is based on the type and quality of construction, average construction costs, the age and condition of the building and average selling prices. All resort buildings and structures are assessed, including porches, decks, garages, and other structures that add value to the property. While no record is kept for improvements such as fences, driveways and landscaping features, these do affect average selling prices, and are accounted for in the Market Adjustment Factor (MAF).

REPLACEMENT COST NEW	-	DEPRECIATION	X	MARKET ADJUSTMENT FACTOR	=	RESORT BUILDING ASSESSMENT
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The market valuation standard permits replacement costs to be obtained from different sources. SAMA's 2019 Cost Guide [Guide] contains procedures for applying the cost approach plus construction cost tables for residential structures. Additional details on cost guides and the cost approach can be found on SAMA's website at www.sama.sk.ca.

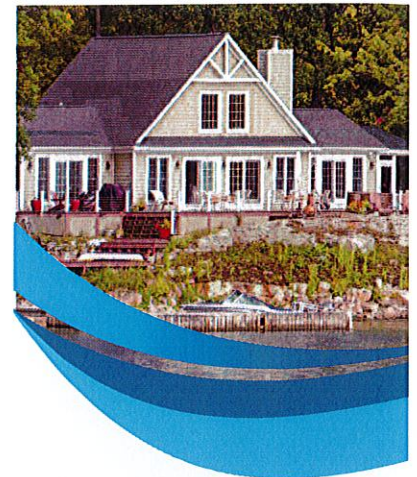
The system also accounts for all types of depreciation: physical deterioration, and functional and economic obsolescence. Physical deterioration is calculated using tables set out in the Guide. Functional obsolescence is accounted for with market adjustments. Economic obsolescence and any other loss or gain in value is accounted for with the MAF.

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REVALUATION 2021

GOLF COURSES

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

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2021 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2017 was the year of the last revaluation, and the 2021 Revaluation will see assessed values updated to reflect a new base date of January 1, 2019. The legislated base date means that 2021 values reflect a property's value as of January 1, 2019.

VALUATION STANDARD

Golf courses are subject to the market valuation standard set out in provincial legislation. The **market valuation standard** requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the cost approach, the sales comparison approach and the property income (rental) approach.

COST APPROACH

The cost approach, when applied to the valuation of a golf course, includes:

- estimation of the value of the land (bare land values);
- the cost of land improvements (tees, greens, fairways, bunkers, hazards, landscaping and water systems); and,
- building improvements (clubhouses, maintenance of storage buildings and shelters).

The market valuation standard permits replacement costs to be obtained from different sources. Replacement costs as of the base date are established in cost guides such as the *Marshall Valuation Service Cost Guide* and *SAMA's 2019 Cost Guide*. Additional details on cost guides can be found on SAMA's website at www.sama.sk.ca.

Golf courses constructed on natural terrain using natural vegetation, with no engineering design costs, no landscaping costs (sand greens only) and no irrigation costs, will generally be valued as comparable surrounding agricultural, residential or commercial land with no added value for golf course site improvements.

PHYSICAL DETERIORATION

Physical deterioration is a form of depreciation due to "wear and tear" and the forces of nature. Buildings and structures located at a golf course will be assigned physical deterioration using the "age life" method, the method normally used for buildings and structures.

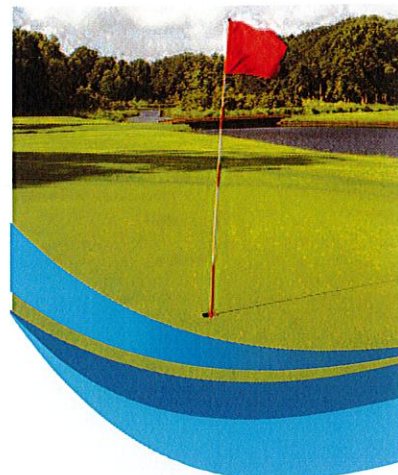
For golf course improvements, including irrigation systems and landscaping such as fairways, greens, tees and bunkers, the lifetime depreciation method will be used. An allowance of 40 percent will be applied to the replacement cost rates for physical deterioration of these improvements.

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