

# 10 Assessment

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## The System

Property taxation depends upon two different but interrelated mechanisms:

1. Establishment of property values for land and improvements, which is the exclusive responsibility of the BC Assessment Authority (BC Assessment); and
2. Establishment of a tax rate which, when multiplied by the property value, will raise the appropriate amount of property taxes – see Fact Sheet #11.

## Assessments

Since 1974, BC Assessment has been responsible for preparing assessments for property taxation purposes. The *Assessment Act* describes the methods to be used in valuing and classifying property, the rules for providing assessment notices and assessment rolls to property owners and taxing bodies, and a framework for review and appeal of the valuation, classification, and exemption of property.

## Valuation

BC Assessment must establish the assessed value for all land and improvements in the province. The *Assessment Act* and its regulations set out the valuation methodology. Assessors take a number of factors into consideration in establishing the assessed value of a property (e.g., use, selling price of comparable land and improvements, revenue or rental value). In addition, the method of valuation may be different for different types or classes of property. For example, while property in Class 6 (Business and Other) is valued at market value, improvements in Class 4 (Major Industry) are valued on a cost less depreciation basis.

## Classification

BC Assessment classifies properties into one or more of the nine property classes set out in *Assessment Act* regulations. The following table sets out the classes and the total 2022 assessed value (actual value before exemptions) for each of the classes, in BILLIONS:

Class 1. Residential	\$1,893.08
Class 2. Utility	\$34.49
Class 3. Supportive Housing*	\$0.00
Class 4. Major Industry	\$10.70
Class 5. Light Industry	\$40.78
Class 6. Business and Other	\$380.58
Class 7. Managed Forest	\$1.32
Class 8. Recreational/Non-profit	\$73.02
Class 9. Farm	\$1.32

\*New class introduced in 2008. Properties in the Supportive Housing class are regulated at \$1 for land and \$1 for improvements.

As a general rule, the tax rate for all properties within a property class must be the same but tax rates for properties in different classes may be

different. Taxing jurisdictions customarily set different tax rates for each of the property classes – see Fact Sheet #11 for more information about setting tax rates for each assessment class.

## Exemptions

Property may be exempted in whole or in part from taxation. Exemption provisions are complex; some of the highlights are:

- A number of mandatory exemptions are provided in Division 6 of Part 7 of the *Community Charter* [s. 220-223]. For example, properties owned by the municipality, buildings used for public worship, and property of a public library.
- Properties owned by the Federal and Provincial governments and agencies are also exempt from taxation, although in many cases the government or agency will pay a grant in lieu of taxes.
- Some property owned by a utility company is exempt from general taxation but subject to a 1% utility revenue tax in lieu [LGA s. 644].
- Various other provincial statutes provide exemptions for certain properties, including: \$10,000 for each property in the business class, certain properties are eligible for exemption under the *Tourist Accommodation Relief Act*.
- In addition to these mandatory exemptions, municipalities have the opportunity to exempt certain properties (or portions of properties) from taxation. These types of exemptions are considered permissive, in that granting of the exemption is at the discretion of individual municipal councils. Authority for permissive exemptions, and the requirements relating to the exemptions, are set out in Division 7 of Part 7 of the *Community Charter* [s. 224-227]. Properties eligible for exemption are generally limited to those owned by not-for-profit organizations, although exemptions may be provided in very limited circumstances to other types of properties (e.g., property within a revitalization area).

## Assessment Rolls

BC Assessment produces assessment rolls annually. The assessor must, before October 31<sup>st</sup>, supply to each municipality a preview roll and estimate of the total assessed value of each property class within the municipality. On or before December 31<sup>st</sup>, the assessor must complete a new assessment roll containing a list of each property within a municipality or rural area and deliver a notice to each person named on the roll.

## Review & Appeal

The *Assessment Act*, Part 4, provides for the first formal level of appeal – the Property Assessment Review Panel (PARP). A Notice of Complaint (Appeal) must be filed with the assessor by January 31<sup>st</sup>. Panel hearings take place starting in February, and must be completed before March 16<sup>th</sup>. Hearings are conducted by Conference Call, with Online Evidence Submission. A formal Decision Notice is delivered by April 7<sup>th</sup> to all owners / appellants.

If a party is not satisfied with the decision of the PARP, the Decision Notice contains information on how to appeal to the second level, the

Property Assessment Appeal Board (PAAB) – Part 5 – *Assessment Act*. Appeals to the PAAB must be filed directly with the PAAB by April 30th. PAAB hearings may be resolved by Online Dispute Resolution, or appeal management, which may result in agreement of the parties without needing to proceed to hearing. The PAAB process takes place throughout the year, and sometimes extends into future years.

Further avenues of appeal may also be available through the Courts (i.e., BC Supreme Court, BC Court of Appeal).

The assessment roll reflecting the PARP changes, known as the Revised Roll, becomes the basis for taxation for the year. Further changes to the roll for that year (e.g., changes resulting from a PAAB decision) may occur after taxes have been imposed, in which case the tax liability for those affected by the change will require adjustment. These updates are processed by way of Supplementary Assessments, and taxing authorities will receive notification via feeds from BC Assessment.

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