

Understanding how **property assessments** relate to **property taxes**

Property taxes play a vital role in funding the essential services Strathmore residents count on, but they can be a complex subject, leaving many people puzzled about how they are determined. This guide aims to demystify the process and shed light on why a significant change in assessed property value does not always translate into a substantial change in property taxes.

Assessing property value: Property assessment involves the estimation of the market value of your property, which is used to determine your portion of municipal taxes and external requisitions. Residents' property taxes are directly tied to the assessed value of their properties. In Strathmore, property values are determined by the assessor who takes into account factors such as location, size, amenities, and recent comparable sales. Market value represents the likely price at which your property could be sold in a competitive and transparent market, as stipulated by provincial laws. Assessments and tax notifications are founded on property valuations as of July 1 of the preceding year and reflect the property's physical condition as of December 31. Market value, established by provincial legislation, serves as the standard for property valuation throughout Alberta.

Understanding tax rates: Once property values are assessed, Town Council sets a tax rate expressed as a percentage of the assessed value. This tax rate is determined by considering various budgetary needs and anticipated revenue requirements necessary for providing essential services to the community. The resulting tax rate, when combined with the assessed value, determines a resident's property tax bill.



Your property tax bill is comprised of two processes: preparing the assessments and setting the tax rate. The assessor's job is to prepare assessments. Town Council is responsible for setting the tax rate. Together, these values determine your tax bill.

How property taxes are calculated

$$\text{ASSESSED PROPERTY VALUE*} \times \text{PROPERTY TAX RATE} = \text{PROPERTY TAX BILL}$$

* Strathmore follows the Alberta model for property assessment and taxation. Your property assessment is based on the market value as of July 1 of the previous year. Since the Town values all properties every year in Strathmore, we use a mass appraisal method which means valuing similar groups of properties as of a specific date.

It may seem intuitive that a big change in your assessed value will result in a big change in your property taxes. For example, if your assessment goes up 20%, your taxes will go up 20%. However, this isn't always the case. The most important factor is not how much your assessed value has changed, but how your assessed value has changed relative to the average change for all properties in Strathmore.

How does the change in my assessment affect my property taxes?

How your residential property assessment changed from the previous year compared to the average assessment change of all residential properties in Strathmore determines the change in the share you'll pay of the Town's property tax requirement.



Lower than average change
Taxes increase **LESS THAN AVERAGE**



Similar to the average change
Taxes increase **BY THE AVERAGE**



Higher than average change
Taxes increase **MORE THAN AVERAGE**