

ASSESSMENT *Facts*

Answering your questions about assessment

How Do Assessments Relate to Property Taxes?

- An increase or decrease in assessment may not result in a corresponding change in your taxes. This is because assessed value is only one of the factors that determines the taxes levied on a property. Municipal and school budgets establish the total amount of taxes to be collected -- assessments only determine how the taxes are distributed among properties.
- In the spring of each year, municipalities, school divisions and Manitoba Education, Citizenship and Youth determine the amount of property taxes to be raised. Tax rates are set for each by dividing budget requirements by the total assessment in the taxing jurisdiction (municipality, school division or province as the case may be). The municipal rate, expressed as thousandths of the total assessment, is called the “mill rate” after the Latin word for thousand (millesimum).
- For the purpose of calculating mill rates and taxes, municipalities use "portioned" assessment. Portioning was introduced with the amendments to assessment legislation in 1990. When Manitoba began market value assessment, it became apparent that types of property had increased in value at varying rates over the years. Bringing assessments up to current market values all at once would have resulted in very large tax increases for some property owners. To phase in the changes, property classes were created with each class being assigned, initially, the same share of taxes that such property had been paying before market valuation began. Through annual adjustment of the portion percentages assigned to certain classes of property, a more equitable sharing of taxes has been achieved.

Property Class and % of assessment subject to tax

Residential (less than 5 dwelling units)	45	Institutional	65
Residential (5 or more dwelling units)	45	Pipeline	50
Residential(owner-occupied condominiums and co-operative housing)	45	Railway	25
Farm	26	Other	65
Designated Higher Education Property	0	Designated Recreational Property	10

- The mill rates are applied to your “portioned” assessment. For instance, if your single-family residence is valued at \$100,000, its portioned assessment is \$45,000. The mill rates are then applied to this figure.
- An increase in assessment will not necessarily mean higher taxes. Only properties that see above average increases are likely to see an increase in taxes. In other words if your property increased in value by 10% and the average increase of all properties in the municipality was 5%, your tax bill may rise (depending on how municipal and education budgets have changed). If your property increased in value by 4% and the average increase was 5%, you would not likely have a higher tax bill (again, depending on the taxing authorities requirements).