

**EXPLANATORY NOTES**  
**SAMPLE PROPERTY ASSESSMENT LAW**

The *First Nations Fiscal and Statistical Management Act* (“FSMA”) provides a framework for First Nation real property taxation on reserve. First Nation fiscal powers are set out in Part 1 of the FSMA and include, under section 5, the authority to make laws respecting taxation for local purposes, including matters such as assessment, setting tax rates, authorizing expenditures and providing for the enforcement of these laws. As part of its real property taxation regime, each First Nation will require an assessment law and a taxation law, as well as annual tax rates and expenditure laws.

The assessment law creates the framework for conducting assessments of interests in land on reserve, including the duties of the assessor, the applicable assessment rules and practices, and the establishment and conduct of the Assessment Review Board.

Laws enacted under the FSMA must comply with all statutory requirements, any regulations made under paragraph 36(1)(d) of the FSMA and any standards established by the First Nations Tax Commission (“Commission”) under section 35 of the FSMA. Canada has made the *First Nations Assessment Appeal Regulations* (“Assessment Appeal Regulations”) and the *First Nations Assessment Inspection Regulations* (“Assessment Inspection Regulations”). The Commission has established Standards for First Nation Property Assessment Laws (“Assessment Law Standards”) that provide further requirements for the form and content of assessment laws.

The sample Assessment Law (“sample law”) complies with the FSMA requirements, the Regulations and the Assessment Law Standards. It provides a comprehensive assessment law that reflects assessment practices on reserve lands and incorporates components of the British Columbia provincial assessment scheme. It provides a best practices sample for use and adaptation by First Nations in drafting their own FSMA assessment laws.

These Explanatory Notes provide a brief synopsis of each Part of the sample law and highlight issues for further consideration by First Nations. There are some aspects of the sample law that are required, but there are also aspects that are left to the discretion of the First Nation. In some cases, the sample law sets out examples of the types of provisions that a First Nation may wish to consider in its law.

**PART I**  
**CITATION**

This Part sets out the legal name for the First Nation’s law. Proper citation of the law should be used when referencing it in literature, forms or other laws.

## **PART II DEFINITIONS**

The definitions used are the same as set out in the *Indian Act*, the FSMA and the Regulations. Where terms are not defined in those statutes or regulations, definitions reflect BC provincial legislation.

The definition of “interest in land” includes any occupation or right to occupy, and the definition of “holder” includes all occupiers of reserve land. These definitions are intended to capture all occupiers of reserve land for assessment purposes.

## **PART III ADMINISTRATION**

Sections 3.1 to 3.3 require Council to appoint one or more assessors to undertake assessments and any other duties specified by Council. Assessors must be qualified to assess real property for taxation purposes in the relevant province. The assessor has certain mandatory duties under the FSMA and the Regulations, such as conducting assessments, inspections and reconsiderations. There are other duties that could be undertaken by either the assessor or the tax administrator, depending on how the First Nation organizes its tax administration scheme.

Section 4.1 is required by subsection 5(5) of the FSMA. The law must include a “third-party management” provision that appoints the Financial Management Board as the First Nation’s agent under a property taxation law, in certain defined circumstances under the FSMA.

Under section 5.1, the law applies to all interests in land in the reserve.

## **PART IV ASSESSED VALUE**

Under section 6.1, all interests in land that are subject to taxation or for which payments-in-lieu may be accepted must be assessed. First Nations may decide whether to conduct assessments for interests that are not taxable.

Section 6.2 sets a valuation date for assessment purposes. The valuation date is the day each year that is used for determining the assessed value of property. The Assessment Law Standards require the assessment law to set a valuation date and that date must be the same valuation date (if any) as the relevant provincial valuation date. For First Nations located in provinces that do not use valuation dates, but use a reference or base year, the law must follow that provincial practice.

Section 6.10 establishes property classes for assessment and taxation purposes. Property classes are the categories used to classify properties, such as residential, commercial, industrial and farm. The Assessment Law Standards require a First Nation to establish the same property

classes as are used in the relevant province. Schedule II sets out the property class headings applicable in each of the provinces and territories.

The remaining provisions of this Part set out the basic rules for property assessment. These rules are supplemented by the relevant provincial assessment valuation methods, rates, rules and formulas, which the assessor is required to use in conducting assessments, as provided in section 6.18. Following the provincial assessment methods is required by the Assessment Law Standards.

Section 7.1 follows the BC *Assessment Act* in providing an exemption from assessment for improvements designated for emergency protection purposes under the BC *Emergency Program Act*.

## **PART V REQUESTS FOR INFORMATION AND INSPECTIONS**

Sections 8.1 and 8.2 allow the assessor to request information respecting a property for the purposes of assessment or the administration of the law. While these provisions are not required, it is useful to have a process for requesting information from property holders and former property holders to assist in the assessment process.

Sections 9.1 to 9.8 set out the required procedure for the assessor to conduct inspections. These provisions are required by the Assessment Inspection Regulations and a form of notice of assessment inspection is set out in Schedule III.

## **PART VI ASSESSMENT ROLL AND ASSESSMENT NOTICE**

Sections 10.1 and 10.2 set out the requirements for the annual assessment roll. An assessment roll containing a list of every interest in land subject to taxation or for which payments-in-lieu may be accepted must be completed by the assessor by the same date that is used in the relevant province. The Assessment Law Standards require the law to follow the provincial assessment roll date. Section 10.2 sets out the information to be included on the assessment roll, as required by the Assessment Law Standards. First Nations may include additional information on the assessment roll, keeping in mind that the assessment roll is a publicly available document.

Section 11.1 requires certification of the assessment roll by the assessor and delivery to Council, as required by the Assessment Law Standards. The assessor certifies that the roll is complete and has been prepared in accordance with the assessment requirements set out in the law. A form of certification is set out in Schedule XI of the sample law.

After the certified assessment roll is completed and delivered to Council, there is a three (3) month period during which there may be amendments to the roll. If there are amendments, sections 12.1 to 12.3 apply and the assessor prepares a revised assessment roll to reflect modifications made after December 31 and before March 31. This would include the correction of errors and omissions, modifications based on assessor reconsiderations, and any decisions of

the Assessment Review Board received before that date. The assessor then certifies the revised assessment roll and that roll is used for taxation purposes. Amendments to the assessment roll after March 31 can only be made by way of a supplementary assessment roll under sections 19.1 to 19.8.

Sections 14.1 to 14.3 require the tax administrator to make the roll available for inspection by any person. The Assessment Law Standards require assessment laws to provide for assessment roll inspection. The Standards also require the Law to contain a prohibition on using the information in an assessment roll for solicitation purposes. The assessor may require a person to complete a declaration before inspecting the roll.

Sections 15.1 and 15.2 allow a person to have their personal information omitted or obscured from any assessment roll available for public inspection. These provisions are modeled on the *BC Assessment Act* and are required by the Assessment Law Standards.

Sections 16.1 and 16.2 allow chargeholders (for example, banks holding mortgages) to have their names added to the assessment roll in respect of an assessable property. Once added to the roll, the chargeholder will receive copies of all assessment notices sent in respect of the property.

Section 17.1 requires assessment notices to be mailed to every person named in the assessment roll in respect of a property, and provides a form of notice in Schedule V. The Assessment Law Standards require assessment laws to provide for mailing of assessment notices by the assessment notice date used in the relevant province. The Assessment Law Standards require notices to contain the following information: the name and address of the holder of the property; a description of the property; the classification of the land and the improvements; the assessed value by classification of the land and the improvements; the total assessed value of the property; and the total assessed value of the property subject to taxation.

## **PART VII**

### **ERRORS AND OMISSIONS IN ASSESSMENT ROLL**

The procedures for the correction of errors and omissions in this Part follow those in the *BC Assessment Act*. The Assessment Law Standards require the law to include procedures for the correction of errors and omissions, but do not specify the procedures that must be included. First Nations may wish to follow their relevant provincial model in this respect.

Section 18.1 requires the assessor to give notice to the Assessment Review Board of errors and omissions in the assessment roll and recommend correction of those errors by the Assessment Review Board, except those errors that can be corrected by the assessor under section 18.2. Where matters are referred to the Assessment Review Board for correction, the board will schedule a hearing respecting the recommendation, in accordance with section 31.1. Correction of errors can only be made through amendments to the assessment roll until March 31, after which time errors must be corrected by way of a supplementary assessment roll.

Section 18.3 sets out specific circumstances where the assessor must recommend correction of an assessment to the Assessment Review Board. These circumstances involve changes in the use or

condition of the property that arise after October 31 (being the date specified in section 6.3 for assessment valuation purposes) and before January 1.

Sections 19.1 to 19.9 provide for amendments to the assessment roll through the creation of supplementary assessment rolls. A supplementary assessment roll is a stand-alone roll that is used to change an assessment after the certified revised assessment roll is completed. This enables changes to assessments without having to amend and recertify the entire roll each time. The sample law follows the BC *Assessment Act* in defining the circumstances where supplementary rolls may be created. Assessment Review Board decisions and court decisions that revise the assessment roll are implemented by supplementary assessment roll if they are received by the assessor after March 31.

## **PART VIII**

### **RECONSIDERATION OF ASSESSMENT**

This Part provides for a reconsideration procedure by the assessor, as required by the Assessment Appeal Regulations and the Assessment Law Standards. The reconsideration procedure provides a less formal means by which a person named on the assessment roll in respect of an assessable property can ask the assessor to reconsider the assessment of that property. The process is structured to provide short time frames for both the requester to make the request (thirty (30) days from the assessment notice) and for the assessor to undertake the reconsideration (fourteen (14) days from request). A form for a reconsideration request is provided in Schedule VI.

Where the assessor agrees that the property should have been assessed differently, the assessor offers to modify the assessment and, where the requester consents, the assessment is modified. If there is no agreement, the requester can appeal the assessment to the Assessment Review Board. Where an assessment is modified, the assessor sends amended assessment notices to all persons who received the original assessment notice for the property. Reconsideration decisions may be appealed to the Assessment Review Board.

## **PART IX**

### **ASSESSMENT REVIEW BOARD**

Section 5(4) of the FSMA requires assessment laws to include an appeal procedure in respect of assessments and to fix the rate of remuneration and the term of office for members of the appellate body. The Assessment Appeal Regulations require every assessment law to incorporate either the appeal procedures set out in the Regulations, or assessment appeal procedures that are *the same as* those set out in the province in which the property is situated. The sample law incorporates the procedures set out in the Assessment Appeal Regulations and follows the BC *Assessment Act* model where the Regulations are silent.

Section 21.1 requires Council to establish an Assessment Review Board to consider assessor recommendations and hear assessment appeals. The Assessment Review Board must have at least three members, one of whom must be a member of the relevant provincial law society and one of whom must have experience in assessment appeals in the Province.

The First Nation can decide whether to have an Assessment Review Board comprised of more than three members, and whether it wishes to maintain a roster of members from which it selects a panel to hear appeals. The First Nation could also impose additional requirements or limitations on members, such as requiring at least one member to be a member of the First Nation.

Section 21.3 sets the term of office for Assessment Review Board members. First Nations can decide on the length of the term of office, provided it is at least two (2) years as required by the Assessment Law Standards.

Sections 22.1 and 22.2 set out the remuneration and reimbursement of Assessment Review Board members. First Nations must decide what rate to pay and must amend their law to make changes to the rates. The chair of a tribunal is generally paid a higher rate than the other members because of the chair's additional administrative responsibilities.

Sections 23.1 and 23.2 prohibit certain persons from sitting as members of the Assessment Review Board for conflict of interest reasons. This section incorporates and expands on the provisions set out in the Assessment Appeal Regulations.

Sections 24.1 and 24.2 require Council to appoint the chair and defines the chair's powers, duties and functions. The Assessment Appeal Regulations require the appointment of a chair and the Assessment Law Standards require the powers, duties and functions of the chair to be set out in the law. The First Nation must decide what powers and responsibilities it wishes to give to the chair of its Assessment Review Board. At a minimum, the chair would typically be responsible for chairing appeal proceedings, administering oaths and directing the work of the Assessment Review Board.

Section 25.1 allows Council to appoint a secretary to the Assessment Review Board. Appointment of a secretary is optional; however, if there is no secretary than a First Nation may wish to assign these responsibilities to someone else, such as the chair or a staff person.

Section 26.1 allows the removal of Assessment Review Board members from office. The Assessment Law Standards require the law to set out when and how members may be removed, but do not require specific wording. First Nations may determine the substance of these provisions in their law.

Section 27.1 requires Assessment Review Board members to act faithfully, honestly and impartially in performing their duties. This type of provision is typical for administrative tribunal members.

## **PART X**

### **APPEAL TO ASSESSMENT REVIEW BOARD**

This Part sets out the procedures and requirements for assessment appeals to the Assessment Review Board. These provisions are largely dictated by the Assessment Appeal Regulations.

Section 28.1 gives the Assessment Review Board the power to hear appeals, consider assessor recommendations and direct amendments to the assessment roll.

Section 29.1 requires an appeal to be commenced by submitting a Notice of Appeal to the assessor in the form attached as Schedule VII. The Assessment Appeal Regulations require a First Nation to allow not less than sixty (60) days from the mailing of the assessment notice for filing an appeal. The law may provide for the payment of a fee to initiate an appeal, provided the fee does not exceed the thirty dollars (\$30) limit set by the Assessment Law Standards.

Section 29.3 sets out the grounds for an appeal. The Assessment Law Standards require at least the following grounds for an appeal: the assessed value of the assessed property; the assessment classification of the assessed property; the applicability of an exemption to the assessed property; and an alleged error or omission in the assessment. The sample law also provides wording for appeals respecting the liability of a holder to taxation under the taxation law.

Section 31.1 provides for the scheduling of hearings and the delivery of a notice of hearing, as required by the Assessment Appeal Regulations. A form of notice of hearing is set out in Schedule IX. Section 31.3 sets out the circumstances where the Assessment Review Board is not required to give notice to the holder in respect of an assessor recommendation.

Section 32.1 defines the parties to a hearing. The Assessment Law Standards require, at a minimum, that the complainant, the assessor and the holder of the property be parties to an appeal. It is important to define the parties to a hearing because the parties are entitled to notices and to be heard and represented at a hearing.

Section 34.1 reflects the Assessment Appeal Regulations requirement that hearings be held within ninety (90) days of a notice of appeal, except where all parties consent otherwise or where there is a court proceeding that relates to the appeal.

Section 35.1 requires the creation and posting of a daily schedule for Assessment Review Board hearings.

Sections 36.1 to 36.10 set out the Assessment Review Board procedures for hearings, as required by the Assessment Law Standards. These include a party's right to be heard, have representation, present evidence and call witnesses, the manner by which hearings will be conducted (i.e., oral, electronic, written) and the evidentiary rules that apply.

Sections 38.1 to 38.3 provide for the summary dismissal of an appeal. It may be helpful for the Assessment Review Board to have the ability to dismiss an appeal in certain situations.

Section 39.1 requires a majority of the members of the Assessment Review Board to constitute a quorum, provided that there can be not less than three members present at any time. This is because the Assessment Appeal Regulations require the Assessment Review Board to be comprised of at least three members. Where the Assessment Review Board is comprised of only three members, all members must therefore be present at all times during a hearing. If a member

is unable to complete a hearing, the First Nation would need to appoint a replacement member and the Assessment Review Board would conduct a new hearing.

Section 42.1 gives the Assessment Review Board the power to determine its own processes, practice and procedure, subject to the provisions set out in the law. First Nations can decide to what extent they wish to set out detailed procedures in the law and to what extent the Assessment Review Board will be permitted to set its own procedures. At a minimum, First Nations may wish to consider allowing the Assessment Review Board to set its own procedures during the conduct of a hearing, as situations will invariably arise that are not specifically addressed in the law.

Sections 43.1 to 43.5 provide for the Assessment Review Board to compel the delivery of documents and the attendance of witnesses. These provisions follow the BC procedures, as there are no specific provisions in the FSMA or the Regulations that empower the Assessment Review Board to make these types of orders.

Section 45.1 provides that the Assessment Review Board may order costs against a party to an appeal where the party's conduct has been improper, vexatious, frivolous or abusive.

Sections 46.1 to 46.3 provide for the Assessment Review Board to refer a question of law to a court of competent jurisdiction.

Section 47.1, which provides for appeals to be stayed pending court actions, is required by the Assessment Appeal Regulations.

The document delivery provisions in sections 50.1 to 50.4 are required by the Assessment Appeal Regulations.

## **PART XI GENERAL PROVISIONS**

Sections 52.1 to 52.3 provide the circumstances under which information or records obtained or created under the law can be disclosed. Section 52.1 provides for the disclosure of information for research purposes. A decision to disclose information for research purposes must be made by Council and Council must take steps to protect the confidentiality of the information. These provisions are required by the Assessment Law Standards.

Section 57.1 provides for when the law will come into force. This can be either on the approval of the Commission or a later date as specified by Council.