

FAQs: Property Assessment Levy Increase

What is the Property Assessment Levy?

The statutory Assessment Levy (Levy) is collected from municipalities under the authority of *The Municipal Assessment Act* (s.8) to recover costs incurred by the province in making property assessments on behalf of municipalities. Property assessment services are essential for determining the market value of properties, which is used to calculate property taxes.

Why was the Levy established?

The Levy is established to offset costs in the department, such as salaries, staff benefits, operating and building costs, such as maintenance and overhead costs, and amortization as well as fixed costs, including computer systems. The Levy represents 75% of assessment-related costs. The remaining 25% is recovered from the Department of Education and Early Childhood Learning (EECL) to acknowledge that school divisions use these services for the purpose of levying education property taxes. The Levy ensures the assessment process is funded, allowing municipalities to maintain up-to-date property valuation, which in turn supports fair and equitable taxation.

How are the Levy funds managed?

The Levy collected from municipalities at the start of each fiscal year is deposited in the Trust Account. The Trust holds funds to pay municipalities' share of actual property assessment-related costs as they occur. At the end of each fiscal year, an amount equal to 75% of Department's actual assessment-related expenditure is transferred from the Trust to general revenue, offsetting eligible expenditures.

Why was the Levy frozen?

The levy revenue collected from municipalities has been fixed at a total of \$9.149M since 2014 to slow the growth of the Trust balance due to several years of below-budget expenditures.

During this time period, revenue has exceeded spending due to a large number of staffing vacancies in 10 rural offices across Manitoba and efficiencies gained through application of new technology that enables more remote assessment work. The growth of the Trust balance has slowed in recent years due to successfully filling vacancies and preliminary work on IT capital projects.

What is the current balance in the Trust Account?

As of March 31, 2024, the Trust held a balance of \$13.9M.

What is the current Levy amount and how is it calculated?

The annual Levy amount is \$9.149M or \$20.55 per assessed property on average among municipalities. It varies by municipality based on a formula developed in 2006 in consultation with municipal stakeholders that includes the following variables:

- A base levy (83% of the total Levy), paid by all municipalities. The base levy is calculated from each municipality's portion of the province's total real property assessment (land and buildings);
- The levy formula weighs building and land assessment based on the work required to complete an assessment. Given that building assessments require more time, they are weighted at 75%, while land assessments are weighted at 25%.
- The remainder of the total Levy is made up of the flat rate, paid by all municipalities based on population and supplementary taxes; the business assessment, paid by municipalities with a business assessment roll; and, the personal property rate, based on a municipality's share of total personal property assessment.

Will the 2.175 % increase to the Levy implemented in 2025 continue in subsequent years?

Yes, the 2.175% increase to the base levy is projected to continue annually to support system upgrades and maintain the Trust fund that helps mitigate significant future increases. Since 2014, the Levy has been frozen and this moderate increase is necessary to fund investments in innovative practices, maintain modern IT infrastructure, and replace systems to deliver efficient and reliable property assessments and taxation services to municipalities. Further increases will be reviewed based on assessment-related costs and inflationary pressures.

How soon will municipalities receive their 2025 Levy amounts?

Similar to previous years, municipalities will receive notices between February and early March 2025. The payment deadline remains November 30.

Currently the Levy amount is charged as a lump sum. Will a breakdown of the Levy amount be provided?

The department will review this request and provide guidance as appropriate.

How will the system upgrades help with assessing new properties associated with new housing initiatives?

The Mobile Assessment Interface (MAI) implementation is scheduled to go live in 2025/26 and will streamline property inspections and assessment updates. MAI will rapidly automate elements involved in property inspections, capturing 80-90% of new property assessments using tablets.

The use of this technology, which will replace the current manual data entry method of recording assessments, will allow more properties to be inspected with similar resources, creating increased revenue opportunities for municipalities and improved fairness between properties.

What is the MAVAS system and why is it important?

MAVAS is the Manitoba Assessment Valuation and Administration System, and is the current Computer Assisted Mass Appraisal (CAMA) system in Manitoba. The system is the foundation for property assessment, which generates over \$644M in tax revenue for Manitoba municipalities outside the City of Winnipeg. MAVAS is currently 20 years old, nearing its end of life and may be vulnerable to security breaches and technical failures if it is not modernized or replaced within the next five years. The CAMA project will replace MAVAS with a new system to support PASB to deliver property assessment services for the next 20 years.

How long will it take to replace the software?

Replacing the current CAMA software will take 3-5-years. Upgrading the software is critical to mitigate potential risks of security breaches and technical failures.

Will the IT upgrades enable faster property assessments and supplementary assessments?

The timeline for assessment rolls delivery, set by legislation, will remain unchanged. However, new tools available in the replacement system will help reduce resources needed for reassessment and help in our Quality Assurance analysis, plus build capacity for more inspections. The improved efficiency will reduce pressures to hire additional staff due to on-going property development and increased inspections that are required.

Will municipalities receive assessment data before the fiscal year begins?

Preliminary assessment rolls are typically delivered between April and November, prior to the Board of Revision's appeal process. Final assessment rolls are delivered by December 31. During the reassessment year, preliminary assessment rolls are delivered in May and June to provide municipalities with a preview of changes in assessments due to updated market conditions. The IT upgrades will not affect the legislated deadlines.

Does the 2.175% Levy fee increase apply to the total sum paid by municipalities in 2024?

No. The increase applies only to the Base Levy rate, which varies annually calculated from each municipality's portion of the province's total real property assessment (land and buildings).

Will the new CAMA system allow municipalities to easily access assessment?

Initial demonstrations indicate that a new system will streamline data management, providing seamless access to municipalities and PASB, offsetting repeated data entry inputs to the system.

Will the public be informed about the Levy increase?

Municipal budgets, which are publicly accessible, include Levy information. The department will address additional information requests as needed.

Are municipalities involved in advising on system upgrades?

Yes. The department will continue to collaborate with the municipalities and municipal stakeholder associations to gather information and feedback on system operations. The collaboration ensures the system upgrades reflect municipal needs, address challenges, and deliver benefits to property assessment and taxation services.

Are other jurisdictions undertaking similar investment in modernizing their property assessment IT systems?

Manitoba's efforts to modernize its property IT system aligns with similar advancements across Canada. Provinces and cities such as British Columbia, Alberta, New Brunswick, Yukon, Winnipeg, and Calgary have recently or are currently undertaking similar initiatives, reflecting a common commitment to improving and modernizing property assessment processes and adopting best practices nationwide.