

*Nova Scotia Federation  
of Agriculture*

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**Property Assessment  
Resource**



*Understanding How Your  
Farm's Property Value is  
Determined in Nova Scotia*

# Property Assessment Resource

*Understanding how your farm's property value is determined in Nova Scotia.*

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## **Disclaimer**

*This property assessment resource is intended to give readers access to various information and a better understanding of farm property values and tax assessment in Nova Scotia and should be used only as a guideline.*

# Introduction

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In relative terms, property taxes in Nova Scotia have not been a large burden for farm businesses, and when something is 'cheap' people tend not to examine it carefully. That situation is changing, and farm business owners will need to learn how to examine their assessments – the bases for tax bills – more carefully in the future.

Property assessment can become victim to some degree of administrative error; that is the reason that assessment legislation and policy provides an easy and relatively simple appeal process that enables property owners to correct any errors in their assessment.

There is evidence that farm business owners do not understand the assessment process and in some instances fail to examine their assessment notices in detail; consequently they fail to notice any administrative error that may exist and often lose the opportunity to appeal.

As property tax bills increase, farm businesses need the tools to examine their assessments and use the mechanisms available to ensure that administrative error is not a factor in their tax bills. This resource is intended to provide farm businesses owners with the information they need to examine their assessment notices and take the appropriate actions.

For further information with respect to the taxation of real property as it applies to farm businesses see the Federation's background paper *The Taxation of Real Property and Farm Businesses*, available from the Federation office.

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Agri-Food Canada

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**Canada**

# How and why is my property assessed?

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Properties are assessed yearly by combining the value of land, buildings and other dwellings, and comparing the total value to previous property sales in that area. Accurate assessments are calculated using previous sales, market conditions, value of similar properties in the same area as well as sale figures of proximal properties.

Factors considered are the changing costs in construction and renovation, to determine the cost of building your home or establishment, allowances are made for depreciation, and modifications. Market values are determined in three possible ways: 1) **a direct comparison approach** where other relative property sales in the region determine the value, 2) **a cost approach** where land value, replacement and improvement costs of buildings determine the value, or 3) **an income approach** where net income of the establishment determines the value.

Properties are classified as either residential, commercial, or resource properties with further specifications (i.e. farming, forest, as divisions of a resource property). Typically, if applicable, a residential lot and a residence are assessed as residential taxable and farm buildings are typically assessed as resource taxable as part of a farm property. This means they will both be taxed at the residential rate.



# Understanding my “Proposed Notice of Assessment”



**Service Nova Scotia  
and Municipal Relations**

**How to Contact Us:**  
**Local phone: (902) XXX-XXXX**  
**Toll free: 1-800-280-8963**  
**Fax: (902) XXX-XXXX**  
**Web: www.nsassessment.ca**

## NOTICE OF PROPOSED 2007 PROPERTY ASSESSMENT

**Assessment Account Number (AAN): this is the account number assigned to you by Service Nova Scotia that will be used for all assessment inquiries**  
**PIN number: this is your personalized identification number, used for online and telephone services**

June 19, 2006

Your proposed 2007 Assessment for the property described below is \$ XX,XXX (this is the amount that will be shown on your 2007 assessment) This is an estimate of market value as of January 1, 2005. Your 2006 property assessment you received in January was \$XX,XXX (this is the amount that appeared on your last assessment) and reflected market value at January 1, 2004.

Property Description / Location	Classification	Taxable	Exempt
<p>There will be three pieces of information in this box:</p> <ol style="list-style-type: none"> <li>1) the municipality in which you are located</li> <li>2) the address of the property that was assessed</li> <li>3) the name of the Director of Assessment</li> </ol>	<p>Property is assessed into three categories, residential, commercial and resource. All agricultural land in Nova Scotia is treated resource land and is not taxable. The land which contains the farm structures (barns, machine shops, etc) are taxed as residential. Managed woodlot is taxed at the flat rate of \$0.25 per acre.</p>	<p>This column shows the amount of land, as described in the classification column that is taxable</p>	<p>This column shows the amount of land, as described in the classification column that is not taxable</p>
<b>Example</b>	<b>Example</b>	<b>Example</b>	<b>Example</b>
<p>This Property is located in:  <b>Municipality of the County of Colchester</b>                      The property description is as follows:  <b>124 Any Street</b>  <b>Somewhere, Nova Scotia</b>                      Number of dwelling units: <b>XXX</b>                      Date of Service: <b>January 10, 20XX</b>                      For the Director of Assessment:  <b>Joseph T. Assessment</b></p>	<p><b>Farm (Resource)-Acres</b>  <b>Farm (Resource)-Value</b>  <b>Forest, Resource</b></p>	<p><b>55 acres</b></p>	<p><b>250 acres</b>  <b>\$XX,XXX</b>  <b>\$XX,XXX</b></p>

**Note:** Once you have received your “Proposed Notice of Assessment” you have until September 30 of the same year to contact the Assessment Office to discuss the value placed on your property if you believe it may be over estimated. By contacting the office, this may reduce the need for an appeal, as described on page 6.

# Understanding my “Formal Notice of Assessment”



**Service Nova Scotia  
and Municipal Relations**

January 16, 2006  
(Name)  
(Mailing Address)

**ASSESSMENT ACCOUNT NUMBER (AAN):  
PERSONAL IDENTIFICATION NUMBER (PIN):**

Please contact us if you have questions about your assessment.  
Having the above numbers available will help us serve you better.

Regional Assessment Office:  
(Ph)(902) xxx -xxxx  
(Toll free) 1-800-280-9863  
(Fax) (902)xxx - xxxx

**Your 2006 property assessment is \$ XXXXX. Please see the reverse side of this notice for answers to some frequently asked questions about assessment. THIS IS NOT A TAX BILL.**

Your property assessment is based on market value at January 1, 2006 and the physical condition of your property as of December 1, 2005. We encourage you to go to [www.nsassessment.ca](http://www.nsassessment.ca) for more information. By clicking on Online Property Assessment Information and using the PIN listed above you can access more details about your property. If you do not have access to the Internet, or would like more information please call your regional assessment office. Our staff will be happy to answer your questions.

Property Description / Location	Classification	Taxable Market Value	Exempt Market Value	Taxable Capped Value
This contains information regarding the property being assessed. Included is location, address and information pertaining to the assessment (i.e. number of dwelling units, date of service, etc)	Type of property (i.e. residential, commercial, resource), and description of land (i.e. farm, forest, etc.)	Market value of described property	Low Income Tax Deferral. Usually will not apply to resource-based property assessment	When CAP has been applied for and approved  (10% increase per year between 2004-2007, if applicant is eligible)
<b>EXAMPLE</b>				
This property is located in the Municipality of the County of Colchester  The property description is as follows No 116 HWY Greenfield Land  Number of dwelling units: 000 Date of Service: January 10, 2005  For the Director of Assessment: John Doe	FARM(Resource) – Acres  FARM(Resource) – Value  FOREST (Resource)	68 Acres	59 Acres  \$35, 400  \$13, 600	

# Is there a maximum that my property's value can increase each year?

## *Cap Assessment Program (CAP)*

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Yes, there is a possibility that you can limit the amount your property increases from year to year. The Cap Assessment Program (CAP) was designed to protect property owners from dramatic increases in property values. Criteria and eligibility of the program states that 50% of the property is owned by a Nova Scotia, and the property has not been transferred.

To apply for the CAP your property must have increased by more than the allowable CAP percentage for the assessment year. Having a CAP does not affect the market value of your property, it is in place to limit the taxable assessment value. It is important to note that the allowable CAP does not include renovations or new construction that has been completed during the assessment year.

If awarded with a CAP, the maximum that your residential and resource assessment property will increase is 10%, the rate for 2007 and whatever rate the Government determines for 2008. New construction is not eligible for a CAP nor is property purchased from someone who is not a close family member. Municipalities will calculate taxes based on the capped assessment and not on the market value of the property. Applications must be completed before September 30 to eligible for a CAP the following year. You will be notified of the CAP application decision when you receive your "Formal Notice of Assessment" in January. Once you have been approved for the CAP, your account will automatically be re-considered each year, so long as all eligibility requirements are met.

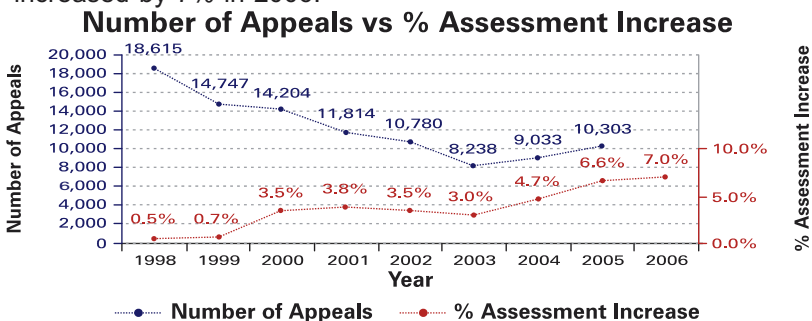
# How does property assessment affect my taxes?

To deliver essential services to its residents, municipalities in Nova Scotia must collect taxes. These services include fire emergency, sidewalks, lighting, and sewer connection. The common way to determine taxes is to base it on the value of the property. Municipalities in Nova Scotia base taxes on the assessed value of the property, as outlined by Service Nova Scotia and Municipal Relations (SNSMR). To determine the tax rate for a given year, municipalities divide the number of properties into budget shortfall and calculate the municipal tax rate. Taxes are usually calculated at a rate per \$100 of assessment. For example, if your tax rate is \$1.05/\$100 and your property is assessed at \$50,000, your tax bill will be \$525.00. Given this, the higher the assessed value of your property, the greater your tax bill could be. If the tax rate of your county remains the same overtime and the value of your property increases, so too will your tax bill. If the tax rate of the municipality declines or is reduced for a period of time, this may in fact decrease your tax bill.

## Why would I appeal my assessment?

You have the option to appeal property assessment s if you believe that the amount on your Notice of Assessment exceeds the true value of your property.

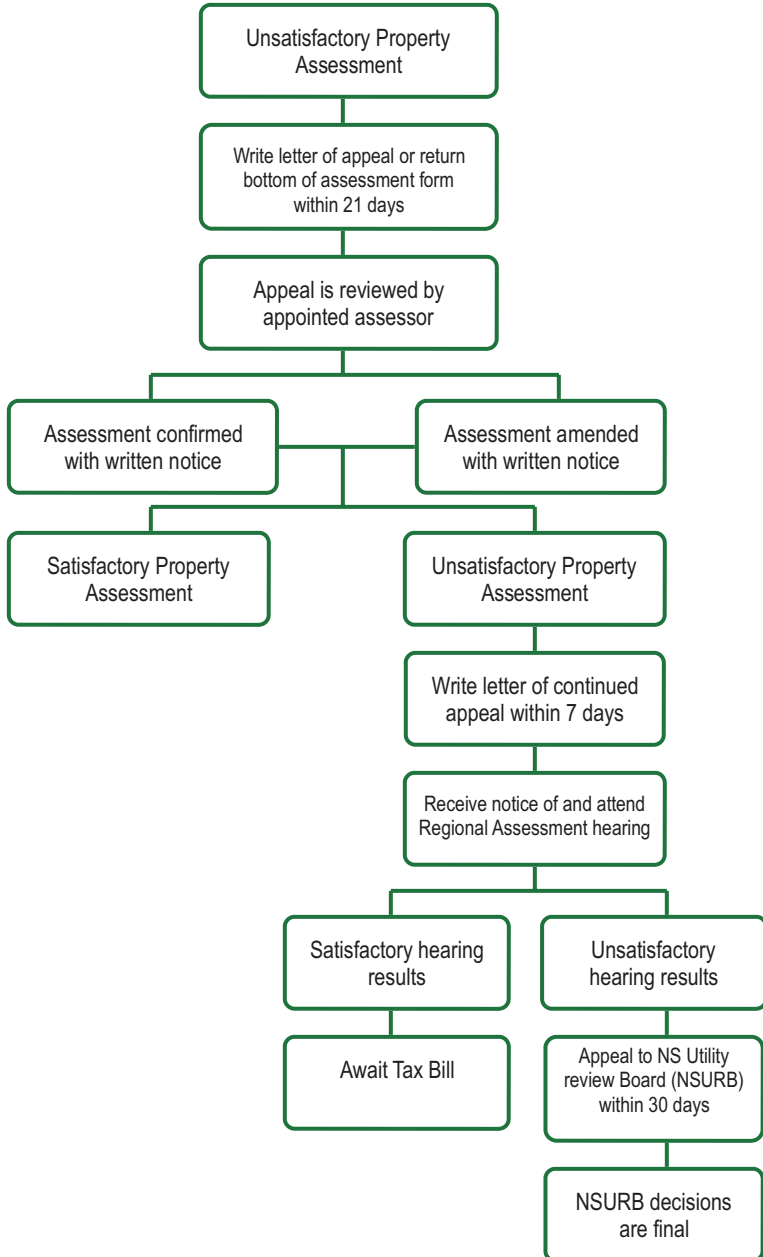
Before making the decision to appeal you property assessment, ensure you believe the value of your land has been over estimated. The chart below shows that on average, appealed values increased by 7% in 2006.





# How do I appeal my property assessment?

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## Further Information

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There is valuable information that can be accessed electronically regarding property assessment and the value of land in Nova Scotia.

Service Nova Scotia and Municipal Relations, explains the assessment process as well as provides helpful information regarding property assessments in Nova Scotia at the following address:

<http://gov.ns.ca/snsmr/asmt/>

Service Nova Scotia and Municipal Relations provides answers to commonly asked questions. These can be viewed at

<http://gov.ns.ca/snsmr/asmt/fags/>

The Nova Scotia Assessments Act outlines all regulations and information surrounding property assessments in Nova Scotia and can be accessed at

<http://www.gov.ns.ca/legislature/legc/statutes/assess.htm>

The Appraisal Institute of Canada is responsible for designating qualified property and real estate appraisers in Canada.

<http://www.aicanada.ca/>

The Union of Nova Scotia Municipalities acts as a united voice for all municipalities and towns in Nova Scotia.

<http://www.unsm.ca/>

The Nova Scotia Utility and Review Board is responsible for making all final decisions in property assessment appeals, if the process makes it this far.

<http://www.nsuarb.ca/>

It is possible to search for your property to view previous assessment values as well as the proposed value for the upcoming year. This does not show detailed descriptions, just the overall value.

<http://www.nsassessmentonline.ca/Main/>

# Glossary of Terms

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**Assessment Management Board:** A board comprised of municipal representatives assuming responsibility for decisions affecting the effective delivery of property assessment services in Nova Scotia for a period of 18 months.

**CAP Assessment Program:** (CAP) Program protects Nova Scotia property owners from dramatic increases in market value by limiting or “capping” annual taxable assessment increases in eligible properties.

**Commercial Property:** All property or part thereof except residential property and resource property. (Included is forest property owned by a person who owns fifty thousand acres or more).

**Cost Approach:** An approach to value based on the assumption that an informed purchaser would pay no more for a property (land and buildings) than it would cost to buy a similar piece of land on which a building could be constructed with characteristics comparable to the property to be purchased.

**Direct Comparison Approach:** An approach to value based on the assumption that an informed purchaser would pay no more for a given property than the cost of acquiring a comparable property.

**Income Approach:** An approach to value based on the assumption that the value of a property is directly related to the income it will generate over its economic lifetime.

**Market Value:** The probable amount to be exchanged between a willing buyer and a willing seller, whom are both fully informed of the property, after fair negotiations.

**Property Assessment:** The determination of an estimate of a property's market value as of a specific date, based on market value of comparable properties at the time of assessment.

**Residential Property:** All inhabited properties including single-family residences, multi-family residences, duplexes, apartments, condominiums, nursing homes, seasonal dwellings, manufactured homes, and some vacant land.

**Resource Property:** All resource generating properties including farm property (land and buildings used for agricultural purposes), forest property owned by a person who owns less than fifty thousand acres, land of a municipal water utility, excluding the structure, community fishermen's service building occupied and used by boat owners who are licensed commercial fishermen and the land used in connection.

# Contact Information

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## Regional Assessment Offices:



### Southern Region:

Yarmouth (902) 742-7143  
Bridgewater (902) 543-2267

### Western Region:

Kentville (902) 679-6106

### Central Region:

Dartmouth (902) 424-5225

### Northern Region:

Truro (902) 893-5800

### Eastern Region:

Port Hawkesbury (902) 625-4250  
Sydney (902) 563-2150

### Head Office:

Halifax 1-800-667-5727

## Property Assessment Resource

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Nova Scotia Federation of Agriculture  
339 Willow Street  
Truro, Nova Scotia, B2N 5A6

Phone: 902-893-2293

Fax: 902-893-7063

E-mail: [nsfa@eastlink.ca](mailto:nsfa@eastlink.ca)

Website: [www.nsfa-fane.ca](http://www.nsfa-fane.ca)