

# UNSM Forestry Workshop: Resource Properties

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April 14, 2016



# Agenda

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- PVSC Background
- Property Classification
- Exempt from Taxation
- Municipal Governance Act - Taxation
- Assessment vs Appraisal
- Forest Property Map
- Valuation Process
- Guidelines: Exempt Forestry Classification
- Resource Property Review Process
- Challenges and Opportunities
- Questions

# PVSC Background

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- Municipally funded, independent, not-for-profit organization that provides assessment services for 51 municipalities in Nova Scotia
- Governed by a Board of Directors
- Provides annual assessment rolls to municipalities
- 140 employees in 7 regional offices
- ~ 600,000 assessment accounts
- Municipal funding: \$17.1 Million → 6<sup>th</sup> consecutive year with no increase

# Assessment Act: Classifications

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- 26 (1) All assessments shall be designated as being residential property, commercial property or resource property, or partly one and partly another.
- Interpretation:
  - 2 (s) “resource property” means
    - (i) farm property,
    - (ia) aquaculture property,
    - (ib) conservation property,
    - (ii) forest property owned by a person who owns less than fifty thousand acres of forest property in the Province,
      - 2 (h) “forest property” means any lot of land, excluding any buildings or structures thereon, not used or intended to be used for residential or commercial or industrial purposes or any combination of such purposes;
  - 2 (d) “commercial property” means all property or part thereof except residential property and resource property, and **includes the forest property owned by a person who owns fifty thousand acres or more of forest property in the Province;**

# Resource Property Exempt from Taxation

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- Resource properties that are determined to be farm or bona fide forest according the *Act*, are exempt from taxation.
  - 47 (1) All forest property bona fide used or intended to be used for forestry purposes shall be exempt from taxation under this Act or any other public or private Act of the Legislature authorizing a tax on the assessed value of property, except as provided in the Municipal Government Act.
  - 46 (1) All land, excluding any buildings or structures thereon, classified as farm property shall be exempt from taxation under this Act or any other public or private Act of the Legislature authorizing a tax on the assessed value of property

# Municipal Government Act - Taxation

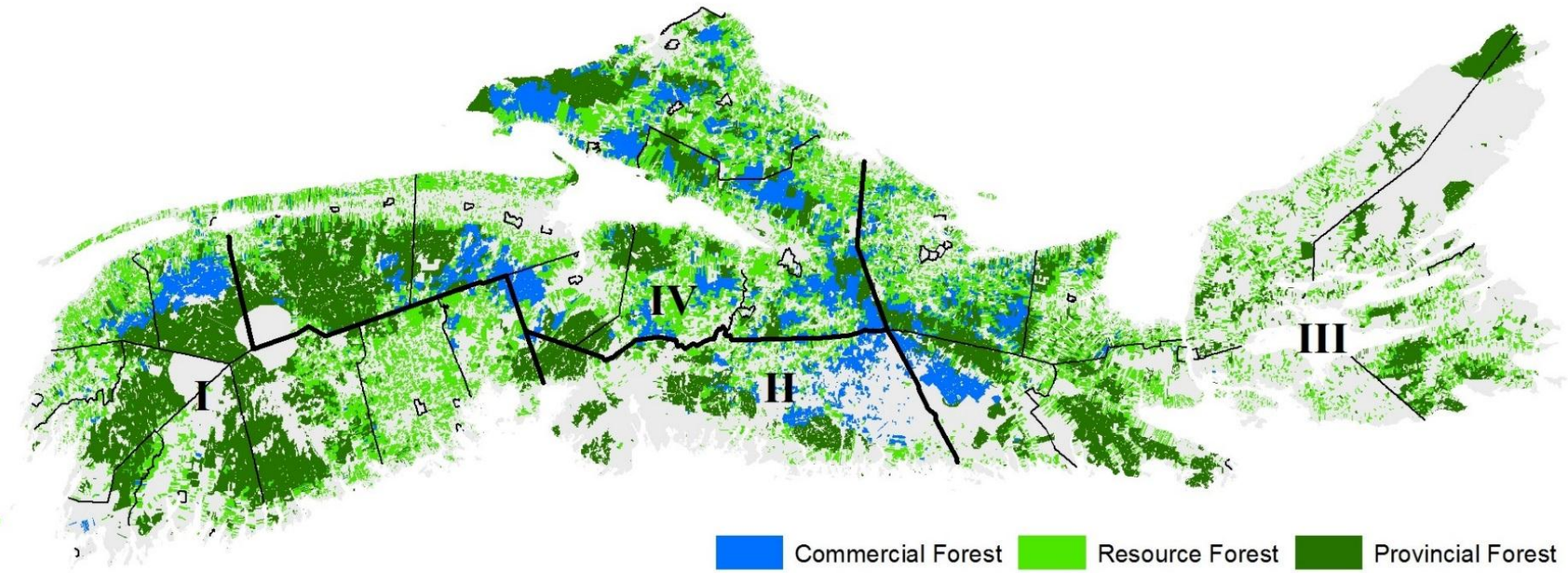
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- 78 (1) In lieu of all rates and taxes of the municipality, an owner of forest property *bona fide* used or intended to be used for forestry purposes shall annually pay a tax, to be known as a forest property tax, equal to
  - (a) twenty-five cents per acre, if the forest property is classified as resource property;
  - and
  - (b) forty cents per acre, if the forest property is classified as commercial property
- and, where an area, village or commission rate is levied for fire protection, the owner is liable to pay an additional annual tax not exceeding one cent per acre, as the authority levying the area, village or commission rate determines.

## Assessment vs Appraisal

Assessment	Appraisal
Uses mass appraisal to assess all properties in Nova Scotia for the purpose of taxation (section 42 of the <i>Assessment Act</i> )	Single property appraisals can be completed at any time and are typically requested before buying or selling a property
Based on sales during a certain point in time (base date)	Can use sales from any point of time
Does not consider the future use of a property	Can take into consideration the future use of a property

# Forest Property in Nova Scotia



Commercial Forest	Resource Forest	Provincial Forest
Value*: \$478,453,000	Value*: \$1,118,839,400	Value*: \$1,330,983,400



## Valuation Process

- To determine the valuation of properties in Nova Scotia, PVSC uses mass appraisal, analyzing the market factors that would affect the value in any given area

Total Resource Property Sales - Forest (2016 Assessment Roll)	
More than \$1	Zero and \$1
769	1,965

- Values for the 2016 assessment roll reflect a valuation date of **January 1, 2014** (called the base date) and the physical state of the property as of **December 1, 2015** (called the state date)

# Resource Property Review Process

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- There are certain activities than generate a review of a resource property:

PVSC	Municipality
<ul style="list-style-type: none"><li>• Sale</li><li>• Subdivision of the land</li><li>• Client request or inquiry</li><li>• PVSC site visit/area review</li></ul>	<ul style="list-style-type: none"><li>• Inquiry</li><li>• Permits</li></ul>

# Guidelines – Exempt Forestry Classification

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- A forest management agreement is an indication of the practice of forestry, but a management agreement is not essential and forestry management practices can be carried out by an individual owner.
- In order for a property to be considered as forestry resource (exempt) there must be a “substantial act” of forestry activity being carried out on the property. This Includes, but is not limited to:
  - Timber harvesting and/or tree cutting
  - Renewal and/or planting
  - Construction of roads or trails
  - Blazing, signage and/or making of boundary lines
  - Wildlife management
  - Community forest
  - Regular inspections
  - Spraying, pruning and/or cutting
  - Sugar woods harvesting

# Resource Property Review – Statement of Use

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- Review Process:
  - Property owner is sent a Statement of Property Use form. The assessor uses the information provided on this form to determine:
    - The property classification
    - Whether a family exemption is applicable
    - Whether an exempt use has ceased
- If cessation is confirmed:
  - The new value is determined (market value at time of cessation)
  - A Change in Use tax amount is applied to the new value
  - Property owner and the municipality are notified
  - The municipality provides a tax bill as per the MGA
  - The property owner has 31 day appeal period

# Challenges and Opportunities

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- Data on Forest properties – ongoing activity/changes
  - No centralized and regulated data base of resource properties (forest, farm, resource) as it relates to activities
- Rate of return of Statement of Property Use forms from property owners
  - Classification
  - Change in Property Use

# Questions

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