

NOTICE OF DECISION NO. 0215 10-07/2010

**TOWN OF MAYERTHORPE
COMPOSITE ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

IN THE MATTER of the *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

AND IN THE MATTER of an assessment complaint filed with the Town of Mayerthorpe 2010 Assessment Review Board.

Between

EEE Sales and Rentals - Complainant

and

Town of Mayerthorpe - Respondent

Before

J. Schmidt, Presiding Officer

S. Aitken, Member

T. Thain, Member

This is an assessment complaint decision of the Composite Assessment Review Board from a hearing held in the Town of Mayerthorpe on November 17, 2010 respecting a property assessment entered in the assessment roll of the Respondent municipality as follows.

Roll No.	89900
Assessed Value	\$109,900
Legal Description	Plan 9825697, Lot 4
Municipal Address	4420 42 Avenue

Appearances:

Complainant: Mr. Edward Ens for EEE Sales and Rentals

Respondent: Mr. Grant Clark, Appointed Municipal Assessor for the Town of Mayerthorpe

Assessment Review Board: Mr. Jeff Cook, Clerk of the Assessment Review Board

Observers: Ms. Melody Golden, Tax Clerk, Town of Mayerthorpe

Background and Property Description

The subject property is a 10 acre parcel with a land use designation of Industrial/Commercial. Located on the parcel are a number of non-permanent buildings used for the sales and rental operation of the owner. The property has highway exposure; however, there is no direct highway access. The complaint came forward on grounds the assessment is too high.

Issue

Does the assessment fairly reflect its market value as of the assessment year valuation date?

Legislation

Municipal Government Act

467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

289(1) Assessments for all property in a municipality, other than linear property, must be prepared by the assessor appointed by the municipality.

(2) Each assessment must reflect

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and*
- (b) the valuation and other standards set out in the regulations for that property.*

Matters Relating to Assessment and Taxation Regulation AR 220/2004) (MRAT)

1 In this Regulation,

- (f) "assessment year" means the year prior to the taxation year;*

3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

4(1) The valuation standard for a parcel of land is

- (a) market value, or*

Complainant's Position

In direct testimony the Complainant submitted that this property was purchased in 2006 for \$115,000 on the understanding that the Town of Mayerthorpe would provide the water and sewer services at no cost to the property owner. These services have not been installed to the subject property line and therefore the 2006 purchase price was too high.

The Town of Mayerthorpe had an appraisal completed for the property showing a value of \$70,000, which should be considered in determining the subject assessed value.

Respondent's Position

In support of the assessment, four documents were entered as Exhibits 1 to 4. Three sale transactions from July 1, 2006 (subject property) to December 2, 2009 show a per acre value of \$66,176 for a fully serviced 0.68 acre parcel ranging to \$6,583 per acre for a 60.0 acre parcel. The subject parcel sold as a fully serviced lot for \$11,500 per acre in 2006.

The subject assessment is based on the value of a fully serviced, approximate 10.0 acre parcel of land, with a final estimate of market value at \$109,900.

In June 2009 the Town of Mayerthorpe had an appraisal completed for the subject property indicating a value of \$15,000 per acre or \$150,000. This appraisal, as well as the original purchase price at \$115,000 in 2006 for the property, supports the assessment at \$109,900. It is therefore requested the assessed value as shown on the assessment roll be confirmed.

Finding

Having given careful consideration to the evidence, argument and facts which came forward in this case, the Board finds the subject property assessment does not fairly represent its market value as of the assessment year valuation date.

Decision

In consideration of this finding the complaint is allowed for the following reasons.

Reasons

Prior to determining the final estimate of market value in this case, it was necessary to establish whether or not the subject property was capable of being serviced with the municipal water and sewer services. Exhibit 4R as presented shows that between July 1, 2010 and July 30, 2010 Basi Enterprises Ltd. completed the water and sewer installation to service the subject lot 4 site. It appears that on August 10, 2010 the Town was subsequently invoiced for the completed installation. When regard is given to this evidence, there can be no doubt that the water and sewer services were not available as of December 31, 2009 for the July 1, 2009 estimate of market value.

This leaves the question; what was the market value as of July 1, 2009, having in mind the property characteristics and condition as of December 31, 2009? To determine the estimate of market value the Board relied on the appraisal undertaken by the Town of Mayerthorpe, shown as Exhibit 3R. This appraisal was dated as of June 4, 2009, very close to the assessment valuation date of July 1, 2009.

While it may be true, as the Respondent submitted, the market value would have been \$15,000 per acre or \$150,000 if serviced, the fact remains it was not serviced at the time of the appraisal. In the appraisal reconciliation and final estimate of market value it is stated that, as the subject

was purchased for \$115,000 or \pm \$11,500 per acre under the pretence of services being run to the property line, the purchase price was significantly greater than market value at the time. In the final analysis it was the appraiser's opinion that the subject property market value is \$70,000 as of June 4, 2009.

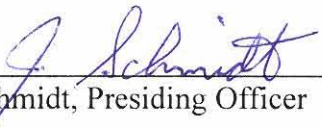
Rather than rely on the sales comparables which are not similar to the subject respecting size, services, etc., the Board is satisfied the best evidence to support the final estimate of market value, in this case, is the June 2009 appraisal value of the subject property.

The assessment is therefore reduced from \$109,900 to \$70,000.

No costs to either party.

Dated this 8th day of December 2010.

COMPOSITE ASSESSMENT REVIEW BOARD



J. Schmidt, Presiding Officer

This Decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470 of the Municipal Government Act, R.S.A. 2000, c.M-26. This section requires an application for leave to be filed with the Court of Queen's Bench within 30 days of receipt of this decision.