

## Lesson Five: Municipal Property Taxes

### Goals:

- Develop vocabulary needed to understand property tax bills
- Calculate the portioned assessment value, given the assessed value and the portion percentage
- Use a mill rate to calculate the municipal property tax due
- Understand how local improvement taxes are calculated

Property Tax is the responsibility of each municipality in Manitoba. It is a tax based on the value of your property. The more valuable the property, the more tax you pay.

Some important concepts related to property tax are:

### 1) The Assessed Value of the Property.

In each municipality, an *assessor* physically reviews each property every year and gives the property an *assessed value*. This assessed value should reflect a fair market price. That is to say, if the person living in the property was motivated to sell, and a buyer was motivated to buy, the assessed value should be close to the price the two parties would arrive at. This assessed value ultimately dictates how much property tax the owner will pay.

Sometimes the *land* and any *buildings* (houses, barns, stores, etc.) on the property are assessed separately. If this is the case, just add the values together to get the total assessed value for the property.

#### Example 1: Determining Assessed Value

Thad lives on a farm. His land has an assessed value of \$1 200 000. His barn has an assessed value of \$95 000, and his house has an assessed value of \$210 000. Calculate the assessed value for the property.

$$\begin{aligned}
 \text{Assessed Value} &= \text{land value} + \text{Barn value} + \text{House value} \\
 &= \$1\,200\,000 + 95\,000 + 210\,000 \\
 &= \$1\,505\,000
 \end{aligned}$$