

A Assessment Bulletin

IB Bulletin No. 13-02
July 2013

LAND AT WELL SITES

The Assessment Services Branch received a request for additional information about the process used to assess land at well sites. The questions from the assessor are included in the bulletin.

Overview

Property assessment begins with the parcel of land as the parcel relates to the ownership recorded at Land Titles and any encumbrances associated with the property such as well site leases. The definition says that a parcel of land is the lot defined by the subdivision plan unless a building straddles the parcels, or a ¼ section (MGA 1(1)(v)). For property assessment, this definition is modified by the Matters Relating to Assessment and Taxation Regulation (MRAT) 4(4). MRAT 4(4) points to the list of “areas” within a parcel of land that are to be assessed as if they were a parcel.

Unless specifically stated in MRAT, the valuation standard for a vacant parcel or an improved parcel is market value. Market value is determined using mass appraisal based on the typical market for similar properties (MRAT (2)).

Regarding section 304(1)(f) of the MGA – is the intent of this to look at the actual area in use or the total area of the lease, license or permit?

Section 304 defines the assessed person. The assessed person is the owner of the parcel of land unless specifically stated. One of the choices in 304(1)(f) refers to the assessed person for well site machinery & equipment. The area of the part of the parcel is found in MRAT 4(3)(e).

Regarding section 4(3)(e) of MRAT – is the intent of this to look at the actual area in use or could it be the actual area of a lease?

The intent is to assess the actual area in use. Section 4(3)(e) is about an unserviced area within a parcel used for commercial or industrial purposes. This section states “used for” and is therefore the actual area in use. It is to be assessed as a parcel of land (MRAT 4(4)).

Regarding section 4(4) of MRAT – is the parcel of land to be assessed as though vacant or with improvements on it?

As though vacant - the unserviced area within the larger parcel is to be assessed as a vacant, unserviced parcel, based on the factors that affect market value such as land-use, location and access. The regulated nature of the improvement and the legislated requirement to assess the area within the parcel as a parcel makes the discussion of land value more complex.

A sessment Bulletin

IB Bulletin No. 13-02
July 2013

Regarding section 284(1)(r)(i) – is “a parcel of land” vacant or not?

Vacant - section 284(1)(r)(i) refers to a parcel of land, as (ii) refers to an improvement and (iii) refers to the improved parcel (land and improvements).

A summary is provided in the following chart.

	Assessment Process	Legislation	Assessor	Examples of factors to consider	To whom the notice is sent
Farm land	Alberta Farm Land Assessment Minister's Guidelines	MRAT 4(1)(b) and MRAT 4(2)	Municipal Assessor		Property owner - MGA 304(1)(a)
Land area used for the machinery and equipment at the well site	Market Value	MRAT 4(3)(e or f), MRAT 4(4), and MRAT 4(1)(a)	Municipal Assessor	Land-use bylaw, location, access	Operator of the well – MGA 304(1)(f)
Well (definition in 284(1)(k)(iii) – incl. legal interest in land	Alberta Linear Property Assessment Minister's Guidelines	MRAT 8	Designated Linear Assessor		Operator of the well – MGA 304(1)(f)
Machinery and equipment at the well site	Alberta Machinery & Equipment Assessment Minister's Guidelines	MRAT 9	Municipal Assessor		Operator of the well – MGA 304(1)(f)

Please contact Ken Anderson (780 427-8962) or Sheila Young (780 422-8078) if you have any questions.