SASKATOON STARPHOENIX



Opinion: Saskatchewan farm assessments jump no cause for panic

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Saskatchewan agricultural property assessments have increased 40 per cent, but there are other factors in determining how much tax a property pays.

Saskatchewan agricultural assessed values are up 40 per cent per the new 2025 SAMA (Saskatchewan Assessment Management Agency) assessment — however property owners shouldn't panic.

To understand why, it's important to understand how agricultural assessments work in Saskatchewan.

The new SAMA farmland assessments come into effect in 2025. Agricultural land is subject to the regulated property assessment valuation standard as of a specified base date.

The former base date was Jan. 1, 2019 which was in effect for Jan. 1, 2021 to Dec. 31, 2024. For the years 2025 to 2028, the base date is Jan. 1, 2023. The base date is the legislated date to which the assessed values are related.

A mass appraisal technique is used to value agricultural land in Saskatchewan based on agricultural productivity as of Jan. 1, 2023 based on median prices for Saskatchewan agricultural land as of that date.

For agricultural properties the assessed value is related to the property's agricultural productive value rather than its maximum potential value. As the SAMA assessment base dates are retrospective, it is not necessarily indicative of current market value.

The productive capacity method is used in Saskatchewan where soil classification is used, economic adjustments for cost of production factors are factored in, and finally a provincial factor is multiplied to arrive at the assessed value. Provincial factors are linked to value using provincial median selling prices.

The general formula is productivity rating times economic factors times provincial factor equals assessed value. The new Saskatchewan provincial factor for agricultural land for the 2023 base date is $37.60 per acre per final rating point (up 40 per cent) from the 2019 base date factor of $26.86.

The new provincial factor for pasture land for the 2023 base date is $29.32 per acre per land rating (up 40 per cent) from the 2019 base date factor of $20.94. The base land rate for waste land is $10 per acre, which is unchanged from the 2019 base date.

After the SAMA assessed value is calculated, the property taxes are determined generally as follows: Assessed value times percentage of value and exceptions times government mill rate plus any special levies or assessment equals total property taxes.

Each municipality determines its mill rate by dividing the amount of taxation revenue required by the total taxable assessment. Just because agricultural property assessments have increased 40 per cent between the 2019 and 2023 base dates, does NOT mean taxes would necessarily increase from 2024 to 2025 by 40 per cent.

A sale price to SAMA assessment ratio or multiplier is sometimes used as a guide or method to valuing farmland in Saskatchewan.

Hypothetically, let's say as of Dec. 31, 2024 cultivated land within a specified geographic region, with a specified productivity rating, and cultivated percentage tends to sell at 1.50 to 1.75 times the 2019 SAMA assessment value as is indicated by the most recent arms-length verified sales.

The new SAMA assessment that came out Jan. 1 shows that assessed values in that area have increased by 40 per cent from the 2019 base date to the 2023 base date. That does NOT mean current market value has suddenly increased by 40 per cent overnight.

Valuing farmland each time there is a SAMA base date update becomes a little more complicated as you need to compare apples to apples so to speak and analyze your property, and the comparable sales based on their current 2023 assessed value, or based on their former 2019 assessed value, in order to ensure consistency.

Depending on the property type, location, physical features and sales within the market a sale to assessment multiple may or may not be an appropriate technique to value agricultural property.

Refer to the SAMA website to learn more about how assessments are calculated, the new base date and if you have questions regarding taxes specifically check out your municipality's website or contact them directly. No need to panic. Wishing Saskatchewan farmers a great year in 2025!

David Fortier is a professional real estate appraiser and owner of Fortier Mattila Appraisals Inc. with 15 years of real estate appraisal experience in Saskatchewan.

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