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Property Tax and Assessment News from Around the World

CANADA - November 2017

NEW BRUNSWICK - Auditor general blames Service NB for rush to bungled tax assessment system

Investigation didn't establish Premier Brian Gallant ordered fast-tracking of system, report says

Auditor-General Kim MacPherson is blaming the leadership of Service New Brunswick for failing to acknowledge the "high risk" of "fast-tracking" a new property assessment system.

MacPherson says in an audit released Thursday morning that the new system, which led to thousands of assessment errors earlier this year, failed because Service New Brunswick moved too quickly and communicated poorly.

She said she "could not determine" if Premier Brian Gallant himself ordered the fast-tracking of the new system, though she said a May 2016 presentation of the new system, and a followup call by chief of staff Jordan O'Brien "contributed to SNB's perceived sense of urgency."

And she said assessment staff admitted to her during her audit that "quotes attributed to the Premier," widely reported in the media, "were not based on direct conversations with him."

MacPherson calls one key quote attributed to Gallant in a slide show —"I want to see it in half the time" — as coming from what she calls "a fictional conversation."

She said the staff's "perception" that Gallant ordered the fast track was based on communications from Service New Brunswick executives, including then-CEO Gordon Gilman.

The government announced Gilman's retirement from the provincial civil service on Wednesday.

Tax bills inflated

Service New Brunswick's new digital property assessment system, launched last fall, produced inflated property tax bills for thousands of landowners.

Rather than catch and fix the mistakes, some officials made up renovation amounts on some homes to justify inflated values the new system was falsely detecting.

Property taxes on homes cannot rise by more than 10 per cent a year if there have been no renovations. The phoney renovation amounts allowed Service New Brunswick to raise assessments beyond the 10 per cent cap.

A record 18,000 landowners challenged their assessments, and as of last week, 10,000 had won reductions.

A slide show presentation obtained by CBC News earlier this year said the new system would take three years to implement, but after the May 6, 2016, presentation to Gallant, Service New Brunswick was told, "I want to see it in half that time," a comment attributed to the premier.

Emails said Service New Brunswick CEO Gordon Gilman asked staff to accelerate implementation after the presentation.

"It comes directly from the premier," one staffer wrote. Another wrote that Gallant "subsequently requested to move faster" with the initiative.

Can't prove Gallant was culprit

That led the Progressive Conservative Opposition to paint Gallant as the main culprit in the fiasco.

But MacPherson said her audit was unable to establish if that's true.

She said SNB's director of modernization felt Gallant was "impressed" with the new system after the presentation, and O'Brien followed up by calling Gilman with questions about the technology.

That led Gilman to ask a vice-president "to prepare a business case for accelerating the implementation" of the new system's aerial photography.

MacPherson wrote that it's clear the presentation to Gallant "started the chain events" leading to "fast track," but she received "conflicting accounts" about "critical conversations" that took place over the phone.

She said there was "no apparent urgency" in an email from O'Brien to Gilman about the acceleration of the aerial photography. Gilman told her he didn't speak directly to Gallant about it.

O'Brien told her his followup with Gilman was based on concerns about the public reaction to a new system "and the tone was cautionary rather than urgent."

Denies asking for acceleration

Gallant told her he didn't ask for the acceleration and wasn't aware of it until March of this year. That's when problems with assessments became public knowledge.

MacPherson said internal SNB communications in June 2016 include a slide show that was obtained by CBC News earlier this year.

She says the slides attributing comments to Gallant were used to "inform and motivate" the assessment staff. One slide "depicts a fictional conversation" in which Gallant asks for faster implementation and another "paraphrases" the premier.

"Both of these communications are not direct quotes and incorrectly imply the Premier requested 'Fast Track,'" the report says.

Checked into progress

On May 25, 2016, O'Brien emailed Gilman to ask if there was "any word" on the acceleration. Gilman then emailed a vice-president of the Crown corporation to say O'Brien was "after me — so need for tomorrow at latest."

MacPherson said it's reasonable to conclude the vice-president "interpreted" Gilman's email as pressure from Gallant's office, but she did not see "a strong indication of a high level of urgency" from O'Brien's email.

Serge Rousselle, the minister responsible for Service New Brunswick, said Progressive Conservative Opposition leader Blaine Higgs should now apologize to Gallant for accusing the premier of wrongdoing before MacPherson's report was released.

Different interpretations

"There's not one person who has been interviewed who said the premier was involved," Rousselle said. "There's not even one document that shows that he asked for this fast-tracking process.

"Basically there's no piece of evidence whatsoever."

Higgs said he thought there were still "gaps" in the communications between O'Brien and Gilman, and he would not apologize to Gallant.

"Forgive me if I don't necessarily believe what the premier and Minister Rousselle are espousing," he said.

"What she's saying is the communications were vague and from that she says 'I can't make a direct link.'"

MacPherson told reporters that she felt she had uncovered all there was to uncover in the case.

Government accepts recommendations

Rousselle said the government would listen to MacPherson's recommendation against creating a new independent agency to handle property assessments separately from Service New Brunswick.

MacPherson said given turmoil at the Crown corporation, including toxic relationships and a lack of leadership at the time of the fiasco, another reorganization would get in the way of fixing the assessment system.

She made other recommendations on how to improve the existing Service New Brunswick system and Rousselle said the province would adopt them.

NEW BRUNSWICK - Questions unanswered: N.B. auditor general releases report on botched property assessments

Questions are left unanswered after the Auditor General examined botched property tax assessments around N.B.

It's still unclear who is responsible for bungled property tax assessments around New Brunswick, even after the province's auditor general's examination.

Auditor General Kim MacPherson put Service New Brunswick at the foundation of the province's property tax blunder in a report released Nov. 23.

"The $64,000 question was not answered," said U.N.B. political scientist, Don Wright. "Who is responsible for this mess?"

"The senior management team and board of directors of Service New Brunswick failed to assess the significance of this modernization initiative," said MacPherson.

MacPherson said a meeting in May 2016, which included Service New Brunswick and Premier Brian Gallant, was clearly important to having "fast-track" technology sped up.

The auditor general said after the meeting the premier's chief-of-staff emailed back and forth with the former CEO of Service New Brunswick.

Now, she says she will not make a final determination about who ordered technology to be implemented in one year instead of three.

Wright says someone should step up and take responsibility for the disorder.

"There's no smoking gun, again, there are some thoughtful recommendations on how we should move forward."

No one from Service New Brunswick management or the board of directors is giving interviews at this time. In a prepared statement the crown corporation said it would take the report into account going forward.

Kari McBride from the province's real estate association says she doesn't feel the auditor general's report dug deep enough.

McBride says not enough attention has been focused on ensuring the blunder can't happen again.

"What's wrong with the system is... it's broken and the reason for that is because the acts are antiquated, they haven't been looked at in 50 years and that is both the assessment act and property transfer act," McBride says.

Although she agrees with the auditor general's recommendation that creating a brand new crown corporation would be a bad idea, but believes a solution needs to be made.

"We don't think it does matter whether it's a separate agency, it only matters that they're looking at the proper things that can dissect what's wrong now and rebuild it."

Of the 18,000 appeals that were filed, 80 per cent have been completed with the remainder corrected by early 2018.

B.C. union's affordable housing plan proposes taxes targeting speculators

BCGEU plan recommends several tax reforms, legislative amendments and investments in public housing

One of British Columbia's largest unions has developed a plan it says could help combat a lack of affordable housing in the province.

The plan from the B.C. Government and Service Employees' Union (BCGEU) recommends several tax changes the union says would assist in easing the stresses put on Metro Vancouver's housing market.

The detailed housing strategy was released this week.

Proposed reforms

The proposed plan focuses on three main strategies: reforming property taxes, amending legislation and investing in public housing.

Paul Finch, the treasurer of the BCGEU, said progressive land value taxation is the key to cooling the housing market and building a more affordable B.C.

The union's plan includes a number of reforms that would tax developers and speculators when their land values rise because of nearby public infrastructure projects like new transit lines.

The idea behind it, Finch explained, would be to capture some of the windfall gains on investment properties.

"Really, what is being taxed is the unearned income you're reaping on a higher level of value that basically you have done no work to achieve," Finch said.

"Across the board, the value is being driven up, and we need to look at what's driving it up."

The plan also proposes taxing speculators who hoard undeveloped land and defer development, applying a progressive surtax to annual property taxes, reforming property transfer taxes and the foreign buyers tax and taxing short term rentals.

The money gathered from the proposed tax changes would then be used to fund public housing and infrastructure.

"That's absolutely essential to the entire plan," Finch said. "In a tax grab situation, that would not be the case."

Government response

In response to the plan, Finance Minister Carole James said the housing crisis in B.C. is one of the province's top priorities for the 2018 budget. She said she thanks the union for its work on the report.

"Together with the housing minister, I am working on a long-term, comprehensive housing strategy that addresses all aspects of the market," James said.

"We are looking at ways we can close speculation loopholes and improve fairness in the market, so that people can find affordable housing in the communities where they live and work."

So far, the Affordable B.C. Plan has just over 2,000 signatures on its petition. its goal is 10,000.

ONTARIO - MPAC Delivers Nearly 900,000 Property Assessment Notices to Property Owners Across Ontario

Today the Municipal Property Assessment Corporation (MPAC) will begin mailing nearly 900,000 Property Assessment Notices to property owners across Ontario to reflect changes in assessment that have taken place over the last year.

While 2017 is not a province-wide Assessment Update year, MPAC continues to review properties and is legislatively responsible for updating property information in order to return an accurate Assessment Roll for 2018 taxation.

This year, property owners will receive a Notice from MPAC if there has been:

- change to property ownership, legal description, or school support;
- change to the property's value resulting from a Request for Reconsideration, an Assessment Review Board decision, or ongoing property reviews;
- property value increase/decrease reflecting a change to the property; for example, a new structure, addition, or removal of an old structure; or
- change in the classification or tax liability of the property.

"Assessing all properties in a fair and consistent way matters to us because we know how important this information is to the communities we serve," said Rose McLean, MPAC President and Chief Administrative Officer. "The Property Assessment Notices we begin mailing today will help ensure property information is accurately reflected on municipal assessment rolls."

MPAC encourages property owners who receive a Notice this year to login to aboutmyproperty.ca by using the Roll Number and unique Access Key on their Notice. Aboutmyproperty.ca provides easy access to the information MPAC has on file for a property and can help owners compare their assessment to others in their area.

Property owners who receive a 2017 Property Assessment Notice and disagree with their assessment have until April 2, 2018 to submit a Request for Reconsideration (RfR) with MPAC - free of charge. For greater convenience, RfRs can also be filed directly through aboutmyproperty.ca.

Quick Facts

- In 2016, every property owner in Ontario received a Property Assessment Notice as the result of a province-wide Assessment Update, reflecting a January 1, 2016 valuation date. The 2016 assessed value will be the basis for property taxes for the 2017-2020 property tax years.
- MPAC continues to review and update property assessment information in non-Assessment Update years. Properties change ownership, new homes or additions are built, structures are removed or demolished and properties change use. Notices are mailed each year to reflect these changes.
- In 2017, MPAC delivered more than $37 billion in taxable assessment growth to municipalities across Ontario.

About MPAC

The Municipal Property Assessment Corporation (MPAC) is an independent, not-for-profit corporation funded by all Ontario municipalities, accountable to the Province, municipalities and property taxpayers through its 13-member Board of Directors. Our role is to accurately assess and classify all properties in Ontario in compliance with the *Assessment Act* and regulations set by the Government of Ontario. We are the largest assessment jurisdiction in North America, assessing and classifying more than five million properties with an estimated total value of $2.4 trillion.

MPAC's province-wide Assessment Updates of property values have met international standards of accuracy. Our assessors are trained experts in the field of valuation and apply appraisal industry standards and best practices. Our assessments and data are also used by banks, insurance companies and the real estate industry.

ONTARIO - Small businesses on Yonge St. still angered by big property tax hike despite reductions for some

Popeyes Louisiana Kitchen on 645 Yonge Street is charging customers a 35 cent fee to deal with increasing property taxes.

A downtown restaurant is charging customers a small "price adjustment" fee to help deal with increasing property taxes on Yonge St., which has many small businesses in a panic.

Popeyes Louisiana Kitchen on 645 Yonge St. has started charging customers an extra flat rate of 35 cents per transaction, which management hopes will offset the rising property taxes on their strip.

Business owners on the street are facing hikes of up to 100 per cent or more, according to their 2017 property assessments. The amount was reassessed in September and reduced for some buildings after many owners began protests and held meetings with city councillors.

The Municipal Property Assessment Corporation, which assesses the property values for all buildings in Ontario, slashed the property tax increases by up to 70 per cent for buildings that are a part of the Yonge Street Heritage Conservation District Plan, between Bloor and Carlton Sts., where development is difficult to carry out.

"As part of the valuation process, our assessors reviewed each property on an individual basis in light of the heritage designation and sales information," said MPAC spokesperson Cathy Ranieri-Sweenie in an email. "On average, reductions ranged between 40 to 50 per cent for the affected properties."

Many owners affected by the reassessment say that the new rates are still jeopardizing their businesses.

"It's like telling someone, 'I'm taking away all your oxygen but here, I'll let you have three breaths a minute,' " said George Giaouris, owner of Northbound Leather Ltd. "Am I supposed to feel relief?"

Giaouris, 54, said that after paying $4,000 per month in property taxes for 2016, he was asked to pay double that when his 2017 assessment came in.

Giaouris said he hasn't received the reassessment for his property yet, even though many of his neighbours got theirs in September. Some neighbours, he said, had their tax increase go down from 111 per cent to 25 per cent for 2017.

Sanjoy Kundu, a landlord and owner of costume shop Theatrics Plus, said he paid $20,000 in property taxes last year. His initial assessment for 2017 asked him to pay close to $40,000. The new assessment, which reduced the property tax increase by 50 per cent, expects him to pay $30,000.

"I don't want to have to close down but things are getting very difficult for small businesses on the street," Kundu said. "It's unfair."

The problem, critics say, stems from the way in which the property is assessed by MPAC. The assessments, done every four years in Ontario, are based on the potential value of the land and "best use" rather than its actual use. Small businesses, in places such as Yonge St., are expected to pay similar property tax as if they were to develop a 40-storey condo.

For heritage buildings and small businesses using a property for its "best use" is almost impossible, Kundu said.

The price adjustment at Popeyes is one of several changes businesses on the street have been forced to make to deal with the property tax hikes, said John Anderson, president of the Yonge Street Small Business Association.

The House of Lords hair salon recently closed after 51 years, with the owner blaming the increase in property taxes.

Other businesses, Anderson added, have let go of employees, raised prices or are staying open longer.

“It’s only 35 cents right per person but it’s all common sense, where are you going to come up with all the extra money?,” said Anderson, owner of Morningstar furniture shop. “It’s a hard life on Yonge St. when taxes are just wiping everyone out.”

Giaouris said that a fee adjustment would not be possible for his shop.

“How much more am I supposed to ask from a client or a customer?,” he asked. “They are already giving me their business, how can I ask for more?”

Many of the customers at Popeyes the Star spoke to didn’t notice the change on their receipts.

Patrick Williston said that although he is okay with the change at Popeyes, he would have preferred if they had let the public know before hand.

“It’s the closest location to me so I’ll probably still be coming here regardless,” he said.

ONTARIO - Conundrum of farm property tax

Farmers are in a conundrum at property tax time, caught between assessment rates set by the Municipal Property Assessment Corp. and tax rates set by the municipal council, says Ontario Federation of Agriculture director Larry Davis.

The problem takes on more urgency and farm organizations have to be more active in pressing their case as municipal governments are setting their budgets and tax rates for 2018, Davis, of Burford, says in a commentary posted on the federation's website.

"Last year, many Ontario farmers and landowners were shocked by the 2016 MPAC assessments that saw farmland values increase by an average 65 per cent over a four-year period," he wrote.

"Farmers had already dealt with similar increases in the previous round of MPAC assessments in 2012. These increases in farmland values, coupled with significantly lower residential and commercial classification increases will lead to farmers shouldering an astonishingly higher portion of local property taxes until action is taken at the county level."

The assessed values set in 2016 are phased in equally over a four-year period. As assessment values go up, property tax bills rise unless specific action is taken to adjust the property tax formula. The formula provides that farmland property taxes are set at an amount up to 25 per cent of the residential property rate.

"The sharp increase in farmland values and resulting tax increases mean farmers will be paying more property tax than ever before, while consuming the same level of services as they always have," said Davis.

"If farm tax bills continue to increase, farmers will be shouldering excessive property tax burdens."

Municipalities across the province are already starting their 2018 budget discussions.

"Now is the time," he says, "for all county and regional federations to work with their county municipalities to adjust the farm tax ratio in their areas accordingly."

ONTARIO - Provincial "Education" Property Taxes

In 1998, the province took over complete responsibility for education finance from local school boards including setting local property tax rates as well as the level of overall funding for education. That was a wise move, along the lines of recommendations from earlier Commissions and Tax Reports.

What the province did with the property tax after that was less well thought out. The Minister of Finance has, since 1998, set a province-wide uniform percentage tax rate on all residential and multi-residential property. The tax rate on farms and managed forests is 25 percent of that rate. Since 2001, the minister has also set separate commercial, industrial and pipeline rates for education on the basis of single-tier (like Toronto) and upper-tier (regional governments) municipalities. As a result, different provincial business property tax rates exist throughout the province. Residential provincial property tax rates are now, on average, six times lower than commercial rates throughout the province. One kind of business faces a much higher provincial property tax than a different business down the street. The same business can have a lower provincial property tax rate in a neighbouring city. This flies in the face of most of the previous and subsequent public finance advice that says that provincial business property taxes should be uniform.

These differences reflect, first, the historical incidence of taxation on these property classes prior to 1998. Rate differences are also the result of subsequent provincial policy designed to reduce relative effective differences among municipalities, which is partly the result of resetting rates in reassessment years to make the tax revenue-neutral for the province.

How is it that we still have such widely varying rates across the province for a tax that is set by the province? The following table shows the distribution of taxes before and after the reforms in the Greater Toronto Area. The province reduced its taxes on residential properties by more than half. However, it was also putting more costs onto cities through downloading. The reduction in residential provincial taxes was designed in part to offset the policy implemented to shift the relative burden of municipal taxation to residential properties. However, the province increased the burden of education property taxation on the non-residential sector.

Education Property Taxes, GTA, 1997 and 1999

	1997 (before provincial takeover)		**1999 (after provincial takeover)**	
	$ millions	**%**	**$ millions**	**%**
Residential and farm	2,697	57.3	1,127	34.1
Commercial, industrial, business	1,897	40.3	2,102	63.6
Supplementary	112	2.4	56	1.7
Other	0	0.0	19	0.6
Total	4,706	100.0	3,304	100.0

Source: Ministry of Municipal Affairs and Housing, MARS database.

Business education property tax rates, consequently, continue to vary by class of property (commercial, industrial, pipelines) and by upper-tier or single-tier municipality. Where these rates were above the provincial average, a rate reduction program was in effect using provincial funds. But the province abandoned this rate reduction effort a few years ago.

Despite both provincial and municipal effort to reduce the gap between residential and non-residential tax rates, the relative relationship between residential and non-residential rates for education property taxes continues to be wider than this relationship for municipal rates.

The province should reignite its efforts at property tax reform and implement a feasible plan to vacate the field of business property taxation over the next few years with a meaningful reduction to its imbalances and inequities. This would leave the property tax at the local level where it is an appropriate tax to finance municipal services.

NOVA SCOTIA - Here's the sensible replacement for property taxes

The Oct. 31 article regarding HRM's request to remove the province's residential property assessment cap is surprising. Why does HRM want the cap removed?

Financial planning manager Bruce Fisher claims the cap slows the provincial economy by destroying motivation for homeowners to make improvements.

Well, so does the whole assessment system, cap or no cap.

HRM Coun. Waye Mason claims the cap is unfair.

“Taxes are different for people getting the same services,” he says.

Again, this is due to the property tax system. The cap has a very minor effect.

A capped property owner might pay eight per cent less tax but receive the same services as an “uncapped” property owner.

However, the owner of a property assessed at $500,000 is paying 500 per cent more than the owner of a $100,000-assessed property.

Of all councillors, Waye Mason, representing the south end, should appreciate the high taxes in his district, when owners are not getting any better services than other properties on the peninsula.

Does the cap cause a 500 per cent difference?

Let’s not forget the initial reason for the cap.

Assessments based on sales of adjacent properties were forcing people out their homes after living there for decades.

Another councillor, Tony Mancini, now wants “spike protection.”

When will we realize that the property tax system is unfair, expensive, biased against property owners and overly complicated from top to bottom?

It’s people, not properties, that require municipal services.

When was the last time you saw a house ride a bus or go for a walk in a park?

People generate garbage, not houses.

So why are we just charging property owners?

You can add all the Band-Aids you want to this system, but it’s poor to the core and it’s time to throw it out.

Nova Scotia property owners pay $17 million a year for their assessments.

This doesn't include the municipal cost of determining the tax rate, preparing and issuing thousands of tax bills, collecting thousands of payments, chasing payments and dealing with unreliable collection.

There’s a federal organization that already has the machinery to collect revenue. It’s the Canada Revenue Agency.

We would get a three-year return on investment if we paid a one-time payment to CRA of $50 million to make a few software changes to collect a “municipal revenue.”

The needed changes are:

1. Categorize tax returns by municipality.

2. Total the net income per municipality.

3. Divide the municipal budget total by the total net income. Multiply the result by the net income on each tax return to determine a municipal surtax.

4. Total the municipal surtaxes, which will mathematically equal the budget of each municipality.

5. Transfer the funds to each municipality.

After the changes are made, the collection cost would be greasing the computer.

The benefits are the following:

Income is a better measure of ability to pay than the perceived value of one of your assets.

It would save $17 million per year.

There would be no assessment mistakes, no assessment appeals, no assessment caps, no property tax bills and no bickering among property owners.

There would be a larger tax base and no favouring of large companies.

ONTARIO - A hotel tax is coming to Mississauga and the city hopes it will help attract visitors

The 4% tax is set to go into effect July 2018 and could eventually extend to short-term rentals
The city of Mississauga is introducing a four per cent hotel tax next summer and says the money will go toward attracting more visitors and boosting tourism.

The tax, approved by city council this week, is consistent with a four per cent rate also under consideration by the city of Toronto, and could be the first wave in a tax change right across the Greater Toronto Area. If approved, it would come into effect in July 2018.

The measure is estimated to generate close to $10 million annually between Toronto and Mississauga. Half of that revenue would go to Tourism Toronto and the other half would be reinvested in Mississauga's "master plan" to attract more visitors, according to Mayor Bonnie Crombie. Tourism Toronto is a not-for-profit agency consisting of public and private partners with over 1,100 members of which the city of Mississauga is one.

"Think of it as a user fee," Crombie told CBC Toronto, saying the rate would be consistent with the rate that Toronto is considering, "so that our hotels can be competitive with their hotels."

Crombie says the tax was made possible through the province's Stronger, Healthier Ontario Act, Bill 127, which went into effect this past May. But while Toronto hasn't yet moved on a tax, Mississauga is forging ahead.
Crombie says it will generate a new revenue stream for the city, which unlike Toronto, does not generate revenue through a land-transfer tax or vehicle-registration tax.

Crombie expects the revenue tool will strengthen Mississauga's tourism industry, including its cultural attractions, festivals and sporting events. But some worry it will do just the opposite.

"That's going to be expensive for clients because when you get a hotel room it's already expensive. To promote tourism in the city I think that you can use other methods," said tourist Minh Va.

"I think if you lower prices and create deals for tourists that will bring more people into a city."

And it isn't just hotels that will be taxed. Crombie says short-term rentals, such as AirBnB, would also face the four per cent fee as Mississauga moves to regulate them.

That's something Mississauga resident Nima Parsa worries could make things harder for what he sees as an already struggling industry.

"These days I know hotels are struggling especially AirBnBs, so if you want to add taxes ... it's going to be harder for them," she said.

City staff will be meeting with hotel industry stakeholders in the coming months and Crombie says consultations will be held before the tax is implemented.

The recommendations go to council for final approval on Nov. 8.

ONTARIO - Toronto eyes new tax class that could spell relief for small businesses

The City of Toronto is exploring the idea of creating a new property-tax class that could provide relief for small businesses facing soaring assessments and tax bills. This follows moves to create a similar plan to help cultural hubs in the city.

Rapid redevelopment coupled with an assessment model that values properties with smaller buildings the same as ones with larger developments are causing challenges for small business owners.

"I'm being asked to pay on the building's hypothetical value, which has not been realized," says Frédéric Geisweiller, owner of Le Sélect Bistro in downtown Toronto.

Mr. Geisweiller says nearby construction in the neighbourhood has led to both a drop in customers and a jump in his building's assessed value. He's facing a 55 per cent increase in his non-residential property tax bill this year over last year, to $93,667 from $60,131. By 2020, if the tax rate stays the same, he expects to pay $203,710, which is 239 per cent more than last year's bill.

"It's unsustainable," Mr. Geisweiller says, adding this is the toughest issue he's faced in his 40 years of owning the restaurant.

Owners and tenants of arts and cultural facilities have voiced similar concerns, leading Ward 20 city councillor Joe Cressy to bring forward a motion to city council to formally begin the process of developing a culture and creative property tax subclass. He hopes to see the new policy approved in time for the 2018 tax season.

With support from the province, which must approve the city's request for a new tax class, Mr. Cressy says the city is in the final stages of developing the details on what would constitute a creative hub. If the current working definition is accepted, at least 17 buildings in Toronto are expected to qualify.

Introducing a new tax class could have wider reach than just those buildings.

"It is the first step in us looking to develop a suite of changes to the tax regime to also support small and independent businesses," Mr. Cressy says.

"The creative-hubs tax class has opened the door to a whole new conversation about how we create a more nuanced tax policy, not one which is a one-size-fits-all approach."

Councillor Kristyn Wong-Tam, who represents Ward 27, Toronto Centre-Rosedale, is leading that conversation. Ms. Wong-Tam says she is working with city staff and the province on a strategy that could lead to a new property tax category for small businesses.

"What I have at the moment is everyone willing to explore options," she says.

A spokesperson for Jeff Leal, the Ontario cabinet minister responsible for small business, confirmed staff from the minister's office have met with Ms. Wong-Tam and conversations are ongoing.

Additionally, Jessica Martin, a spokesperson for Ontario Finance Minister Charles Sousa, said in an e-mail that ministry staff "continue to have discussions with municipal staff as to how the City can effectively use the range of property tax tools to create a competitive tax environment for small businesses in the city."

The province says the city has various tax policy tools available, including graduated tax rates, rebate programs, the option to implement optional property classes or work with the province to create additional property classes, and reinstating a property tax capping program.

Ms. Wong-Tam says creating a new property class would not lead to less revenue for the city, as the amount would be covered by taxes from others within the same class.

"Everyone would just be classified with a lot more nuance," she says. "Right now, a commercial building, if it's a skyscraper or bank tower or small business, they're all stuck with the same assessment methodology."

Ms. Wong-Tam's work follows challenges within her ward on Yonge Street, where property tax hikes prompted some small businesses to consider closing. The Municipal Property Assessment Corporation conducted a review of assessments, and, after recognizing the area's heritage designation and more recent property sales data, assessed values were reduced.

Ms. Wong-Tam says property tax hikes are not just a Yonge Street dilemma.

"Many of those small businesses are very iconic Toronto businesses, and if we were to lose them, one by one, we're going to literally lose the soul and character of some of these neighbourhoods, so it's pretty important that we get this right," she says.

Councillor Michael Thompson, who chairs the city's economic development committee, says addressing the complex and difficult issue will require collaboration.

"We want to figure out ways we can assure businesses there's a sense of fairness. I think that's what people are looking for," he says.

John Kiru, the executive director of the Toronto Association of Business Improvement Areas, which represents more than 40,000 local businesses, says Ms. Wong-Tam's work on introducing a new tax class is a great first step. "It's a foundation that we can build on," he says.

But the definition of a small business could be more difficult to determine than a cultural hub.

"The biggest challenge is going to be: How do you define small business? Who is going to get it and who is not going to get it?" Mr. Kiru asks.

Mr. Kiru hopes the issue is resolved soon.

"The longer it takes to play out, the more businesses that are going to go out of business," he says.

Mr. Geisweiller of Le Sélect Bistro worries he could be next.

"Unless we get a break on the tax, we have no other option but to sell to a developer," he says.

NOVA SCOTIA - Halifax calls on N.S. to review cap on property assessments

Halifax regional council will urge the province to re-evaluate the consequences of capping property assessments.

Council Tuesday unanimously endorsed sending a letter asking the province to examine the impact of the cap on the provincial economy through declining property sales and its negative impact on housing affordability.

“We think that the cap is having an impact on affordability,” said Bruce Fisher, manager of financial policy and planning for the HRM. Fisher provided a detailed presentation on the provincial capped assessment program, which has been in place for a dozen years.

The provincial legislation places a cap on the amount that residential property assessments can increase year over year, based on the percentage change in the Nova Scotia consumer price index. The capped rates did not surpass 2.1 per cent in the past five years. The 2017 cap was 1.4 per cent.

Fisher said preserving the cap is an incentive for property owners not to contribute to the economy by renovating or upgrading structures, or to go ahead with renovations outside the prying eyes of the tax man. He said the cap is a disincentive to move to a new, more expensive home.

“The cap benefits those who stay in their own home,” Fisher said. Provided they stay in that home, the tax assessments remain predictable under the cap, he said.

When someone buys an existing home, unless it is being transferred from immediate family, the existing cap does not follow the purchaser.

“The purchase of the property resets the cap,” said Chris Kent, manager of the assessment program.

Two homes in the same neighbourhood, of similar size and age, could conceivably have disparate assessments, depending on if and how many times the properties have changed hands.

“There are arbitrarily high taxes for people buying their first homes,” said Waye Mason, councillor for Halifax South Downtown.

“Taxes are different for people getting the same services.”

Mason said 50 per cent of municipal citizens are paying more taxes than they should because of the cap.

He said any change in the cap program could be perceived as the city seeking a tax hike.

“We are not looking at a tax grab in any way, shape or form,” Mason said. Any change should be revenue neutral, he added.

Bedford councillor Tim Outhit said the province is very unlikely to change the cap program.

“It’s not going to happen,” Outhit said. “It would be perceived as municipalities being given free rein.”

Outhit argued that the cap should be transferable from homeowner to homeowner.

Coun. Bill Karsten, representing Dartmouth South and Eastern Passage, said the cap program is flawed and the onus should be on the province to fix it.

Dartmouth Centre councillor Sam Austin said he has been living in his house for about nine years and he has “no clue” if he is benefiting from the cap or not.

“The province is not going to change it because most people out there feel like they are getting a deal right now,” Austin said. “There has to be some way to convince these people that they are not getting a deal.”

Coun. Russell Walker of Bedford Basin West said the cap program should be phased out over a seven-year period.

“Nobody gets hit with a sudden increased value on your property,” Walker said of the phase-out proposal.

Richard Zurawski, councillor for Timberlea and Clayton Park, worried that any change to the assessment cap would have a significant effect on the people who are on the lower end of the income scale.

Fisher said a recent census showed that 11,000 city dwellers, earning less than $32,000 per year as a family, owned their own homes.

“They are saving money on the cap,” Fisher said.

But he said that nearly 70 per cent of residents are paying more over the long term because the cap is in place.

“The cap is giving these people a false sense of security,” Fisher said, referring to the cap as a tax on economic growth.

Coun. Tony Mancini of Dartmouth East-Burnside championed an amendment to the original motion introduced by Mason, to have the letter to the province include a request for property assessment spike protection in the wake of a cap program, an easily understood and defensible explanation, and provisions for low-income families.

Zurawski asked about the effectiveness of a letter to the province.

“It raises the issue,” Mayor Mike Savage said. “The province does respond.”