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Property Tax and Assessment News from Around the World

CANADA - April 2018

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SASKATCHEWAN - Mill rates set for 2018

City Council set its mill rates for 2018 at its regular meeting on Monday, Apr. 23.

The budget that was approved Feb. 20 required a 4.55 per cent tax increase, reminded Fred Schrader, Assistant Director of Finance with the City.

“During the two strategic planning sessions held Mar. 26 and Apr. 16, various taxation philosophies were presented by Administration, including transferring some of the tax burden from Commercial to Residential. At the Strategic Planning Session it was decided each sector would have the same tax increase,” he said.

Among the changes will be an increase in the base tax.

With the 2018 budget approval of a 4.55 per cent taxation increase, Administration recommended that the Fire and Police Base Tax increase from $735.00 to $770.00 for 2018, which represents an approximate increase of 4.55 per cent. The Fire and Police Base Tax is only applied to Residential Class properties. For Commercial Class properties, protective services are incorporated in the Commercial Tax Rate, explained Schrader.

The tax rate on vacant commercial land will decline with the new rates.

"In 2017 the process of applying a vacant land tax rate of two times more than the Commercial taxation rate was implemented. The objective of this policy was to motivate owners to improve the property instead of just holding on to it for speculation. After further analysis and review of this policy, Administration would recommend the reduction of the Commercial Vacant Land rate to 1.5 times the Commercial rate from 2.0 times the Commercial rate. The rationale for the reduction is that Commercial Vacant lands are typically large parcels of land that have long construction periods and limited end user market base. Residential vacant land rates are to remain at two times the Commercial taxation rate since these properties are smaller parcels with shorter construction periods and normally more end user market base," detailed material circulated at Council.

"By implementing the revised commercial tax rate on the vacant land properties, Administration will achieve two key goals. The first being that these properties will now be paying a more reasonable share of the expenses incurred adjacent to the property. The basic services such a street lights, snow removal, sidewalks, curbs and gutters, etc. cost the same for a vacant property as they do for a property that has a building on it, and therefore vacant land should be fairly contributing to these expenses. Secondly, the City of Yorkton believes this tax rate will encourage property owners to develop on these vacant lots to stimulate growth within the City."

In addition there will be a new sub-classification for commercial properties.

Administration has been working on setting up multiple sub-classifications for the commercial sector, explained Schrader, adding Administration is proposing a new sub-classification for Large Commercial.

"Large Commercial and Industrial would be defined as a large stand-alone establishments. These types of buildings tend to lack in architectural design and are designed more to suit the business functionality rather than aesthetic appeal. They are typically large open shells with some partitioning for offices and storage areas. These buildings have a minimum assessment of $5,000,000 and a minimum building size of 50,000 square feet.

During this analysis, it was discovered that properties categorized as Large Commercial have a limited market which is reflected in the properties assessment due to the large area of the building. The establishment of the new commercial sub-classification proposed tax rate increase will offset reductions within the commercial sector, namely the reduction in the Commercial Vacant Land rate and the Phase-in of commercial for the those properties that experienced more than a 70 per cent tax increase from 2016 to 2017. The Commercial Phase-in will be discussed later in this report," detailed the circulated material.

Overall, due to the loss of commercial assessment the percentage of taxes paid by commercial sector decreased to 44 per cent for 2018 from 47 per cent in 2017, said Schrader.

"The loss in commercial assessment was twenty-million ($20,000,000.00) dollars in taxable commercial assessment. This loss was due largely to appeals in assessment.

The City of Yorkton has traditionally had higher commercial to residential ratios than those calculated amongst other cities in provincially and nationally. This means commercial property owners pay a higher rate than residential property owners. The twenty-million dollar reduction in commercial assessment worsens this ratio."

In some cases, commercial properties will have the tax increases phased in.

Administration has analyzed the Commercial sector business that had significant tax increases in 2017 and would like to propose a two year Commercial Phase-in on Commercial properties that experienced a large municipal tax increase, explained Schrader.

The parameters established for those properties to be included in the phase-in are:
*Minimum Municipal Tax Levy of $2,000.00 and greater.
*Municipal Tax Levy increase 75 per cent and greater.

Forty-two properties would be eligible for the Commercial Phase-in.

The Phase-in would have a reduction of the increased amount only (2017 over 2016) of which a bylaw would be proposed for:
*A 50 per cent reduction in the Municipal Tax Levy in 2018 for the increased amount only, not the entire Tax Levy.
*A 25 per cent reduction in the Municipal Tax Levy in 2019 for the increased amount only, not the entire Tax Levy.
*No reduction in the Municipal Tax Levy in 2020.

The impact to the City's Municipal Tax levy for 2018 would be a reduction of approximately $70,000.00. This loss of levy would indirectly be offset by the establishment of a new sub-class and the policy established for this sub-class, explained Schrader.

In terms of residential properties, Schrader said on average the tax increase is modest when looked at monthly.

The average value of a residential property for the City of Yorkton is $248,000.00 and based on the average value of a residence in Yorkton the total annual Municipal Tax for 2018 is $1907.63 per year or $158.97 per month. In comparison to 2017, the total annual Municipal Tax was $1,827.00 or $152.25 per month. The average residence increase is $6.72 per month, he explained.

Administration intends to send out tax notices before the end of May 2018 with a payment due date of June 30, 2018 to avoid any penalties. At this meeting, Council was able to all three readings to the bylaw as presented.

The motion to accept the mill rates was passed with only Councillor Ken Chyz opposed.

NOVA SCOTIA - Commercial taxes unfairly applied on home-based businesses

For some time now I have been pretty vocal with my opinion on the province imposing commercial property taxes on small home-based businesses.

To me, it seems this practice is unfair and works against everything we are trying to accomplish in Nova Scotia: grow our population, retain youth and encourage entrepreneurship.

But overturning it has been a hard sell. The media appear reluctant to talk about this and even people in my own circle of friends seem relatively disinterested in the topic.

Today, I thought to myself, "Maybe Nova Scotians like this rule. Maybe I'm in the minority." So please, tell me your thoughts. I'll describe the rule and you let me know if you all feel this is good and fair.

According to Property Valuation Services Corporation (PVSC), the Crown corporation responsible for property tax assessments in Nova Scotia, any home-based business (including a home office) that uses a designated room in the home for business (self-employed only) is to be assessed a commercial property tax rate on that portion of the home used for the business.

So it doesn't matter if you are a consultant, translator, editor, accountant, bookkeeper, freelance journalist, contractor, etc. — this rule applies to you. It makes no difference whether you have a sign or not, whether you invite the public in or not, this rule applies to you. If there are walls around your workspace, the rule applies to you.

This legislation applies to all home-based businesses, except for bed and breakfast establishments of four rooms or less. This industry successfully lobbied the government to be exempted.

But I'm singling out home offices because I think it's generally believed that they cannot be assessed with commercial property taxes and this is simply wrong. They can be.

So if most Nova Scotians disagree with me and believe that all home-based businesses should be paying commercial property taxes, then I'll back down and save myself a whole lot of time and energy — under one condition. If the rule applies to everyone, then it needs to be equally enforced.

As things stand right now, commercial property taxes are only being applied to the fraction of Nova Scotia's home-based businesses that bring attention to their commercial enterprise by way of signage, advertisements or by applying for the proper municipal permits.

This means the rule is mostly applied to artists, craftspeople and small services. It is completely unfair that businesses like craft studios that tend to earn very little money pay the significantly higher commercial rates, while higher-earning home businesses, that don't require signage or local advertising to prosper, pay only residential rates.

As a province, we need to collectively buy into this rule or change it.

My opinion has been clear. Change it. Set a reasonable parameter for the size of home-based business that remains residential for property-tax purposes. We did it for bed and breakfasts; we can do it for the rest of us. But that's my opinion. If most people like the rule, then let's keep it and apply it to everyone equally and fairly.

NOVA SCOTIA - HRM Council approves budget, property tax increase

Councillors voted 15-2 in favour of the original budget after three hours of debating potential changes

After hours of debate Tuesday, Halifax councillors passed the 2018-19 budget they finalized last month, which will mean a 1.975 per cent property tax increase next year for the average single-family home.

The process was far from a rubber-stamp however, as it took three hours to approve the finalized numbers councillors started with because of last-second attempts to bring the tax increase down.

The numbers came to Budget Committee before regional council proper Tuesday for final approval but were instead met with some spirited fiscal debate, after a proposal from Bedford councillor Tim Outhit to use municipal reserves to lower the tax increase.

He suggested $1.9 million be used from municipal reserves, which currently sit at $103 million, to bring the proposed increase down to 1.6 per cent from the final 1.975 already decided upon.

"I don't believe the sky is going to fall," Outhit said, if 8 to 10 per cent of HRM's surplus went back to taxpayers.

He said he couldn't "in good conscience" support the over 1.9 per cent increase in the budget when 1.6 was originally promised while at the same time, have HRM also sitting on a surplus.

After some councillors and the mayor expressed at least some support, a frustrated Councillor Bill Karsten interjected that staff had come back with exactly what they were asked to do and councillors were now deciding to make last-minute changes.

Karsten had "difficulty understanding" how the majority of councillors agreed 1.9 per cent was "in order" back in December, but want it lowered now.

"I tear my hair out, wondering why we've been giving direction to staff for three or four months," Karsten said. "We talked about this."

Chief Administrative Officer Jacques Dube also repeatedly advised against using money from surpluses to fund ongoing expenses, like what was being asked with Outhit's motion.

The motion eventually failed and councillors voted 15-2 in favour of the original budget.

Most of the budget increase for 2018-19 is due to arbitration awards for police officers and firefighters, but will also include the hiring of six new RCMP officers and money for rural transit.

While staff pointed to Halifax's fiscal position as strong, particularly given the current economy, Dube warned challenges lay ahead.

These will includes costs associated with the Halifax Convention Centre, lower tax assessments and other realities, Dube said.

He also slammed police and fire arbitration awards as "unsustainable," noting those costs are increasing at a rate of 13 per cent.

Dube said given fiscal pressures, though, he's proud that HRM has been able to stay under two per cent this year in terms of a property tax increase.

With the approval of this budget, Council has directed staff to come back with a two-year-outlook next year covering the 2019-2020 and 2020-2021 fiscal years.

B.C. government targets tax evasion in condo market to keep prices down

British Columbia's government wants to crack down on tax evasion in the condominium market and gives municipalities more control over rental housing as it looks for ways of easing a housing crunch.

Finance Minister Carole James said legislation introduced Tuesday would require developers to collect and report buyer information on the purchase and sale of condos before they are built to ensure the proper amount of tax is paid.

The prices of so-called presale condominiums are inflated by people who buy and sell the properties without ever living in them or paying capital gains tax, she said.

"This is a key step to stopping people from using presale condos as a quick, lucrative investment," James said. "It's also to stop them from driving prices up for British Columbians trying to get into the housing market."

She said the government will share the presale data it collects with the Canada Revenue Agency to monitor taxes.

The agency said last fall it was analyzing 2,810 transactions of pre-construction condo flipping in Toronto and may carry out audits to find tax evaders. The agency said real estate deals in the hot housing markets in the Toronto and Vancouver areas have been the subject of greater scrutiny.

James said the legislation follows the New Democrats' pledge earlier this year to spend more than $6 billion on affordable housing over the next decade.

She said too many people in B.C. cannot afford homes and some, including seniors, are at risk of becoming homeless.

The provincial government recently introduced a speculation tax on some vacant homes to encourage rentals, increased the foreign buyers tax on property sales and created a housing hub program to link non-profit and faith groups with property to developers and government to build affordable housing.

"We're still seeing high prices," James said. "Vacancy rates are still a challenge. The hope is that will begin to moderate the market."

The Real Estate Board of Greater Vancouver reported last month the average benchmark price for all properties in Metro Vancouver was just below $1.1 million, an increase of 16 per cent since March 2017. The average price for a detached single family home in Metro Vancouver was $1.6 million.

Rental vacancy rates in the areas around Vancouver, Victoria and Kelowna are below one per cent.

Cameron Muir, chief economist at the B.C. Real Estate Association, said the plan to compile data to track presale condominiums is long overdue.

"It's a data gap that needs to be addressed and I think this is a good move to better understand the presale condo market," he said, adding the legislation would force the reporting of the condo flips and allow the government to collect the tax.

Housing Minister Selina Robinson said the government also introduced amending legislation to give municipal governments stronger zoning tools to protect and improve the supply of rental properties.

The legislation would allow local governments to ensure existing rental properties cannot be redeveloped for other uses, she said. It would also permit cities to ensure undeveloped land zoned for rental will be used for rental homes, said Robinson.

"Local governments are on the front lines of this housing crisis," she said. "With this new authority local governments will be able to preserve existing rental stock and encourage the development of new purpose-built rentals within their communities."

The amendments would require local governments to conduct housing need assessment surveys and prepare data reports every five years, Robinson said.

Muir said the hot real estate market in Metro Vancouver has deterred developers from embracing the rental construction market.

“The profit tends to be in the condominium side,” he said. “Any measure to induce increased rental construction activity is probably a good one.”

Victoria Mayor Lisa Helps said there are 10,000 rental buildings from the 1960s in Victoria that require some form of updating, including seismic work.

“We’re definitely looking at incentives for developers,” she said.

SASKATCHEWAN - CFIB urges city to reduce commercial property taxes

After a report in December outlined how Prince Albert is home to the greatest disparity between residential and commercial tax rates, the Canadian Federation of Independent Business (CFIB) is urging haste on the city to address the issue.

On average, across the province, commercial owners pay 2.21 times what residential owners pay in tax. Locally, business owners are on the hook for 3.86 times the tab of residents, before education taxes are factored in, according to a report from the CFIB.

Understanding tax reform does not occur overnight, Jennifer Henshaw, an analysis with CFIB for the Prairie region, pitched the city on a three to five-year plan to gradually lower commercial tax rates for small businesses.

“It is unfair to overburden entrepreneurs with disproportionally high property taxes,” she told council members. “They are trying to create jobs with one hand tied behind their back.”

The CFIB has over 200 members in the city and represents over 110,000 small business owners across the country, everything from hair stylists to plumbers and gas stations. She said a number of them continue to struggle and have serious cost concerns, more so with recent federal tax changes, expanded PST charges, trepidation over NAFTA renegotiations, the soon-to-come carbon tax and expanded CPP hikes slated to start in 2019.

She did commend the city for finding cost efficiencies in its 2018 budget to garner the ability to hold property tax hikes to 1.5 per cent, in stark contrast to other cities like Swift Current at 13.5 per cent. However, she said there is still "plenty of room for improvement to fix the city’s property tax gap.”

She made note of Meadow Lake and Saskatoon, both of which have introduced long-term plans to reduce the gap. In 2000, she said, Saskatoon implemented a 10-year plan to reduce the property tax gap to 1.75 in 2010, which they achieved, and hinted the city should follow suit.

There is always a fear, she said, tax cuts will jeopardize much needed financial resources for municipal coffers and could leave residents picking up the tab. She said in order to curb this reality, the city needs to grow the economy and widen its tax base.

“A competitive tax rate will encourage businesses to expand and create jobs,” she said, combating the need to stick residents with an increased bill. "When taxes are reduced, government revenue actually increases due to increased investment.”

Henshaw stressed how she was advocating to relieve pressure on mom-and-pop businesses and not big box stores in the city.

Mayor Greg Dionne has repeatedly stated he plans to tackle the issue head-on in the very near future.

"When I got in, I decided I was going to attack residential, [as] that effects the majority of residents. Over the last three years, in my first term, we have been very successful," he previously told paNOW. "I have told council that is enough, and we are going to focus on commercial [tax rates].”

Ward 4 Coun. Don Cody said the fault of growing the economy and addressing taxation matters does not only fall on the back of municipal offices. He took aim at the provincial government's expansion of PST on construction projects and said this was a major stifle to economic growth.

“We are doing everything we can,” he said. "But it is pretty hard to grow [the economy] when we get those kinds of taxes.”

Cody said the city needed to tread carefully when addressing the issue to make sure it does not deviate from its responsibility to keep residential taxes low.

Saskatoon city hall administration proposes slashing property tax

For the second straight year, the City of Saskatoon could be opening up its budget for a redo, but this time it's good news for taxpayers.

For the second straight year, the City of Saskatoon may open up its budget for a redo — but this time it’s good news for taxpayers.

City hall administration is recommending a reduction in the 2018 property tax rate of nearly one per cent, which would lower the 2018 increase to 3.79 per cent from 4.7 per cent.

The revised property tax increase, if approved by city council, would be the lowest increase in Saskatoon since a 2.87 per cent increase in 2009.

Like last year, the change is proposed because of the impact from this month’s provincial budget, but it’s going in the opposite direction. Reduced revenue from the province in the March 2017 provincial budget forced Saskatoon — along with other urban municipalities throughout the province — to reopen its 2017 budget.

Reopening a budget to lower the property tax increase midway through the year would probably be a first, the city’s chief financial officer, Kerry Tarasoff, told reporters Thursday.

“I can’t recall it ever happening,” he said. “I think we tried to look in our records and I don’t think that’s ever happened before.”

In 2017, the city bumped the property tax hike to 4.82 per cent from 3.89 per cent and took other measures to make up for lost revenue. The elimination of certain grants-in-lieu paid by provincial Crown corporations as well as the increase of the provincial sales tax to six per cent left Saskatoon with an $8.3-million crater to fill in the 2017 budget and another $3.1 million hole in the 2018 budget.

The province’s March 2017 budget eliminated grants in lieu of taxes from SaskPower and SaskEnergy, which compensate municipalities for services for provincial infrastructure. Some felt this unfairly targeted urban municipalities and characterized the move as an ambush.

The Saskatchewan Party government under newly elected Premier Scott Moe vowed to consult more with municipalities, and this month’s provincial budget restored some of the grants-in-lieu. In particular, revenue from SaskEnergy, which is now referred to as a surcharge, was restored by the province, which gives the city an extra $1.99 million in 2018.

Next year, the city will have an extra $2.66 million with the surcharge revenue for an entire year.

“It was a situation that we felt was kind of a fair approach,” Tarasoff said. “We’ve asked the taxpayers to open up their wallets to help our situation over the past couple of years and then with this money coming back we felt it was probably fair to return some of that as well.”

City council, which approved the 2018 budget in November, will consider the proposal to drop the property tax hike at Monday’s governance and priorities committee meeting.

The report council will consider notes there is continuing “pressure” on the 2018 budget projections from areas where revenue may not meet expectations.

The report says reopening a budget "should not be a regular practice."

ONTARIO - Cut taxes for Ontario businesses, Board of Trade urges

A pre-election report from the Toronto Region Board of Trade says Ontario businesses face challenges including high labour costs and energy prices, and urges the next government to cut property taxes to help keep companies competitive.

One of the Greater Toronto Area's most influential business groups is urging Ontario's political parties to cut taxes to help companies be more competitive.

In a new pre-election report to be released Monday, the Toronto Region Board of Trade says that "while Ontario consistently ranks as one of the best places to live, we don't rank as highly in the cost of doing business."

"Businesses benefit from Ontario's diverse and educated workforce, but face barriers due to housing affordability, rising electricity prices and poor (research and development) investment," says the eight-page study.

"The recent government decision to sharply increase the minimum wage over a very short time and raise payroll taxes only increases the pressure to keep costs down, particularly for small businesses."

Jan De Silva, the board's president and CEO, said Ontario is "falling behind in key areas where the government makes, or influences, policy, notably labour costs, housing affordability and energy prices."

With Ontario voters headed to the polls on June 7, De Silva said whatever party forms the next government should harmonize and cut provincial property taxes on businesses.

That would eliminate the different rates paid in municipalities across the province as well as "free up more funds for employment and investment" and help businesses better compete against U.S. states that are lowering corporate taxes, the report said.

Ontario Chamber of Commerce president and CEO Rocco Rossi said his organization is "advocating that the next provincial government reduce the overall tax burden on business."

"The (Toronto Region Board of Trade's) call for a return to provincial business property tax reduction and harmonization is a smart way for Ontario to strengthen its competitive advantage."

According to the report, Toronto has among the highest business property tax rates in Canada — ahead of Montreal, Vancouver, Calgary, Halifax, St. John's, Winnipeg and Saskatoon, but lower than Saint John and Charlottetown.

"To deliver fair and inclusive growth, we need to create the conditions for our companies to succeed. This requires a renewed focus on the cost of doing business," the study says.

"Avoiding uncompetitive policies and cutting property taxes for businesses will protect existing enterprises and increase investor confidence in Ontario," it continues.

"Greater stability and investment, particularly in uncertain global economic times, allows for a stronger economy in which everyone benefits."

The report compared Ontario to 14 other Canadian and American jurisdictions on 18 indicators, such as housing affordability, population growth, median age, labour force participation rate and the level of women in the workforce.

"Ontario's overall ranking is a middling 'C' grade, reflecting some strengths, but revealing several areas that require improvement," it says.

The province ranked behind Minnesota, Texas and Indiana and was tied with Michigan, Georgia, North Carolina and Quebec.

But Ontario was ahead of New York, Ohio, Pennsylvania, Illinois, Kentucky, and South Carolina, thanks to “a diverse and skilled workforce, providing a talented pool of workers for businesses.”

“Combined with high general and female participation rates, the labour force is the strength of our province,” the report says.

Lowering the province’s grade — in the business lobby’s view — was a “costly minimum wage,” at $14 an hour.

That rate is scheduled to increase to $15 next Jan. 1 if the governing Liberals or the New Democrats form the next government.

However, the Progressive Conservatives, who lead the public opinion polls, have vowed to freeze it at $14.

In terms of corporate income taxes, the Liberals have said they would keep the 11.5 per cent rate, while the NDP would raise it to 13 per cent and the Tories would lower it to 10.5 per cent.

BRITISH COLUMBIA - Vancouver's empty homes tax to pull in $30M

About 3,300 homes have been hit with a median tax of $9,900

Vancouver's empty homes tax will generate an estimated $30 million for affordable housing in its first year, Mayor Gregor Robertson announced Monday.

The highest tax paid was $250,000 for one home, while the median amount of tax paid was $9,900, Robertson said at city hall.

"For those who did not rent their property and chose to pay the empty homes tax, I just want to say thank you for contributing to Vancouver affordable housing funding," said the mayor.

Of about 183,000 registered residential homes in the city, only 3,300 properties were subject to the tax.

Another 5,200 empty or unoccupied homes were exempt, because they were either having title transferred, under renovation or redevelopment, restricted from rentals under strata rules, the owner had recently died, or they were being used for work in Vancouver.

Of the homes declared vacant by their owners, 56 per cent were in downtown Vancouver or the West End.

"For those who did rent their homes, thank you very much for adding to the rental housing supply here in Vancouver," he said.

A lack of accurate and timely statistics means it is difficult to say exactly how many homes were rented out to avoid the tax and how much that affected the city's extremely low vacancy rate he said.

"We have seen the vacancy rate creep up in these last few years, but we are still at 0.8 per cent according to CMHC, which is far too low," said Robertson.

Thousands getting audited still

Meanwhile city staff are still auditing the status of several thousand homes and Robertson said it is expected the revenue from the tax will increase as those are resolved.

So far, $17 million has already been collected, with those who are late facing a fine of $250 plus five per cent of the unpaid tax.

The new tax was introduced as a way to help address one component of the city's housing crisis by encouraging owners to put their empty homes on the rental market.

"It is unacceptable to have so many homes sit empty in Vancouver, while so many people are looking for a place to live and particularly trying to find a place to rent," said Robertson.

It will cost the city about $7.5 million to set up the tax and $2.5 million to administer it each year, The rest of the money collected will be used to create affordable housing, said the mayor.

Exactly how it will be spent will determined after a public consultation process to be announced in the coming days.

Owners had to declare by Feb. 2 whether their properties were lived in for more than half a year. Those with underused properties or who fail to declare are charged the additional tax of one per cent of the assessed value of the property.

For a property assessed at $1 million, that's an extra $10,000 in tax per year. Some exemptions apply, including for properties undergoing construction or renovation.

ALBERTA - Council approves exemption of machinery and equipment

High River Council unanimously approved final reading of a bylaw during the March 26 meeting to "formalize the exemption of machinery and equipment from property assessment," town documents stated.

"Since the 2013 assessment year, 2014 tax year, machinery and equipment … has not been assessed for property taxation purposes and has not been recorded on the town's assessment roll," Stewart Dalrymple, supervisor of assessment for the town, said.

The value of the entire community's machinery and equipment is $5,482,000 on the 2017 assessment roll, he said.

"This assessment is from a handful of industrial and manufacturing properties that have machinery and equipment in their facilities," Dalrymple said.

Rural communities with "significant oil, gas and resource development" have the common process of taxing machinery and equipment, Dalrymple said. However in urban municipalities it is less common, he added.

Town documents stated, "Our municipal assessor (Dalrymple) has identified that in cases where the machinery and equipment is exempt from assessment and taxation, it is still the assessors duty to collect the information as per the Municipal Government Act (MGA) and Provincial Assessment and Taxation Regulations and report it on the assessment roll."

Dalrymple said machinery and equipment can be exempt from property taxations through a section of the MGA, despite them needing to be on the assessment roll.

"In order for this to occur correctly, the municipal council is required to pass a bylaw exempting machinery and equipment from property taxation," he said prior to council's approval of the bylaw.

The agenda stated of the machinery and equipment value assessed at $5,482,000, the amount in municipal property taxes generated would have totalled $42,000 if it was taxed in 2017.

Ontario revises property assessment schedule

MPAC moves baseline evaluation date forward to enable more consultation

Ontario property taxpayers have been promised more and easier input into the next province-wide reassessment. The recently released Ontario budget announced that the base date for pegging property values will be moved one year forward, to January 1, 2019, to give the Municipal Property Assessment Corporation (MPAC) more time to consult and potentially adjust valuations before a new four-year assessment cycle begins in 2021.

This advance disclosure framework was actually introduced during MPAC's previous provincial valuation exercise in 2016, but, generally, only fairly large commercial and multi-residential landlords got the opportunity to see and dispute the numbers before finalized property assessment notices were mailed out. An earlier start is meant to support what the budget calls a "meaningful and open exchange of information among MPAC, property owners and municipalities". As part of that, MPAC is also reviewing how it gathers data about building revenue and operating costs, which underpins commercial and multi-residential valuations.

“Our hope is that the longer gap (before values are finalized) will enable all of us to have better, more accurate assessments. We were also pleased with the announcement that MPAC is working on making it less onerous to submit information,” says Dean Karakasis, executive director of the Building Owners and Managers Association (BOMA) of Ottawa, which has been part of a working group providing MPAC with stakeholder feedback. “Taking those two things in tandem, we would say that’s a good outcome.”

Nevertheless, industry insiders caution it could take awhile to work through some bottlenecks in the process. The launch of a new four-year cycle in 2017 spurred a wave of assessment appeals as property owners reacted to often dramatic increases in value over the previous assessment, which had been based on the property value as of January 1, 2012. Compounding that, a new timetable for appealing to Ontario’s Assessment Review Board (ARB) was introduced last year.

“The problem we are going run into in many cases is there is not going to be a conclusion of the 2016 appeals before the baseline of 2019,” predicts David Gibson, a director with Yeoman & Company Paralegal Professional Corporation. “It may get complicated just because of the large volume of appeals that will likely still be before the board.”

While the new schedule stretches the time available for disclosure and discussion, assessors and ratepayers now face a tighter deadline for initial evaluations. “By the time we get into mid-year 2019, MPAC is going to be very busy with appeals arising from the fact there were effectively no ARB hearings during the 2017 calendar year due to introduction of the new board rules,” Gibson observes.

He favours more frequent assessments, such as in British Columbia where they occur annually. Or, if that would be too labour-intensive across Ontario’s approximately 5.4 million properties, a two-year interval should still deliver more consistent values from one property assessment to the next.

“The huge swings we’re seeing in assessed value may be right, but owners put them under appeal just because they’re so extreme,” Gibson says. “I don’t think we’re solving that by moving the baseline date.”

A city of Toronto report confirms that commercial property values increased 33.6 per cent, on average, between the 2012 and 2016 assessments, while average multi-residential values climbed an even more startling 54.4 per cent. “Individual properties, particularly those located in high-demand areas or in redevelopment areas (e.g., Yonge Street) saw assessment increases far in excess of the average,” the report states.

In Ottawa, Karakasis has heard no notable outcry for more frequent reassessment, but acknowledges there could be some benefits.

“I think the first step is to make it less onerous to comply with MPAC’s requirements. Right now, we’re okay with the timing,” he says. “Sometimes, though, a building goes down in value, and you don’t want to be caught mid-cycle having to jump through hoops to make the point.”

ONTARIO - Farm tax relief unlikely

Ontario Agriculture Minister Jeff Leal holds out little hope of provincial relief for farmers facing dramatic spikes in property taxes because of increased assessment values.

Leeds and Grenville farmers saw their assessments in 2016 jump an average of 77 per cent in the four years since the previous assessment. At the upper end, some farmers saw their assessments increase three- or even fourfold.

But in an interview with The Recorder and Times, Leal expressed little appetite for provincial intervention to soften the property-tax blow on farmers, suggesting that job belongs to municipalities.

Leal said that municipal governments have the power to adjust tax ratios to give farmers a break in comparison to residential, commercial or industrial property owners.

“I know it’s a topic that some municipalities don’t want to have a discussion about, but they do have the tools to bring about mitigation,” Leal said.

The minister noted that farmland in Eastern and Southern Ontario has seen big increases in assessment values. Even Northern Ontario farms, which now have longer growing seasons because of climate change, have noticed a hike in values, he said.

But municipalities can do something about it if they want, Leal added.

In the United Counties of Leeds and Grenville, council last month rejected the idea of adjusting the tax ratio to shield farmers from the assessment-driven tax hikes.

Although the Ontario Federation of Agriculture had pleaded to the counties for relief, a staff report said changing the tax ratio was a bad idea.

Adjusting the ratio would provide minimal relief to farmers and would shift more of the tax burden onto residential properties, which now pay 90 per cent of the counties’ taxes, it said.

The counties’ report said the federation’s suggestion for a lower ratio would mean residential property owners would pay collectively $58,000 more in property taxes in 2018.

Changing the tax ratio to benefit farmers might lead to similar demands from other property classifications that also saw significant assessment increases, it said. For example, the value of waterfront properties jumped dramatically between 2008 and 2012, yet the counties kept the ratio the same because the assessment reflected actual market values.

“In summary, shifts in relative tax burdens are unavoidable within a property tax system based on assessed market values,” the report said. “Reducing the farm tax ratio as a short-term solution to changing market-value assessment may also result in additional requests from other ratepayers within other property classes, which, if done, would create a further shift in the tax burden to the residential property class.”

While Leal offered little prospect of direct help on property taxes, he did offer hope for relief on a related property-assessment beef.

Adrian Wynands, president of the Grenville Federation of Agriculture, argues that Leeds and Grenville farmers have a unique problem because a lot of their farms are unproductive scrubland that is taxed the same as productive land.

A Grenville farmer might need 250 acres of land to produce the same as 200 acres would produce elsewhere, he said. Yet the farmer would pay the same taxes on all of the 250 acres, he added.

Leal said the provincial government is working to update Ontario’s 40-year-old soil map, which would address some of those concerns.

The minister said the province is using both on-the-ground surveyors and aerial surveying to remap the entire province. He said the soil mapping would take four or five years, but when completed it would address many of the concerns of Leeds and Grenville farmers.

BRITISH COLUMBIA - Court sides with B.C. Assessment on Hydro station

B.C. Hydro has lost its court appeal challenging three years of valuations that B.C. Assessment put on the Horsey substation on Topaz Avenue in Victoria.

The Crown corporations squared off over the correct method to calculate the value of the 3.7-acre property housing the substation. The facility supplies power to more than 7,400 customers, including those in downtown Victoria.

The latest assessed value of the land and buildings combined is $30.738 million.

B.C. Supreme Court Justice Michael Brundrett dismissed B.C. Hydro's appeal that the assessment should be set by considering the substation as one single industrial improvement.

In a decision released Friday, Brundrett said he will not intervene in the finding of the Property Assessment Appeal Board on Feb. 21, 2017. He agreed with B.C. Assessment and the appeal board that the substation's value should be based instead on a collection of individual improvements.

Under that system, the assessor sets depreciation by looking at the ages of individual components at the substation.

The question was about which method is in line with the provincial Assessment Act and Depreciation Regulation.

This is new territory in the province. "The precise issue here of how to classify a substation subject to assessment has not arisen previously in B.C.," Brundrett said.

B.C. Hydro appealed the 2014 to 2016 assessments of the property assessment appeal board, which supported B.C. Assessment's assessor.

The 2014 assessed value at Topaz Avenue was $22.485 million, the 2015 value was $23.739 million, and the 2016 value was $23.482 million. In 2017, the assessment moved up to $23.941 million and it jumped to more than $30 million for this year, Assessment records show.

"By using the chronological age of individual components, the substation would be treated as a newer building, and hence more valuable for tax purposes — presumably resulting in more tax owing by B.C. Hydro," Brundrett said.

The decision did not state what the value would have been under B.C. Hydro's method. Hydro was not immediately able to provide it.

City of Victoria records show that for each of the years of 2014 through to 2016, the general and school taxes combined were close to or slightly more than $600,000. The 2017 taxes for the property rose to $640,000. This year's taxes have not been released yet.

B.C. Hydro completed $65 million in upgrades at Horsey substation two years ago. Old electrical equipment was replaced with new, more reliable technology with a 50-year lifespan.

ALBERTA - Calgary council approves property tax hike

Calgary city council finalized this year's property tax rates on Thursday, approving a rise of 0.2 per cent.

Owners of median-priced homes can expect $57 per year increase

Calgary city council finalized this year's property tax rates on Thursday, approving a rise of 0.2 per cent.

But because the one-time 2.9 per cent rebate that was on last year's tax bill doesn't apply this year, the city says property owners will feel an increase of 3.8 per cent on the median 2018 municipal residential property tax bill.

The city says the hike means a $57 a year increase for a median-priced house, which stands at about $480,000.

Mayor Naheed Nenshi says he's happy with the rates council arrived at.

"I think that council, recognizing this fragile economic recovery we're in, has really been tightening our belts here at the city," he said.

"As I've said many times, we have among the lowest property taxes of any city in Canada, that's something I'm proud of."

Help available

The property tax bylaws are based on a combined municipal and provincial 2018 property tax rate increase of 0.2 per cent for residential properties, and 1 per cent for non-residential properties.

The city collects property taxes from all property owners in Calgary to fund municipal services as well as to cover the provincial property tax requisition.

This year, the provincial requisition totalled $788.3 million, an increase of $3.1 million from 2017.

Programs are available to help low income Calgarians and homeowners facing financial hardship.

The city's Property Tax Assistance Program offers eligible residential property owners of any age various credits or grants toward the increase on their property tax bills.

Seniors may also be eligible for provincial support.

Property tax bills will be mailed at the end of May and are due June 29.

ALBERTA - Edmonton property taxes set to go up 3.5 per cent in 2018

The increase is greater than what council approved in December 2017

Homeowners in Edmonton can expect to pay 3.5 per cent more in property taxes this year — higher than the increase council estimated late last year.

In December, council agreed to a 3.2-per-cent hike, which equals about $77 more a year for the owner of an average home assessed at $397,000.

The 3.5-per-cent increase approved by council on Tuesday means people owning homes assessed at the same value will pay about $2,468 in property taxes — $83 more per year.

Council on Tuesday approved an additional five items that hadn't previously been funded, including more than $1.9 million for police patrols when parts of Leduc County are annexed:

EPS annexation
$1,929,000
Suicide prevention implementation plan
$545,000
Cannabis legalization
$4,264,000
Free transit for youth 12 and under
$120,000
Labour relations and compensation support $500,000
Mayor and councillors budget adjustment
$456,000

The increase for the mayor's and councillors' budgets goes toward running their offices and paying employees, Mayor Don Iveson said.

"Mainly it's driven by a need to catch up with inflation for the past few years," he said.

Ward 11 Coun. Mike Nickel and Ward 1 Coun. Andrew Knack voted against the increase to councillors' office budgets. Nickel said the budget for his ward office is balanced but since council as a whole passed the increase, he said the extra money will go to his staff.

"I have two incredible people who work for me," Nickel said. "I have an executive assistant that answers emails at 1:30 in the morning, that's how hard she works."

Annexation

The Edmonton Police Service said it will need 25 constables to patrol new areas in the annexation agreement between the city and Leduc County.

A city report shows about 730 people live in the annexed area but it covers about 83 square kilometres that need to be patrolled, southwest and southeast of the current Edmonton city boundaries.

The police service estimates it will need $4.3 million a year to patrol the annexed land, beginning next year.

Council still needs to give final approval to the tax bylaw at a meeting scheduled for April 24.

ONTARIO - Property tax exemption for Yorkville landowner could end soon

The provincial Liberals are looking to close a loophole that currently exempts a major Toronto landowner from city taxes.

Victoria University, a college of the University of Toronto, owns a half-block stretch of Bloor Street between Bay Street and Queen's Park Crescent on which The Colonnade sits.

The upscale shopping complex includes a number of retail outlets, including designer brands such as Cartier, Prada, Michael Kors and Chanel, among others.

But the provincial Victoria University Act of 1951 exempts the school from the regulations that require universities in Toronto to pay property taxes on lands they own and do not actively use.

In the pre-election budget they unveiled Wednesday, the governing Liberals signalled their intention to close that loophole.

On page 297 of the budget, the government said the city has "raised concerns with the property tax treatment of businesses located on land owned by Victoria University."

"This has raised concerns of inequity with respect to business properties and reduces revenues to the city that could be used to fund important services," the budget reads.

In an effort to ensure equity in the property tax system "where everyone pays their fair share," the government will put forward amendments to the Victoria University Act to "ensure the municipal tax exemption applies only to lands owned and occupied by the university.

"This will enable the City to treat tenanted portions of land owned by Victoria University fairly and consistently with other public institutions and businesses."

The tax changes would be phased in "over a number of years," the budget note adds.

Victoria University says it has worked with federal and provincial governments over the past 18 months "to manage the effects of any policy change relating to our tax treatment" and add they are working to implement the changes quickly.

"We are obviously concerned about any change that will reduce the funding we have to deliver on our educational mission, but we are confident that we can manage this change," Victoria College spokesperson Jennifer Little said in a statement to CBC Toronto on Thursday.

"Victoria University is a not-for-profit educational institution, and all of the proceeds of our land holdings go to advance our educational mission."

Last month, Victoria University president William Robins said the school used its tax-exempt status to develop The Colonnade in the early 1960s "in a neighbourhood that was struggling at the time."

"As a result of these buildings, the City of Toronto has gained millions of dollars in tax revenue that it would not have received if those properties had continued to be used as student residences."

Robins's statement acknowledges that the university "does receive income from its real estate portfolio, 100 per cent of which is used to fund its core education mission, including academic programming and student support."

The University of Toronto benefits from a similar piece of provincial legislation. However, city documents said the U of T pays compensation to the city voluntarily every year.

In a statement Wednesday, the University of Toronto's vice president of university operations Scott Mabury said that U of T "voluntarily" pays about $230,000 a year to the city "in lieu of taxes on the small number of commercial spaces in its buildings."

"This payment is the equivalent of what we would pay without the exemption," Mabury said, adding that it also makes payments to the cities of Toronto and Mississauga in lieu of municipal taxes based on student enrollment numbers, at a rate of $75 a head, for a total of about $6 million a year.

That didn't extend to Victoria College as Little said no voluntary payments to the city were made by the college in lieu of taxes.

"Ontario passed legislation relating to Victoria University that exempted some of its lands from paying city property tax," she added. "Since that time, no city property tax was payable on University lands that were used for non-educational purposes. The purpose of the policy was to encourage the rejuvenation of that part of Bloor Street,"

A city document released last month indicates The Colonnade property had an assessed value in 2012 of $142 million. The city estimated that under normal circumstances, the university would have had to pay about $12 million in taxes on the property between 2009 and 2015.

"We can't afford to lose that amount of tax revenue," Coun. Janet Davis, a member of the city's government management committee, told CBC Toronto last month.

"Those millions of dollars could be spent on programs that serve our most vulnerable, whether it's housing, child care, long term care — those are the services we're desperately short of in the City of Toronto."