
Niagara  Region

REPORT TO: Chair and Members of the Property Assessment and Tax Review (PATR) Committee

SUBJECT: Tax Policy, Property Assessment Valuations and Assessment Review Board (ARB) Hearing Support

RECOMMENDATION

1. That a new FTE compliment in the Financial Management & Planning (FMP) division **BE APPROVED** for the purpose of tax policy, property assessment valuation research and ARB hearing support; and,
2. That a budget adjustment to reduce the general government tax write-offs/assessment change account by \$200,000 and increase FMP's budget by \$200,000 **BE APPROVED**.

PURPOSE

Business or financial reporting.

BUSINESS IMPLICATIONS

A new FTE compliment in FMP is requested to support tax policy, property assessment valuation research and ARB hearings. This position's mandate will be to support fair and equitable taxation for all property owners.

The proposed funding for this new FTE compliment in FMP is from a budget adjustment to reduce the general government tax write-off /assessment changes account by \$200,000 and increase FMP's budget by \$200,000.

The proposed budget adjustment is based on recruiting an individual as a level 7 employee, on-going training costs (recognizing this is a technical position requiring on-going training), technical supports (computer and blackberry), mileage to/from the local area municipalities (LAMs), and subject matter experts where appropriate.

REPORT

The Municipal Property Assessment Corporation (MPAC) establishes all property assessments. In recent years the number of assessment appeals has increased to an aggregate total of \$18 billion as of December 31, 2011 according to the recently completed assessment audit commissioned by the PATR Committee.

This is particularly concerning for all LAMs and the Niagara Region as it increases variability to tax rates year to year, requires extensive planning for tax write-offs/assessment changes, and complicates tax policy decisions.

Under the Assessment Act, LAMs maintain jurisdictional authority over property assessment appeals. In the event a reduction in assessment occurs the Niagara Region initially shares the tax loss proportionate to its share of the property taxes collected by the LAMs. In subsequent years the Niagara Region's impact is redistributed to all other local municipalities as a result of the smaller assessment base.

Historically the Niagara Region has not dedicated any FTE's or funding support to assist LAMs in their review of property assessment valuations.

Recognizing the substantial impact that assessment changes have on Niagara Region's levy budget and the increasing number and complexity of assessment challenges, this report recommends Niagara Region partner with the LAMs in reviewing and responding to significant property assessment challenges and investigating significant property assessment changes to the assessment roll.

The funding for this position is proposed to be transferred from the tax write-offs/assessment changes account which was budgeted in 2012 at \$5.5 million. The expectation is this service may reduce the tax write-off/assessment changes that may otherwise be experienced in the future. It is an advisory role to the LAMs and is recommended to support fair and equitable taxation for all property owners; therefore, there will be assessment cases this position researches that settlement will be advised on. In these situations the number of properties under assessment appeals will be reduced and the property taxpayer(s) involved will be served. To this point there is no guarantee this new service will pay for itself or that the tax write-offs/assessment charges budget will not need to be increased in future years; it will serve to support fair and equitable taxation to the benefit of all property taxpayers.

The recommendation for a new FTE to support assessment valuations and provide ARB hearing support was supported at the local area treasurers meeting on November 25, 2011.

At that area treasurers' meeting it was specifically noted by MPAC and area treasurers that having representation at ARB hearings from impacted municipalities does effect ARB judgments. Further, many of the assessment challenges experienced by one municipality

are similar in nature to those experienced in other municipalities; having a centralized individual with experience in assessment valuations to provide advice and help coordinate experiences and knowledge share would prove beneficial.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Not applicable

Submitted by:



Brian Hutchings, B. Comm, CGA
Commissioner of Corporate Services/Treasurer

Approved by:



Mike Trojan
Chief Administrative Officer

This report was prepared by Bryan Boles, Director of Financial Management and Planning/Deputy Treasurer