

<b>TO:</b>	<b>CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON APRIL 16, 2012</b>
<b>FROM:</b>	<b>MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>CITY INITIATED ASSESSMENT APPEALS</b>

### RECOMMENDATION

That, on the recommendation of the City Treasurer, Chief Financial Officer, the following actions be taken with respect to City initiated assessment appeals:

- a) City staff **BE AUTHORIZED** to proceed with appeals under the Assessment Act for the properties as set out in Schedule "A" to this report; and,
- b) the information presented on internally and externally initiated assessment appeals **BE RECEIVED** for information.

### PREVIOUS REPORTS PERTINENT TO THIS MATTER

None.

### BACKGROUND

As has been done since 2004, City staff have initiated assessment appeals under Section 40 of the Assessment Act for the current year's taxation. These appeals have been initiated based on a review of the classifications and valuations on the roll. Where staff have determined that property classifications or valuations are incorrect, an appeal has been filed. All revenue generated from these appeals will constitute a source of revenue for the City for 2012 and future years.

The City is very limited in its ability to identify errors on the assessment roll. The City has no legal authority under assessment legislation to obtain detailed income, expense, lease and other information required to value non-residential properties. Only the Municipal Property Assessment Corporation has the legal authority to obtain this type of information under Section 10 and 11 of the Assessment Act. Under Section 53 of the Assessment Act, the Municipal Property Assessment Corporation is prohibited from disclosing income and expense information on individual properties to municipalities other than to meet the municipality's "planning requirements". Any errors which can be corrected by MPAC without an appeal by the City are first brought to their attention.

A list of all the appeals which have been filed is attached as Schedule "A" to this report for Council's information and approval. All of these properties have met one of the following criteria:

1. Property Classification appears to be incorrect (minimum \$500 tax change);
2. A sale suggests the quantum in a non-residential class could be low by at least \$250,000;
3. Land or buildings appear to be omitted from the roll;
4. Subdivision of land appears to be omitted from the roll.

At the March 26, 2012 Finance and Administrative Services Committee meeting, there was an inquiry regarding assessment appeals, both internally and externally initiated and the impacts of large assessment appeals.

In addition to initiating appeals on behalf of the City, the City's Assessment review staff communicate with MPAC on an ongoing basis about the status of all large assessment appeals which have been initiated by property owners. This ongoing communication ensures that the City is kept informed of any significant potential losses and is in agreement with MPAC's approach on large files. Information obtained from MPAC relating to the potential resolution of large assessment appeals is utilized by staff in the City Tax Office in preparation of the annual budget for contributions to City's allowance for tax appeals and in the preparation of year end financial statements.

During each budget preparation cycle the City Tax Office prepares an annual budget for contributions to the allowance for tax appeals account based on historical experience, a review of assessment totals under appeal and additional information from MPAC with respect to outstanding appeals. After each year end, the City's auditors review the adequacy of the City's allowance for tax appeals on its balance sheet to ensure potential liabilities of the City are reasonably estimated in the City's financial statements.

<b>SUMMARY</b>
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A list of all assessment appeals initiated by Finance staff is attached for Council's information and approval.

<b>PREPARED BY:</b>	<b>CONCURRED BY:</b>
<b>JIM LOGAN DIVISION MANAGER TAXATION &amp; REVENUE</b>	<b>MIKE TURNER DEPUTY CITY TREASURER</b>
<b>RECOMMENDED BY:</b>	
<b>MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	

Attachment