

FOCUS & MUNICIPAL ASSESSMENT TAXATION

CASES, COMMENTARY, NEWS AND BEST PRACTICES • NOVEMBER 2010, VOLUME 15 • NUMBER 11

FEATURE

A Prescription for Assessing Drugstores

BY TIM WILMATH, DIRECTOR OF VALUATION, HILLSBOROUGH COUNTY PROPERTY APPRAISERS OFFICE

Described in the 2010 newsletter of the IAAO's Florida Chapter as a presentation that was "very amusing and very enlightening," the following article is a summary (starting at slide 34 of 72).

Modern US drugstore property characteristics include a location on a signalized high-profile/high-traffic corner in a one-storey style of attractive architectural design. The site size is approximately one to two acres [0.4–0.8 ha] with a building size between 12,000 to 15,000 square feet [1,080–1,350 m²]. Features include a drive-through window and easy access for ingress and egress, with wrap-around parking accommodating 50 to 80 spaces. In the Modern Drugstore Development Model:

1. Developers work with drugstore chains to identify and acquire site(s).
2. Developer builds store to drugstore chain's specifications.
3. Drugstore leases store from developer in a lease.
4. Developer sells leased package to investor(s).

Because chains are so successful, this model and the properties themselves are attractive to investors.

For valuation considerations, I look at fee simple market value and highest and best use using a cost approach, a sales comparison approach and an income approach, determining that use value and market value are never different unless the current use is not the highest and best use.

Because modern drugstores have a very specific design, does that mean they are special-purpose properties? Drugstores can easily be converted to other uses, and there is a robust market for the real estate. There are two reasons to analyze highest and best use: it helps identify potentially comparable properties, and it helps decide which option should be pursued:

- Maintain the improvements as is?
- Convert to something else? or
- Demolish the improvements?

Using a cost approach, I detail examples and note concerns about depreciation: does a drugstore suffer from functional obsolescence due to super adequacy? In a sales comparison approach, some argue that investors pay above-market prices for drugstores to obtain highly rated, credit-worthy tenants. Also, occasionally drugstores sell directly from the developer to the drugstore chain. These are the very best sales because they do not entail a leased fee.

For non-drugstore sales, other single-occupant property types typically found at traffic-light intersections are not very similar to drugstores. Plus, they have their own issues. For example, if abandoned by a drugstore chain, such a property no longer functions at highest and best use. In the income approach, just as in sales comparison, an alternative to drugstore rent comparisons are non-drugstore properties, but the same problems exist. Six legal cases with some of the considerations above are cited in the presentation.

See *A Prescription for Assessing Drugstores*, www.fciaao.org/A%20prescription%20for%20Assessing%20Drugstores.pdf. Tim can be reached at TimWilmath@hcpafl.org.

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FEATURE

Toronto wins office towers appeal

A three-member panel of the Court of Appeal rejected an argument by Toronto's 12 biggest downtown office towers that property assessments should be lowered, with some calculations suggesting they be refunded \$150 million in overpayments dating back to 2001. Court ruled that a 1997 re-wording of Ontario's *Assessment Act* did not introduce a radical revision of the way commercial buildings should be assessed in regard to the meaning of "fee simple, if unencumbered."

Lawyers for the towers argued before the Assessment Review Board (ARB) that the Act's rewording meant the towers should be assessed as if they were vacant, using the income approach. The ARB ruled for the towers, with that judgment overturned by divisional court. Appeal court upheld the divisional court's ruling, which also ordered the matter returned to the ARB to determine a final assessed value on the towers. The Municipal Property Assessment Corporation set value at \$4.7 billion, while the towers argued that valuation should

be between \$3 billion to \$3.4 billion. The two differing interpretations put the capitalization rate for the towers at 8% and 8.75%, the 0.75% adding approximately \$1.5 billion.

"I do not agree this minor amendment was intended to accomplish the much more radical task of instructing the assessor to assume that an income-producing property was vacant at the date of assessment," wrote Justice Marc Rosenberg for the panel.

Susan Ungar, a lawyer for the City of Toronto, said the ruling is a victory for municipalities in the province, as the precedent would have dramatically decreased the amount of taxes received from commercial properties.

See www.ontariocourts.on.ca/decisions/2010/october/2010ONCA0672.htm or the 13-page PDF under Friday, October 15, 2010, *BCE Place Limited v. Municipal Property Assessment Corporation*, at www.ontariocourts.on.ca/decisions_index/new_releases.htm.

Publications: New & Noted

Valuation Uncertainty Discussion Paper

The International Valuation Standards Board has issued a discussion paper that calls for valuation uncertainty in financial statements to be better communicated. The paper examines the lack of transparency in the valuation of banks' assets and liabilities under mark-to-market accounting requirements. It also analyzes the nature and causes of valuation uncertainty and some suggested solutions. The paper is available at www.ivsc.org. Comments can be submitted until December 24, 2010 to commentletters@ivsc.org.

Pennsylvania's System for Property Valuation and Reassessment

Legislative Budget & Finance Committee

In 2009, Pennsylvania's Supreme Court ruled that Allegheny County's property reassessment system was unconstitutional and unfair to property owners. Court faulted the use of a base-year assessment system, which was believed to have violated the uniformity clause in the state's constitution. A house resolution ordered the Legislative Budget and Finance Committee to examine the real property valuation and assessment system, including protections for taxpayers, currently in place in a number of states. In the report, approximately 25% of reassessments from 1988 through 2008 achieved national standards for uniformity and equity. Among other findings:

- Pennsylvania has relatively high property taxes and is in the top third nationwide on measures that consider property taxes relative to "typical" home value and household income.
- Since the 1800s, Pennsylvania's property valuation and assessment system has evolved to the one in place today.
- In Pennsylvania, counties can choose to assess property based on a property's "current market" value or "base year" value, with the associated advantages and disadvantages of each approach.
- Pennsylvania counties differ in ways that have implications for their real property market. For example, housing prices appreciate at differing rates: from the first quarter 2000 through 2007, the Pittsburgh area had the lowest appreciation with a 33% increase, while the Philadelphia area had the highest at 87%.

For recommendations, comparisons and data, see the 220-page report (free download) at <http://lbfc.legis.state.pa.us/reports/2010/48.pdf>.

Legal Briefs

In the matter of the Equalization Appeal of Lipson, Edward A., for the year 2008 in Morris County, Kansas. No. 102,648. Court of Appeals of Kansas

Morris County appealed a decision of the Court of Tax Appeals (COTA), which reduced the valuation of a mobile home and other improvements owned by Edward A. Lipson that is located on land leased from the City of Council Grove. The county argued that COTA erred in finding that the reduction was necessary in order to exclude “the value of taxpayer’s intangible right to the lot lease.” Lipson had not appealed the resulting valuation of \$71,000 for his improvements. Concluding that leasehold interests are not taxable in Kansas, court affirmed COTA’s decision. www.leagle.com/unsecure/page.htm?shortname=inksco20100910153

No. 98 EM 2010, Supreme Court of Pennsylvania – Eastern District, September 20, 2010

Philadelphia residents voted to abolish the Board of Revision of Taxes (BRT), but Pennsylvania Supreme Court ruled the board could continue to exist and hear property tax appeals, with the city able to take control over setting property values. In a 27-page opinion, court ruled that only the General Assembly has the authority to eliminate the BRT. With the board’s duties split between assessment and appeals, Managing Director Richard Negrin said court left the more important part of the city’s effort intact, in allowing the mayor to pick a new assessor and begin repairing property valuations. The seven-member BRT is “a holdover from the 19th century” whose members are chosen by judges in camera, heavily influenced by political leaders. The BRT will continue to hear appeals of property owners dissatisfied with assessments, who can appeal decisions in Common Pleas Court. In July, Richie McKeithen became head of the Office of Property Assessment and is working towards creating a new system for assessments. Court declined to rule whether council and the mayor should have been allowed to reduce the annual salaries of the BRT chair and secretary from \$75,000 and \$72,000 to \$50,000 and \$45,000, respectively. Court ruled in part:

[F]inally, and again leaving aside the politics of the legislative debate, it is fairly plausible to believe that the statutory qualification also recognized the value of interposing some role for the local Judiciary with respect to the BRT’s “quasi-judicial” appeal function. We recognize the City’s argument that members of other local agencies performing quasi-judicial functions are appointed exclusively by the executive branch; see, e.g., 53 PS §14757 (mayoral appointment of members to zoning commission), but that point assumes that the General Assembly is obliged to

view all such Philadelphia agencies as warranting identical treatment. That clearly is the prerogative of the General Assembly, which in this particular instance singled out the BRT for different treatment. In summary, we find supporting merit in the argument, made by petitioners, that the General Assembly sought to ensure a measure of independence in the BRT by placing appointment of its members in the hands of the Judiciary, and reserving its appellate, quasi-judicial role. ... City Council’s transfer of the BRT’s adjudicative function to the Board of Appeals was not authorized by the legislative delegation of power afforded ... and was ultra vires. ... Consequently, we hold that the Reorganization Ordinance is invalid in part.

See www.leagle.com/unsecure/page.htm?shortname=inpaco20100920327.

Calendar

3rd Arab Real Estate and Urban Development Conference

Arab Administrative Development Organization

November 7 & 8, 2010

Dubai, UAE

Many essential features of a vibrant Arab real estate market are still growing, and the interplay between traditional property development and the various applications of Islamic law to financing and deal-making presents unique challenges. This conference will examine the most current issues of investment, finance, sound valuation principles and the best methods to obtain and structure appropriate financing. www.arado.org.eg/areudcen (free registration)cy Questions.

www.iaao.org/sitePages.cfm?Page=17

Property Tax Primer for Paralegals

This teleseminar for paralegals shows how to best represent clients appearing before the Assessment Review Board. It also discusses the role of experts and advocates and why these two functions must be separated. For file information, future sessions and PDF (for purchase), see <http://ecom.lsuc.on.ca/cpd/product.jsp?id=CLE10-0170501>.

FEATURE

Rwanda aims to reorganize valuation profession

Kaliza Karuretha, Director General of Investment Climate and Intellectual Property in Rwanda's Ministry of Trade and Industry, said new business laws such as those establishing and organizing the real property valuation profession are crucial towards improving the conduct of business in Rwanda. "These legal reforms are coming into force to support the country's vision to become a modern united and prosperous nation founded on better environment of doing business," she said.

Before enacting new laws in 2009, the business community was using laws of the 1950s and '60s, and most were based in the colonial era. This included the Ordinance of August 1912,

which established tax on real property, and an ordinance in November 1925 that established a profits tax. Amended to comply with the changing economic environment, other legislative instruments included the 1973 law governing property tax and the tax on licences to carry out trade and professional activities. Rwanda's administration and accountability of taxes and duties were initially under the Ministry of Finance and Economic Planning, later vested into an independent body in November 1997 as the Rwanda Revenue Authority. See www.rra.gov.rw/rra_article180.html and <http://allafrica.com/stories/201010140200.html>.

Foreign Affairs

China

Shanghai introduced measures to curb home price gains, including restricting home purchases to one per household, increasing the supply of residential land and using property tax to cool the real estate market. "The government will proactively get well prepared for the introduction of the trial property tax," the government said in a statement. Property prices in 70 major cities rose 9.3% in August from a year earlier, prompting the crackdown on speculators and multiple home purchases. China's State Council raised the down payment to 30% for all first-home buyers to cool the property market, a level previously applied only to homes larger than 90 square metres [1,000 sq. ft.].

Philippines

Asian Alcohol Corp. (AAC) is protesting the Notice of Assessment from the provincial assessor on Negros Island charging PHP352.7 million in tax. The company is asking that the assessment be cancelled and is seeking permission to demolish the Pulpupandan plant. Mayor Magdaleno Peña said the company will not be allowed to do so unless it pays its tax deficit to the provincial government and his town. AAC lawyer Roger Reyes said the firm will not resume operations and applied for a demolition permit for the plant, which has not been operating for more than a year, amid demands from the town government to comply with pollution control requirements. Provincial Assessor Merlita Caelian informed AAC that as a result of the latest review of real property assessment, the cost of the company's real properties declared in its audited financial statements to the Bureau of Internal

Revenue differed by PHP12.8 billion compared to the costs declared to the Municipal Assessor. AAC lawyer Teddy Esteban Rigoroso replied that the Notice of Assessment should be cancelled because the period to assess deficiencies for 1997 to 2004 had passed, assessments for 2005 to 2009 were void because the properties are beyond the territorial jurisdiction of the province, and financial statements included properties in Manila and Cebu City. Rigoroso also said the Notice of Assessment covered anti-pollution machinery and equipment, which are exempt from taxation. See www.visa-yandailystar.com/2010/October/05/topstory3.htm.

QUOTABLE QUOTE

“Don't aim at success – the more you aim at it and make it a target, the more you are going to miss it. For success, like happiness, cannot be pursued; it must ensue ... as the unintended side-effect of one's personal dedication to a course greater than oneself.”

– Viktor E. Frankl

FEATURE

PILT: Payment in Lieu of Taxes Round-Up

New York offered several incentives to Yahoo!, including 15 MW of low-cost hydropower from the New York Power Authority. The town of Lockport's Industrial Development Agency also put together a package of local incentives, including a PILT agreement.

Ford County, **Pennsylvania** and five other taxing districts will split more than \$200,000 a year in payments from Kansas City Power and Light (KCPL), which is developing the second phase of a wind farm. Ford County Commission accepted the distribution schedule for a PILT. Under the agreement, KCPL will pay \$274,636 in lieu of taxes to the six taxing districts, as well as contribute to a fund for community projects in 2011. The amount of the payment will rise by 2.5% each year over 30 years, ending with a \$562,017 payment in 2040.

A PLT agreement on local and state incentives for Whirlpool Corporation passed in Cleveland, **Tennessee** in the company's plans for a new \$120-million manufacturing plant and distribution centre. The energy-efficient, LEED-certified plant is scheduled to launch production in 2012 and aims to add 130 jobs to the current 1,500 employees. Bradley County is expected to receive approximately \$10.6 million in tax revenue from Whirlpool – the largest employer in the county – compared to some \$5.4 million under a current PILT, with the city of Cleveland expected to receive some \$8.8 million instead of an estimated \$4.5 million. The existing five-year PILT agreement was amended with this new PILT, which includes \$6.5 million in state grant funds, \$1.8 million split evenly between the county and city, reduced payments on the existing PILT from 2005 and a freeze on property tax payments on the existing plant during construction of the new facility. The agreement includes a 20-year tax abatement structure beginning December 31, 2013 that calls for Whirlpool to make graduated payments of 5% for the first year, increasing by 5% for nine years. The new PILT payment will then be fixed at 50% for the remainder of the 20-year term.

WORK WORD

quixotic, *adj.* Illogical quirks of a colleague that are decidedly at odds with your own peculiarities of behaviour.
From *A Devil's Dictionary of Business Jargon*
by David Olive

REPORT

Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests

By Daphne A. Kenyon & Adam H. Langley

Over the last decade, PILTs have been used in the United States in at least 18 states and 117 municipalities. One consideration in negotiating with non-profits is a “geographic mismatch” that often exists between exemption costs and benefits, because forgone tax revenue is borne by the municipality where the non-profit is located, while the public benefits provided by the non-profit often extend to other jurisdictions. Although PILTs can provide crucial revenue for certain municipalities, such payments are “often haphazard, secretive, and calculated in an ad hoc manner that results in widely varying payments among similar nonprofits.” In addition, a municipality's attempt to collect payments can prompt battles and lead to years of contentious, costly and unproductive litigation.

The authors of this report write that PILTs are most appropriate for municipalities highly reliant on property tax, with a significant share of property owned by non-profits that hold large amounts of tax-exempt property and provide only modest benefits to local residents relative to tax savings. “The best PILOT initiatives arise out of a partnership between the municipality and local nonprofit organizations, because both sectors serve the general public and have an interest in an economically and fiscally healthy community,” the authors note. “State governments should consider providing grants to local governments that host tax-exempt nonprofits to compensate them for their loss of property tax base, as is done in Connecticut. If states are unwilling to provide such grants, municipalities can consider alternative ways to raise revenue from tax-exempt nonprofits, such as increased user fees.”

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Paper, Policy Focus Report/Code PF028

Coast to Coast to Coast to Coast

USA (NB: All figures in US\$)

New Jersey

East Rutherford Mayor James Cassella said the New York Giants have stalled in paying a \$750,000 property tax bill for the new Timex Practice Center and office building in the Meadowlands Sports complex. The New York Jets co-own the 82,500-seat stadium under a new partnership with the Giants. East Rutherford received a payment in lieu of taxes (PILT) from the New Jersey Sports and Exposition Authority (NJSEA) for the old Giants Stadium and its surrounding land. “We’ve notified the Jets and Giants that, like all other businesses in our community, we expect they will start paying their required share of property taxes,” said Cassella. “They have an obligation, not only to the residents and other businesses in East Rutherford, but to all taxpayers in Bergen County.” The Giants cited their agreement with NJSEA, stating the land and practice facility are subject to the PILT agreement with East Rutherford. Cassella said an appraisal of the new stadium estimated its value between \$1 billion and \$1.5 billion. Also see *Field of Schemes: How the Great Stadium Swindle Turns Public Money into Private Profit* (2nd ed.), by Neil de Mause and Joanna Cagan, and *Public Dollars, Private Stadiums: The Battle over Building Sports Stadiums* by Kevin J. Delaney and Rick Eckstein.

Texas

The Texas Attorney General upheld the policy of **Galveston County** officials to levy higher taxes on some properties rebuilt after Hurricane Ike. Greg Abbott, the county’s district attorney, sought the ruling arguing that the law limited how tax appraisals could be boosted for destroyed homes rebuilt bigger and better than before the storm. In general, property taxes on a home can be raised only 10% over the previous year’s valuation. Abbott ruled that the county is within its rights to boost taxes above the cap if a homeowner adds square footage or a better exterior composition than before the home was destroyed or heavily damaged.

Kentucky

The Ford Kentucky Truck Plant in **Louisville** – the largest assembly plant in America – completed a \$200-million retooling investment last year, with Ford estimating its plant was worth \$39 million in 2008 and \$35 million in 2009, citing the decline of the industry. The Jefferson County Property Valuation Administrator hired an independent appraiser who valued the plant at approximately \$68 million, and Ford appealed. After two years of litigation, the board ruled that the company’s appraisal was more accurate than that provided to

the county. The ruling means Ford will save almost \$1 million this year, as well as avoiding back taxes for two years.

New York

The *Wall Street Journal* reported on tax rates in the city of **New York**, many with large increases due to phased expirations of tax abatements. An accompanying detailed map shows increasing and decreasing rates across the city. Some of the biggest tax increases:

- The tax bill for an 8,830-square-foot [795 m²] 50th-floor penthouse condominium on East 58th Street went up by \$63,072 to \$135,640, mainly due to a declining tax abatement. The owner said he bought the penthouse with partners as an investment and expected to resell it at a significant profit when the renovation is complete.
- A 39th-floor penthouse on Central Park West sold for \$45 million, but under tax rules its market value is listed at \$3.7 million. The tax bill went up by \$43,712 to \$86,559, largely because of a fading tax abatement.
- Two contiguous apartments on Columbus Circle that sold for \$54.7 million had taxes raised by \$36,574 to \$485,934, with renovations still ongoing.
- A five-storey townhouse on West 86th Street near Riverside Drive had its tax bill rise by \$18,274 to \$115,517 after the value of a tax abatement fell.
- The Emir of Qatar paid more than \$562,000 in taxes in 2009 on two townhouses on East 72nd Street he bought in 2003 for \$25.5 million. The tax bill went up by \$22,000 for the property taxed as commercial, and building permits show it’s being converted to a single-family home (when occupied, it may be exempt from taxes under diplomatic rules).
- A townhouse on East 63rd Street pays the highest taxes on a house in the city, its assessment up to a tax bill of \$250,398.

Despite falling property values and a freeze on tax rates, most New Yorkers saw property tax bills rise. The detailed map shows changes in property tax bills from June 2009 to June 2010. To make estimates comparable, tax bills on co-ops and rental buildings were divided by the number of apartments listed in tax records, and tax bills on condominium apartments were averaged. The estimates don’t include the effect of some abatements currently unavailable in city records. See Mapping Tax Changes at <http://graphicsweb.wsj.com/documents/NYCPropertyTaxMap/>.

Canada

British Columbia

New Westminster is taking on Port Metro Vancouver to recoup more than \$800,000 in what it considers unpaid property taxes for lands under water. The port authority argues that the lands, part of the Fraser River, have no value because they are unused. “This is something we’ve worked on with the cities for a number of years,” said Tom Corsie, Port Metro Vancouver’s vice president of real estate. New Westminster and BC Assessment said undeveloped water lots could be used as a marina, log booming grounds, a dock or some other type of water use. With the lands designated for payment in lieu of taxes (PILT) back to 2000, Randy Grant, manager of collection services in New Westminster, said if the city were to receive the unpaid PILT it would establish a precedent by which other cities such as **Burnaby, Vancouver, Coquitlam** and **Surrey** could also benefit. New Westminster has applied for the PILT amounts each year since 2000, although Port Metro denies this. Corsie also said that water lots in the Fraser River from Maple Ridge to the mouth had no value until 1999, when BC Assessment ruled they did. The port authority disputed that ruling from the beginning, partially because not all riverbeds on the entire length of the Fraser are assessed. Port Metro pays PILT for other lands not part of the riverbed in the city. Corsie estimates that the port authority owns approximately 100 acres [40 ha] of land in New Westminster and paid approximately \$600,000 in PILT for 2009. The dispute must be dealt with through the federal dispute resolution process.

Owners of 26 units in the Ocean Promenade All Suites Hotel in **White Rock** won an appeal in provincial Supreme Court against the Property Assessment Appeal Board and city of White Rock. In January, the appeal board upheld the city’s claim that the hotel could not be classified as a residential property for part of the year. The board ruled it should be assessed in a separate class for “business and other” for the entire year, overturning a decision by the area assessor. This ruling would have introduced significantly higher property taxes for the owners of the hotel, which is divided into 42 strata-title units. The board based its decision on a restrictive covenant that states the units “shall be offered for rent or rented” to the public for periods of less than seven days for at least 50% of the year. The Supreme Court overturned the decision, ruling that the panel chair erred in his interpretation of the covenant because when it was negotiated, there was no need to require an “absolute prohibition of use by owners” to address White Rock’s concerns. “A change in the tax regime then occurred designed to encourage owners to invest in such developments,” the judge noted. “White Rock’s suggested interpretation goes very much against that flow.”

Ontario

Fifteen amateur athletic organizations with headquarters in **Ottawa** might lose tax breaks because they are not considered eligible for the charitable rebate program under the provincial *Municipal Act*. For years, the associations have received a 40% rebate from the city, which in 2008 was \$73,340 and approximately the same in 2009. Staff recommended that rebates not be cut for the four federal groups, a decision that would have saved the city more than \$547,000 per year. Reactions from the groups vary from providing a legal opinion, the possibility of a court challenge and threats to moving the organizations to other jurisdictions.

A recently published commentary by the president of the **Guelph** Chamber of Commerce claimed that the University of Guelph contributes 10% to 15% of the total gross domestic product of the area, with an economic impact of \$800 million. Because of a 23-year-old provincial formula for property taxes, Guelph’s taxpayers subsidize the university, which pays a fixed payment in lieu of property taxes (PILT). With a payment at \$75 per student, in 2008 the city received \$1,383,523 with the university – the city’s largest land owner and second-largest employer – being paid 0.0066% of property tax collected. Taxpayers pay more than 85% of the operations of the city. The city’s 2008 property tax revenue was \$207,120,276. Using an annual inflation figure of 2% per year compounded, an updated PILT for 2008 was estimated at \$2,182,667, with a real student capita rate of \$113.48. The city was shortchanged by almost \$800,000 because the payment formula failed to account for inflation. As growth surged, the city depended on taxpayers to finance the university’s demand for increased services, enjoying a property tax formula set 23 years ago. See <http://news.guelphmercury.com/article/689187>.

A \$30-million increase in payments that Ottawa has to make to its pension fund over the next three years is expected to affect property taxes, with an additional \$10 million needed for 2011. City Treasurer Marian Simulik said, “As we go through the budget and develop it, it’ll become clearer as to how much of it is hitting the bottom line, and the bottom line for us is the tax bill,” she said. She added the city had faced pension payment pressures before – including a one-year, \$32-million increase in 2004. The Ontario Municipal Employees’ Retirement System (OMERS) is blaming the 2008 global market crash for the shortfall. Employees must also pay an additional \$10 million into the retirement plan in each of the next three years, matched by the city, in “temporary changes in contribution rates.” Mayor Larry O’Brien said councillors and the mayor should not have “gold-plated pensions” and that taxpayers should not be funding their retirement plans. Removing councillors and the mayor from OMERS would be mostly a symbolic move, accounting for 24 of the thousands of Ottawa city employees, although provincial legislation could allow councillors to opt out of the pension program.

New Brunswick

A proposal to de-index pensions of city workers was defeated in **Fredericton**, and alternative measures are being solicited to start reducing its \$39.4-million pension fund deficit. "At the end of the day, together, we shall come back with a report to this council that is good for our employees, good for the people of Fredericton and everybody's happy," said Mayor Brad Woodside. "That's not an easy thing to do. That's the challenge to the superannuation board."

A poll commissioned by the CBC and L'Acadie Nouvelle showed that 57% of respondents believed the comprehensive municipal reform suggested in the Finn report should be acted on and that 16% opposed the idea. Jean-Guy Finn, former commissioner on the future of local governance, said the new government must adopt his report, which calls for merging the province's 421 governing bodies down to approximately 50.

Do you support or oppose a comprehensive reform of local government in New Brunswick?

– Question from the CBC/L'Acadie Nouvelle poll

Support	57%
Oppose	16%
Neither support/oppose	7%
Not familiar with Finn report	20%

The survey was conducted between September 15 and 18, 2010 with 1,005 provincial voters (results considered accurate to within ± 3.1 percentage points 95 times out of 100).

Nova Scotia

Halifax Regional Municipality taxpayers are being asked to finance a new downtown convention centre up to at least \$375 million for the privately built facility. Supporters hope a new centre will attract thousands of visitors; opponents cite similar money-losing projects and demand the release of cost estimates, calling the proposal a "money-pit." The project cannot go ahead without as yet uncommitted funding from the federal, provincial and municipal governments. The plan calls for the province and city to split \$255 million in construction costs and \$72.5 million in operating expenses over 25 years. The proposed facility would be part of a complex to be built and financed by a private developer and includes a hotel and office space. The convention centre would have more than twice the space of the current facility. The complex, which will not be built unless the convention centre gets the go-ahead, is to include towers of 14 and 18 storeys. The total cost is estimated at close to \$500 million.

The province is reviewing its **Capped Assessment Program (CAP)**, which limits eligible residential or resource property assessment increases. Input is being solicited from the public, municipalities and the commercial sector. See www.gov.ns.ca/snsmr/muns/cap.asp, call 902-722-1216 or email MunicipalServices2010CAPReview@gov.ns.ca.

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