

FEATURE

Catalyst Paper and the taxation of industrial property in BC

TEX ENEMARK

Catalyst Paper is a large, British Columbia-based manufacturer of paper, operating four paper mills on the coast, as well as paper recycling plants in BC and Arizona. Like all other North American forestry-based firms, it has been facing several years of adverse financial returns, despite a downsizing of 50% in its 2005 employment base. As shares declined from the \$3.50 range approximately four years ago to as low as 8 cents last April, the company repeatedly complained to the four BC municipalities that municipal property taxes were far too high. When Catalyst began to push this issue six years ago, its total municipal property tax bill was about \$23 million (there are also provincial and regional district property taxes). Studies indicate that British Columbia has the highest industrial taxes in North America (e.g., www.fraserinstitute.org/researchandpublications/publications/2998.aspx).

Over the next five years, three municipalities reduced taxes somewhat, while one increased its taxes by more than \$800,000. As a result, Catalyst's net municipal tax reduction was just over \$200,000, approximately one-tenth of 1%. Its tax bill was almost one-sixth of all taxes paid by heavy industry in the province. Thus, in June 2008, Catalyst asked Rob Fitzgerald and me for a strategy to tackle the problem. Tax rates were as high as 26 times residential tax rates, with the paper mill paying as much in taxes as all 25,000 residents of one municipality where the average municipal tax was \$538; if residents paid what Catalyst paid, the average tax would be \$14,200. On Catalyst's behalf, Rob and I met with the mayors

and/or senior officials of each municipality and stated that for 2009, Catalyst would not be paying the full municipal tax bill but instead would calculate the dollar value of municipal taxes consumed by the mill and pay that amount, plus 30% to account for income tax deductibility. To give a planning number, Catalyst committed to \$1.5 million to each municipality, \$6 million in total. We then undertook very detailed studies of the finances of each municipality, calculating services consumed (www.catalystpaper.com/sustainability/municipal-property-taxation).

At the same time, we met with municipal politicians to try to persuade them that Catalyst was serious in its commitment to achieve a severe reduction in property taxes. The various municipal councils frankly conceded that the company's tax

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rates were too high, but were quite unwilling to make much adjustment and face the consequences of reducing services or increasing taxes on both residents and other business categories. Sadly, one mayor was quoted as saying, "Raising taxes is no way to get re-elected." This left, unsaid, the alternative that continuing with high taxes and leading to the loss of between 600 and 1,200 jobs (depending on the community) was a better way of getting re-elected. In Campbell River, the paper mill had closed, and there were permanent and temporary cutbacks in each of the other municipalities. The lack of political leadership from any of the councils was appalling.

Ultimately, the municipalities made small reductions in taxes of approximately \$4 million instead of the \$19 million sought, but they judged Catalyst was bluffing. On July 2, Catalyst gave each municipality \$1.5 million. This led to shortfalls of between \$3 million and \$6 million among the municipalities. Most had reserves to get them through 2009.

However, in mid-June, to the surprise of the municipalities, Catalyst petitioned the BC Supreme Court for relief of the tax regimes in each municipality and the first decision was rendered mid-October. In short, the judge found that a municipality had the legal authority to impose the taxes, saying in effect that any challenge to tax rates had to be made at the political level (www.courts.gov.bc.ca/jdb-txt/SC/09/14/2009BCSC1420.htm). In mid-November, Catalyst filed an appeal, making it clear the municipalities would have to get along without Catalyst's taxes for, likely, another year.

This action put added pressure on the towns to re-think long-term tax strategies. Other industrial taxpayers indicated they too would withhold taxes, take their municipalities to court or both. This message sent signals of a possibly wider tax revolt by industrial taxpayers in 2010. Catalyst also began discussions with the municipalities as at least one indicated it wanted the mill to continue to operate and was prepared to adjust to severe reductions in industrial taxes. The province was asked to step in with a solution, perhaps one that linked a cap on industrial tax rates resulting in significant decreases, coupled with interim financial assistance to help municipalities adjust. This was rejected by the finance minister in mid-December. Likely a major reason for the province's disinterest is that BC's municipalities are constantly telling the province not to interfere in their affairs. As well, given that municipal property taxes in each of the offending municipalities are significantly lower than the provincial average, this would mean subsidization of the already advantaged.

It appears this confrontation will go on for some time. Ultimately, British Columbia's reputation for having very high taxes on industry should result in the province's doing what other jurisdictions have done to prevent victimization of industry by local government – impose a cap. But that appears to be some distance away now.

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In similar news

BC Finance Minister Colin Hansen **ruled out assistance for municipalities facing a tax revolt** from forestry companies, saying it would mean taxpayers would be subsidizing low residential taxes in those communities (see Enemark opinion article). Hansen said it is up to local politicians to ensure property taxes don't drive away businesses and kill jobs, adding that the harmonized sales tax for July 2010 will help forestry companies and save the sector \$144 million a year.

TimberWest Forest Corp.'s tenfold increase on its tax bill prompted a lawsuit with the City of **Campbell River**. A first in the industry's larger municipal tax battle, BC Supreme Court ruled in late December that the city cannot boost its tax rate for forest lands, costing the city \$1.2 million (www.courts.gov.bc.ca/supreme_court/recent_judgments.aspx).

Nanaimo's Harmac pulp mill missed two summer deadlines to pay \$2.8 million; its original tax bill was \$3.6 million, reduced by \$800,000 by decreasing the industrial tax rate. The company incurred a 5% penalty on July 2 and a further 5% on August 2. Company president Levi Sampson

said Nanaimo Forest Products, the worker-led consortium that bought the mill last year, will not engage in a tax strike, refuse to pay its tax bill or follow the lead of Catalyst Paper. Bill Dawson, spokesperson for BC Assessment Authority, said the authority stands by its \$17-million assessment of the mill property. In 2008, Nanaimo began a four-year plan to reduce its industrial tax rate by more than 50%.

A downturn in the forestry industry has hit the sector hard also in the **Kootenays**, where the main sawmill closed 18 months ago and the other major employer, Celgar's pulp mill, refused to pay its July tax bill. Parent company **Mercer International** withheld \$3.2 million in taxes to the City of **Castlegar**, claiming the tax rate was too high. The withheld taxes represent some 40% of Castlegar's municipal budget. The dispute intensified when the company received \$40 million from the federal government to build a green energy plant. On Christmas Eve, just prior to the TimberWest ruling, Celgar's owners unexpectedly delivered a cheque for \$470,000 to the city and promised to discuss a payment plan on the remaining \$2.7 million.

Permits and pending reassessment that resulted in increased property tax

Alexander Shister, Plaintiff-Appellant, v. Bipin N. Patel, Ranjan B. Patel, Rajul Bhagwanjee, Coldwell Banker and ABC Insurance Company, Defendants-Respondents. No. 2008AP2803, Court of Appeals of Wisconsin. Opinion filed: October 28, 2009. NEUBAUER, PJ.

This appeal stems from Alexander Shister's purchase of a home owned by Bipin and Ranjan Patel. Shister claims that he suffered damages when the Patels and their real estate broker, Rajul Bhagwanjee, failed to disclose that the Patels remodelled the basement without the proper permits and that there was a pending reassessment on the property, which resulted in an increased property tax. Shister appeals the trial court's summary judgment order that the economic loss doctrine bars all tort claims against broker Bhagwanjee and her employer, Coldwell Banker. The trial court further limited damages to the costs of retroactively obtaining the required permits, dismissing any damages associated with the property tax increase as too speculative. We granted Shister's leave to appeal these rulings, which we now reverse. We conclude that the economic loss doctrine does not bar Shister's tort claims against Bhagwanjee and Coldwell Banker and that the trial court erred in limiting Shister's damage claim against the defendants.

Discussion: The parties raise two arguments on appeal: (1) whether the economic loss doctrine bars the tort claims against Bhagwanjee/Coldwell and (2) whether the trial court erred in limiting damages to the costs incurred to obtain building permits, and precluding recovery of the increased amount paid in property taxes.

Conclusion: We conclude that the trial court erred in its determination that Shister's tort claims against the seller's broker Bhagwanjee/Coldwell were barred by the economic loss doctrine. We reverse the trial court's grant of summary

judgment in favour of Bhagwanjee/Coldwell as to these claims. We further conclude that the trial court erred in limiting Shister's damages claim to the cost of obtaining building permits when his submissions on summary judgment set forth sufficient facts to support his claim for damages based on the increased property assessment. Judgment reversed and cause remanded. See www.leagle.com/unsecure/page.htm?shortname=inwico20091028a41.

Quirky but true...

Pontiac, Michigan's Silverdome, once hosting the NFL's Detroit Lions and NBA's Detroit Pistons, was sold to Toronto developer Andreas Apostolopoulos for \$583,000 – approximately 1% of its \$55.7-million cost to build. Since 2002 after the teams moved, the 80,000-seat stadium has cost the city \$1.5 million a year to maintain. The sale of the 127-acre [50.8-ha] lot puts the property back on the tax rolls.

Transitions

In Ontario, **Kelley Coulter** was appointed Tillsonburg's new Chief Administrative Officer.

The City of Waterloo, Ontario is **seeking a Chief Administrative Officer** to provide executive leadership to the various departments staffed by approximately 900 people, with a total 2009 budget of almost \$200 million. Waterloo is one of seven area municipalities within the Regional Municipality of Waterloo framework (pop. 530,000). Contact or email a résumé in confidence to: File #09-47, Susan Demeter, Susan Demeter Consulting, 519-503-3671, caosearch@waterloo.ca. Deadline Wednesday, March 31, 2010.

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WORK WORD

Please hold, we are experiencing higher-than-usual call volumes, *phrase.* You might wonder, why aren't we experiencing higher-than-usual staffing volumes?

From *A Devil's Dictionary of Business Jargon*
by David Olive

Coast to Coast to Coast to Coast

USA

(NB: All figures in US\$)

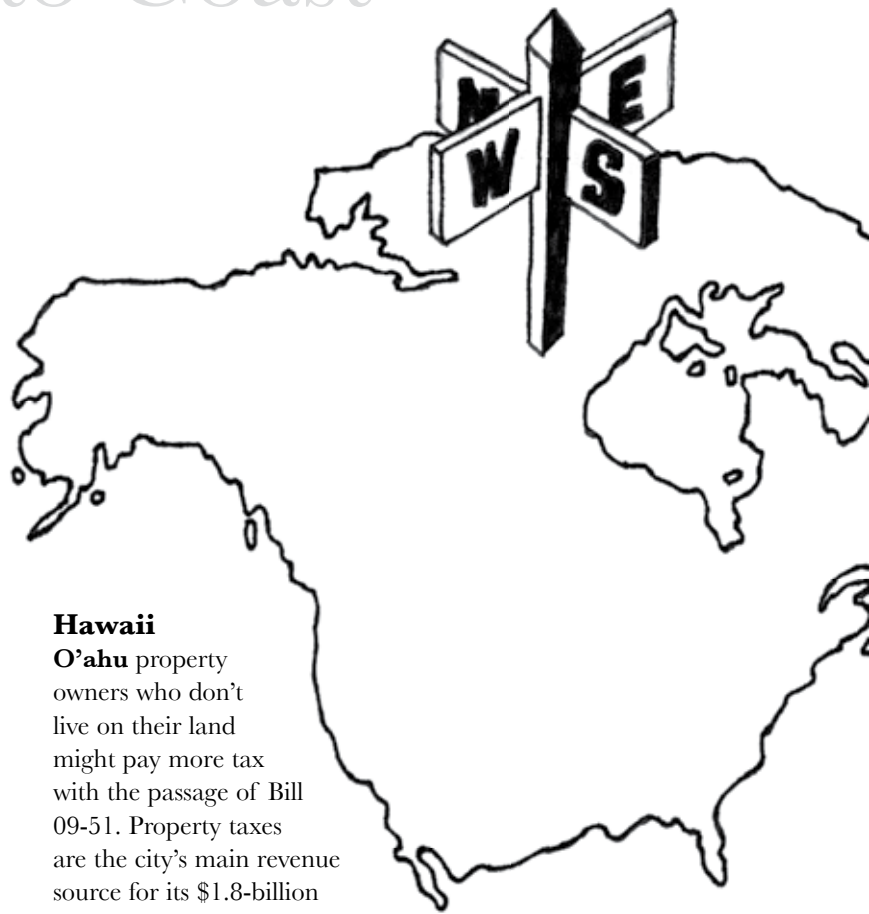
New York

Whiteface Lodge received a \$1.35-million refund by challenging the individual assessments on its 94 time-share residential condominiums that totalled almost \$112 million. The assessment challenge started in 2002 by the property's developer based on a formula for fractional ownership. The property changed hands twice since being sold in 2005 for \$62.2 million, and in 2008, the new owner, T-Rex Capital, defaulted on its loan and the property reverted to lenders, including Lehman Brothers. North Elba supervisor Roby Politi said the case was unfortunately based on real estate law designed to protect co-ops in New York City, "influenced by a discriminatory law in this state that says condominiums are treated differently than single-family residences and they have to be valued differently." Owners of two other North Elba condominium developments have also challenged assessments based on a similar argument.

Texas

El Paso council members approved a revised contract for the Doubletree Hotel, reducing the minimum number of full-time employees from 76 to 46 to allow it to continue receiving tax breaks. The hotel employs some 55 full-time and 50 part-time workers, never hiring the additional 21 full-timers specified in the contract. Council also changed the definition of a full-time employee from one who works 37 hours a week to 30; in exchange, the hotel will pay at least 78% of employees' health premiums. The hotel agreed to increase its minimum investment by \$3 million to nearly \$21 million, while the city will refund \$4.28 million from property, hotel occupancy, beverage and sales taxes over the next 10 years. The company also challenged the Central Appraisal District's valuation of the hotel, initially valued at more than \$16 million, which a review panel lowered to \$6.2 million.

Also in **El Paso**, refunds of \$2.9 million went to Western Refining after five taxing entities that received tax revenues were ordered to return funds after the refinery challenged its valuation. The refinery won a lower property valuation from the city's Central Appraisal District for 2006 to 2008; the city, county, University Medical Center, El Paso Community College and school district must deduct funding already received from the refinery's latest \$5.4-million tax bill. Western Refining also filed a lawsuit as part of a challenge of its 2009 property valuation.



Hawaii

O'ahu property owners who don't live on their land might pay more tax with the passage of Bill 09-51. Property taxes are the city's main revenue source for its \$1.8-billion operating budget, with an \$85-million shortfall as a result of a steep drop in assessments. Creating a new owner-occupant classification gives an additional tool to shield those who own their homes from a sharp increase, said deputy budget director Mark Oto, but critics say it would disproportionately benefit those with more expensive homes. City officials say residential properties constitute 82% of assessments, with more than half arising from owner-occupants. The Tax Foundation of Hawaii wants the existing low-income property tax credit expanded; it caps a property owner's tax bill at no more than 3% of household income. A circuit breaker tax credit is available to families with a total income of \$50,000 or less.

District of Columbia

Commercial property owners along Phase II of a proposed rail line connecting them with Washington's **Dulles Airport** by 2016 will provide \$330 million in tax revenue of the \$420 million needed. The tax district will last no longer than 50 years from inception, or 40 years from the first tax levy; rates will increase gradually from 5 cents per \$100 of value in 2010 by 5 cents each year until 2013. In 2013, the rate will plateau at 20 cents and stay in effect until the three proposed stations are operational. In exchange, commercial property owners are

guaranteed greater density for projects within the Dulles corridor and be protected from down-zoning and higher transportation taxes on commercial land. A similar tax district for Phase I of the rail project charges 22 cents per \$100 assessed value on commercial and industrial zoned property.

Council members are proposing to replace Washington's **Board of Real Property Assessments and Appeals** in favour of a new commission of expert appraisers. In 2009, the board received 4,480 appeals and reduced assessments on 1,383 properties by \$3.2 billion, cutting city revenue by \$60.1 million. Under the new system, all 12 members of the proposed Real Property Tax Appeals Commission must be certified property appraisers, and decisions are to be posted on its website. No commissioner could review an appeal in which he or she had any interest, and commissioners would be barred from taking clients before the panel for two years after leaving. The former chair of the board, Paul Strauss – an elected shadow senator and real estate lawyer accepting campaign contributions from organizations with clients before the panel – was slammed in the October 2008 auditor's report. Auditor Deborah Nichols condemned Strauss's leadership, the board's "ineffective record management system," its secretiveness and its antiquated website.

Pennsylvania

City council approved legislation to abolish the Board of Revision of Taxes (BRT) and create two new agencies to take over property tax assessment and appeal functions for the City of **Philadelphia**. Legislation must be approved by Philadelphia voters in the May 2010 primary for the BRT to be abolished September 30, and effective October 1, all powers, duties and functions would be transferred to the two new entities – the Office of Property Assessment and the Board of Property Assessment Appeals. The property assessment office will assume such duties with a chief assessment officer appointed to a four-year term by the mayor with council confirmation. Council requires the office to publish Assessment Standards and Practices Regulations online, consistent with applicable law and based on best practices in assessment and appraisal. The office will also maintain databases and perform annual reassessment of all properties, including those that are tax-exempt. The new seven-member Board of Property Assessment Appeals will hear appeals starting October 1, 2010 for 2011 property taxes, the first time the appeals function will be separate from assessment. See the *Mayor's Task Force on Tax Policy & Economic Competitiveness in Philadelphia*, Executive Summary, 42-page report and Appendix at www.phila.gov/taxPolicy.

Allegheny County's court-ordered revised plan for reassessment of all properties was accepted by a judge. The county's chief executive, Dan Onorato, said he "will comply with the court-ordered 2012 reassessment" and will "spend the next 24 months fighting to fix Pennsylvania's broken prop-

erty assessment system and to protect property owners from backdoor tax increases and court-mandated reassessments." Under the new plan, the county would hire a contractor and send notices to property owners in the first quarter of 2010, with reassessment completed by 2012. The state's Supreme Court ruled in April 2009 that the county's current system of taxing properties assessed in the 2002 base year violated the uniformity clause of the Pennsylvania Constitution, after homeowners challenged it in court. "Their [the county's] conduct to this point has exhibited contempt, contempt of the court and harm to the public because of failing to adequately assess properties to the detriment of the majority of property owners of Allegheny County," said the property owners' attorney, Don Driscoll.

Across the state, legislators have undertaken a year-long study to develop a **single statewide assessment model** through House Resolution 272, asking the Budget and Finance Committee to examine how other states conduct property reassessments. One county recently spent \$9 million on their first reassessment in 40 years, and a **Bedford County** reassessment was the first in 52 years.

Montana

CHS Inc. in **Yellowstone County** is protesting payment of more than half the property taxes assessed for 2009 of approximately \$1.8 million, some 55% of taxes due. In 2007, CHS completed a \$325-million coker plant and a \$96-million sulphur reduction project.

Vermont

The state will update assessments on hydroelectric dams of **TransCanada Hydro Northeast**, valued in 2000 at \$239 million. In a bid that topped the state's, dams were sold to TransCanada in 2005 for \$505 million by then-bankrupt USGen New England. Cleve Kapala, director of government affairs, said the reappraisal raised questions about fairness. Kapala, who worked for the two previous owners of the dam network, said, "We run clean and safe and compliance plants. It's odd that it's aimed just at us." According to Kapala, one year ago, TransCanada was selling power for approximately 10 cents per kilowatt-hour, with the price now ranging between 3 and 3.5 cents, a 68% drop. The town of **Vernon** recently more than doubled the value of the renovated Vernon dam from \$12 million to \$25 million, now in appeal. After using a valuation of \$90 million in the past four years, **Rockingham** is now applying a valuation of \$126 million for the Bellows Falls dam.

California

The state Board of Equalization estimated that deflation could reduce property taxes by an average of \$100 on a \$4,400 tax bill, a twist on the state's annual **Proposition 13** formula. Anita Gore, spokesperson for the board, said, "The

law mandates that in inflationary times, the rate is capped and indeed there is deflation; the value should be reduced. That’s what the voters voted for when they passed Proposition 13.” In effect since 1978, Proposition 13 caps the annual increase for assessed property values at 2%, with homes reassessed only when sold, if significantly remodelled, or if an assessor determines that market value has dropped below assessed value.

In **San Francisco**, trophy buildings led the list of more than 1,000 commercial properties challenging assessments. Collectively, the office towers, hotels, shopping centres and apartment buildings have an assessed value of \$21.25 billion, with owners stating the properties are worth approximately half that figure. With residential appeals that could erase \$13.47 million in revenue, this challenge could eliminate some \$115.78 million in property taxes collected. Crocker Galleria requested a 62% reduction in its assessed value from \$370.3 million to \$142 million; property manager Jose Guevara said appealing was a no-brainer. “It’s a sign of the economic times. We turn it over to the experts, our tax attorneys, and they do their magic,” he said. “A year later, we find out what the reality is.” Bob Gilley, executive vice president at CB Richard Ellis, said some requests might be overreaching. “These guys hire [a firm like] Paine Webber and they try to aggressively lower the values as much as they can,” he said. In 2001/02, owners of \$6.8 billion worth of commercial and residential properties asked to have assessed values cut by 65%, ending up at 22%. Some 4,000 property owners have appealed, stating that properties are worth approximately \$11 billion less than assessed values.

	Number of appeals	Assessed value (approx.)	Owner-determined worth	Difference	Potential tax hit to city
Commercial	1,000	\$21.25 billion	\$11.26 billion	\$9.99 billion	\$115.78 million
Residential	3,000	\$3.75 billion	\$2.59 billion	\$1.162 billion	\$13.47 million
Total	4,000	\$25.0 billion	\$13.85 billion	\$11.152 billion	\$129.25 million

Source: San Francisco Office of the Assessor-Recorder

Wisconsin

The Wisconsin Towns Association (WTA) is challenging the state’s Department of Revenue (DOR) to **consolidate property assessment**. With 1,851 municipality assessment systems, the DOR states that narrowing the number of assessment districts to 72 will streamline processing for tracking assessments, improve appraiser and board-of-review professionalism, and eliminate redundancy and errors created by multiple municipal valuations. “The WTA board of directors are [sic] very concerned by the DOR’s intent to increase

assessor certification requirements and performance standards,” said its executive director, Rick Stadelman, who fears the proposal will prevent individual towns, villages and cities from resolving the broad range of property values. In a letter to Wisconsin taxpayers, Secretary of Revenue Roger Erwin announced the plan to modernize administration of the property tax system with a state proposal early in 2010. The draft outlines a county assessor system that provides significant benefits such as fair assessments, property taxes and aid distributions, elimination of inconsistent levels of assessment across the state and greater transparency. The success of the new program assumes implementation of uniform data collection, consistent annual appraisals, regular on-site inspections, certifiable county-appointed assessors and even distribution of costs by municipalities within each county. See www.rev-enue.wi.gov/faqs/index-pt.html.

Canada

British Columbia

The Ministry of Citizens’ Services is providing \$15.9 million to 63 municipalities as **grants-in-lieu of property taxes** for 2009 based on assessed values of provincially owned office buildings and other properties in each municipality. Since 2002, the province has distributed more than \$140 million as grants-in-lieu. Each municipality sends a portion of its grant-in-lieu to its regional district, and those local governments use funds to help pay for local services.

Alberta

Calgary sent apology letters to hundreds of homeowners after withdrawing extra funds from bank accounts for the city’s tax instalment payment plan.

Normally, the city sends an advisory letter to those who need to top up their accounts, but notification didn’t go out this year. An apology letter went out, said city spokesperson Paul Wan, adding that in any case of NSF or bank charges resulting from the higher-than-normal TIPP withdrawals, the city would adjust accounts.

Alberta Municipal Affairs received a recommendation from the Alberta Assessors’ Association concerning **machinery and equipment located at non-producing well sites**. The primary problem in the inconsistency of assessing such machinery

and equipment lies in determining a clear indication of intended use for manufacturing, processing or production of natural resources. In response, the Assessment Services Branch recommends the following methodology as a best practice to ensure consistent provincewide treatment and application:

- When machinery/equipment is physically isolated by disconnecting or blinding, or is otherwise altered so as to prevent its operation or the continuous flow or processing of a product, then it no longer meets the definition of machinery and equipment. Therefore, it should not be assessed as such.
- Machinery/equipment that remains connected to a well (regardless of the well status) and is capable of operating is considered “an integral part of an operational unit intended for or used in manufacturing or processing” and thus meets the definition in *Matters Relating to Assessment and Taxation* (MRAT) and is assessable and taxable as machinery and equipment.

This best practice is only for the assessment of oilfield machinery and equipment located at a well site.

In addition, the 2009 *Minister’s Guidelines for Linear Property, Machinery and Equipment*, Railway and Farm Land were approved. The 2009 assessment year modifiers and cost factors for regulated properties are in IB Bulletin No. 09-09, December 2009 at <http://municipalaffairs.alberta.ca>. Contact the Assessment Services Branch at lgsmail@gov.ab.ca or 780-422-1377 (toll-free in Alberta by first dialling 310-0000).

Saskatchewan

Delegates attending the Saskatchewan Association of Rural Municipalities (SARM) mid-term convention passed resolutions calling for changes to the *Municipalities Act* to enable RMs to **create subclasses for residential properties, and special residential and commercial service areas** within their boundaries for tax purposes to pay for infrastructure. SARM president David Marit said the three classes of residential properties in rural municipalities require different levels of services, but the rural municipality doesn’t have a means of taxing the property owner to differentiate needs. Farmers and acreage owners require little service compared to resort or rural residential developments, where property owners demand garbage pick-up, water and sewer systems and paved roads. Under the *Municipalities Act*, all residential properties are deemed the same class for tax purposes, and yet all ask for different levels of service. This is also an issue for commercial properties, particularly in the oil and gas sector. Marit said he is hopeful these issues will be addressed by this spring by government and the Saskatchewan Assessment Management Agency.

Manitoba

Winnipeg spent less than expected to deal with property assessments appeals from 2006 to 2009. Over the past four years, the city set aside \$6.5 million to pay back taxes to property owners who successfully appealed decisions at the Board of Revision, but approximately \$3.4 million remains. “Our values are standing up to a degree of scrutiny much more than they have in the past,” said Nelson Karpa, director of assessment and taxation. “I think we’re doing a good job presenting competent evidence.” Of approximately 205,000 parcels of property, approximately 178,000 are single-family dwellings.

Ontario

(Note: Acronym MPAC is Municipal Property Assessment Corporation)

Ottawa’s auditor report noted that each city employee was off sick for more than 10 days on average in 2007, costing the city \$27 million, and that more than 7.5% of employees took more than 20 sick days in 2007. “It’s unacceptable, sick leave is there when you are genuinely sick,” said Councillor Alex Cullen. “It’s not something you earn and then get to use at your discretion. Obviously, we’re going to have to change this culture.” Alain Lalonde’s annual report on city programs also found that the 53-day OC Transpo strike cost \$5.9 million, more than double the amount projected.

Toronto approved a sign tax that will generate \$10.4 million annually from roadside billboards and large signs on buildings and rooftops. The tax, along with new regulations governing the types of signs that are allowed in a given zone, was pushed by arts advocates as a source of revenue for arts projects. Council decided to put \$1.4 million of the revenue into civic beautification, with the rest temporarily into general coffers. Billboard and sign companies complained that the tax exceeds the \$8.6-million annual profit they make in Toronto. Mayor David Miller said, “A billboard’s a licence to print money. You get a billboard licence, it’s there forever.” Rami Tabello, an activist who documented illegal billboards, said the tax was imposed in part because the billboard industry ignored previous rules. The bylaw enforcement unit monitoring signs and prosecuting illegal billboards will also get funding from the new tax.

Ontario’s Assessment Review Board overturned an MPAC decision to designate Ken Filsinger’s Sign Needs plant in **Orangeville** as industrial rather than commercial. The ARB was told that Sign Needs had a commercial designation at its previous site, and all its competitors had the same designation. Filsinger said the industrial designation was “wrong from the start ... meant for large factories, not a father-son operation like this.”

City of Greater **Sudbury** officials met with Finance Minister Dwight Duncan and staff to discuss Ontario Municipal Partnership Funding (OMPF) for 2010. Greater

Sudbury Mayor John Rodriguez said that Duncan “clearly understands the challenges we face in delivering municipal services to the largest geographic city in Ontario with such a low population density.” The delegation requested that the minister continue mitigation funding for 2010 to protect the city from a \$6-million reduction under the assessment equalization. Greater Sudbury experienced the highest overall average residential property valuation increase – 55% over 2005 – among large Ontario municipalities as a result of the most recent MPAC reassessment. The delegation also requested the province develop a new formula for 2011 that better addresses the fiscal challenges of cities that must deliver municipal services at a higher-than-average per capita cost.

Prince Edward Island

The province introduced changes to the *Real Property Assessment Act* to **tie future property tax changes to the Consumer Price Index (CPI)**. Furthermore, tax increases will be capped at 5%, even if CPI increases above 5%. Provincial treasurer Wes Sheridan said the changes are being introduced to create a fair and transparent process for setting property tax rates. “Before, it was an arbitrary number that was just thrown out,” he said. “Now, we’ve made it a very clear and transparent process.” For the past three years, property taxes have been frozen, a provision that is to expire March 31, 2010. Proposed legislative changes include a section to establish the base rate for property taxes at market value instead of assessment value when a house is sold.

Factoid

Home value losses in the United States totalled \$489 billion in the first 11 months of 2009, according to an analysis by online real estate site **www.zillow.com**.

QUOTABLE QUOTE

“It takes a lot of courage to release the familiar and seemingly secure, to embrace the new. But there is no real security in what is no longer meaningful. There is more security in the adventurous and exciting, for in movement there is life, and in change there is power.”

— Alan Cohen

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