

FOCUS & MUNICIPAL ASSESSMENT TAXATION

CASES, COMMENTARY, NEWS AND BEST PRACTICES • OCTOBER 2011, VOLUME 16 • NUMBER 10

FEATURE

Greece approves controversial new property tax

Greek lawmakers approved a controversial new property tax, passing the motion 154–143 in parliament. As part of an estimated €8-billion (\$11-billion) rescue loan to avoid bankruptcy, creditors had demanded additional efforts to raise revenue. Evangelos Venizelos, deputy prime minister and finance minister, acknowledged the new tax would be harsh on some but stressed the government had no choice but to impose the tax, which will continue after 2012. “To be completely honest, we have fallen behind because we don’t have an effective state mechanism and a tax administration that can produce results,” he said.

“It’s a desperate measure so that Greece can get the funds it needs now and avoid default in the short term,” said Diego Iscaro of IHS Global Insight.

Economists said taxing private property worth an estimated €400 billion by an average €4 per square metre is expected to deepen the recession by up to half a percentage point. Rampant tax evasion persists, with repetitive tax dodgers still benefiting from immunity years after the socialists came to power.

Tax offices around Greece were closed as several hundred tax collectors and office employees, disgruntled with pay cuts, walked off the job for two days, trying to drown out Venizelos with honking horns and sirens. A nationwide walkout grounded airplanes, shut schools and closed government offices. The levy also sparked outrage in the thousands of Britons who own real estate in Greece; tax experts estimate that the extra expense will cost some €1,000 [USD\$1,350] for the average household. In recent years, as laws were relaxed and the bureaucracy simplified, the country attracted second-home owners.

The measure exposed a weakness that threatens Greece’s longer-term goal of avoiding default: Prime Minister George Papandreou and several government ministers admitted that tax offices and the public sector in general are inefficient. Another property tax announced last year and a solidarity tax on income have yet to deliver expected revenue. Greek officials still must detail how they will reform public administration and privately admit that unions spoiled by political patrons for decades are resisting change.

“The government won’t be able to defend this sudden tax decision unless it proves it can crack down on tax evasion and

drastically reduce state spending,” said the daily newspaper *Ta Nea* in its main editorial. International lenders have long urged Greece to shrink the bloated public sector and push reforms and privatizations, warning against imposing new taxes to fill budget gaps for fear of worsening the deepest recession in four decades.

“The government’s credibility has completely evaporated,” said the main opposition New Democracy party. “Its infighting, inaction and ineffectiveness resulted in new emergency tax collecting measures.”

The government’s abrupt decision to sharply increase rates – from a low of 50 cents to a high of €16 per square metre some three days after announcing the measure – incensed Greeks, with the increasingly powerful Communist Party appealing to people not to pay, and unions rallying against the measure.

“The capacity of the Greek people to pay taxes is really at the limit,” said Petros Doukas, a former Greek deputy finance minister. “People like me are paying taxes out of

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their savings and by selling off assets, not by generating new income.” Doukas said he believes that the country’s problems will be solved only by “massive privatizations,” a moratorium on new taxes and changes to labour laws.

The new tax will be charged through electricity bills to make it easier to collect, instead of being done through Greece’s unwieldy and inefficient tax system. Those who refuse to pay risk having their power cut off, although the powerful trade union that represents power company employees said that the government had no right to use the public company as a tax collector.

See the Ministry of Finance of the Hellenic Republic at www.minfin.gr/portal/en.

QUOTABLE QUOTE

“If I’ve tried to bring anything to federal politics, it’s the idea that hope and optimism should be at their heart.”

— Jack Layton

Resources: New & Noted

An Assessment of the Effectiveness and Fiscal Impacts of the Use of Development Incentives in the St. Louis Region: Final Report

Governments use public money to woo national chains, attempting to create economic growth and job creation, but it isn’t worth the cost, said Stacy Mitchell of the Institute for Local Self-Reliance. Handing out multimillion-dollar subsidies to large chains has become commonplace in much of the country, and independent retailers suffer. Deals are premised on the idea that new shopping centres and big-box stores expand employment and create economic growth, but a study indicates that subsidizing retail development produces neither job gains nor new tax revenue. Earlier this year, a consortium of local governments in the St. Louis area found that cities and counties in the region diverted more than \$5.8 billion in public tax dollars to finance private development, with more than 80% of these funds supporting the construction of new chain stores and shopping centres; the region has seen virtually no economic growth. To download the 73-page report see www.ewgateway.org/pdf/files/library/dirr/TIFFinalRpt.pdf.

In the article, “Brownfield Redevelopment: Hidden Hazards and Financial Incentives,” at *Environmental Protection*, Steve Piatkowski writes, “The new rules of engagement require even stricter due diligence and scrutiny of the property as well as greater attention to financing, regulation, risk management and viable end uses or exit strategies.” Although the article is US-based, the writer advises developers to research financial incentives for brownfield cleanup and assessment activities, “including community grants and loan guarantees. In addition, there are often a variety of tax incentives available, such as property tax abatements.” See <http://eponline.com/articles/2011/06/28/brownfield-redevelopment.aspx>.

2nd Annual Nova Scotia Municipal Performance Report

Unlike businesses, municipalities are not held to account by the profits generated; “it is only through the scrutiny of taxpayers that true accountability can be achieved,” notes the new Atlantic Institute of Market Studies (AIMS) report. “Unless we are aware of the cost and quality of services in other communities, we do not have the context to know how our local governments are serving us.” AIMS assesses performance of all 55 municipalities and provides assessment of responsibilities. The report grades and ranks the efficiency and effectiveness of seven categories, including Taxation and Governance/Finance. Results are presented for overall and individual category performance. For the 57-page report, see www.aims.ca/site/media/aims/NSMPR2fullreport.pdf.

Prospects for Land Value Capture Lincoln Institute’s 6th Annual Land Policy Conference

How can infrastructure be financed through charges such as gas taxes, an infrastructure bank or through public-private partnerships? An alternative is using value capture, a concept based on engaging the private sector to contribute to the cost of major infrastructure and related urban projects in anticipation of property values increases. Similar instruments have been used, such as Business Improvement Districts, in recognition that a clean street and well-run park have positive effects on property values. This conference explored experiences and analyses in value capture with leading scholars, practitioners and policy makers, with the keynote address, “Value Capture and Justice,” by Susan Fainstein, Harvard University. New research included the concept of “takings and givings” in property rights; realizing land value through public land

leasing; business and community improvement districts; land pooling assembly; inclusionary housing and community land trusts; airport improvement fees and other transport infrastructure financing; and charging non-profit institutions for public services. The conference volume, with papers and commentaries by more than 25 contributors, will be published May 2012. See www.lincolnst.edu/pubs/1921_Report-From-the-President. Also see the six-page article, "Recent Experience with Land Value Capture in São Paulo, Brazil," in the July 2011 issue of Land Lines at www.lincolnst.edu/pubs/download.asp?doc_id=1247&pub_id=1924.

Crony Capitalism and Social Engineering: The Case against Tax-Increment Financing

By Randal O'Toole, Cato Institute

This 16-page report states that tax increment financing (TIF) costs taxpayers \$10 billion a year and is growing by 10% a year, yet does not increase economic development. According to author Randal O'Toole, "At best, it [TIF] moves development that would have taken place somewhere else in a community to the TIF district. That means it generates no net tax revenues, so the TIF district effectively takes taxes from schools and other tax entities." Originally created to help renew blighted areas, TIF is now used primarily as an economic development tool for areas often far from blighted, generating no net tax revenues. O'Toole said TIF actually slows economic development by putting a larger burden on taxpayers and discouraging other developers from making investments unless they are also supported by TIF. While bond companies maintain a national database of TIF bond sales, there is no database of overall TIF revenues. The report used data from several US states to estimate the extent and growth nationwide. California cities currently collect an average of \$160 a year in TIF revenues from every resident, while most of the other 48 states that allow TIF collect far less. In the early 1990s, California accounted for more than 80% of TIF bonds, declining to 60% in the late 2000s.

www.cato.org/pubs/pas/PA676.pdf.

The Effect of Increasing the Number of Property Tax Payment Installments on the Rate of Property Tax Delinquency (Working Paper)

By Paul Waldhart

With property tax revenues falling, it is important to consider the impact of tax administration on reducing delinquency. This study investigates the relationship between the number of annual payment instalments and the property tax delinquency rate using multivariate regression techniques and five years of data from Wisconsin municipalities. The results indicate that increasing the number of instalment payments from two to three per year reduced the delinquency rate by nearly a 1.2 percentage point. However, allowing more than three instalments did not lead to a statistically significant reduction in the property tax delinquency rate. www.lincolnst.edu/pubs.

A Business Enterprise Value Anthology, 2nd ed.

By David C. Lennhoff (ed.)

Twenty-seven original and reprinted articles present differing points of view on business enterprise value and valuing tangible and intangible assets in special property types, such as hotels and motels, nursing facilities, convenience stores, billboards and shopping centres, concluding with a case law update summarizing recent court rulings.

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Annual Meeting, August 2011

The Appraisal Institute

- *Understanding International Valuation*

This session highlighted changes in the recently released International Valuation Standards and how they are different from Uniform Standards of Professional Appraisal Practice. Attendees also discussed trends in global valuation practices, appraisal practices in other countries and how valuation is applied internationally in financial reporting and mortgage financing.

- *Effectively Marketing Your Appraisal Business*

The message here was that it's past the time to get serious about strategic integrated branding, including company and product naming, design, websites, digital video, search engine optimization and social marketing, showing practical marketing aspects.

- *Alternative Valuation Services*

Technology is fuelling new valuation services in residential real estate. Desktop appraisals, restricted-use appraisals and AVM-assisted appraisals are moving to the forefront in applications and uses, particularly collateral monitoring, loan modification and asset management.

www.appraisalinstitute.org/vegas/Panel.aspx

In addition, more than 25 webinar recordings covering numerous topics are available for download. See www.appraisalinstitute.org/store/c-23-webinar-recordings.aspx.

China: Looking to the Future

By Michael Lomax

Particularly over the last three years, China's government officials have been learning about the best international practices in real estate assessment and property taxation. "If China opts to install an ad valorem property assessment system, the size and magnitude of the endeavour is astounding, given the size of their population, the size of the country, and the diversity of property types," writes Michael Lomax. "It is estimated that approximately 20,000 assessment staff members would be needed if commercial property is the only property type valued. More than 100,000 assessment professionals would be

needed if all property types were assessable, based on assessment systems and structures found internationally.” Among other responsibilities, Lomax is the acting regional assessor for BC Assessment’s Fraser Valley Region. For the three-page article from Fair & Equitable, IAAO’s monthly magazine, see www.iaao.org/uploads/Lomax_China.pdf.

Dense Downtowns Equal Higher Tax Yields

A study compares tax revenue from big-box sites and downtown mixed-use development. Commissioned by the Sonoran Institute, the study found that mixed-use, dense downtown development yields higher tax revenues per acre [0.4 ha] than suburban mall counterparts. Author Joe Minicozzi points out that the loss of revenue incurred with large expanses of parking lots is significant, and that revenue information comparing different types of development may be useful in making land use decisions. The study indicated that while one development brings in approximately \$141,590 per acre, downtown development brings in approximately \$264,000 per acre. Minicozzi notes that a new urbanism style, with its focus on mixing high-density residential with retail and commercial space in a pedestrian-friendly setting, also tends to yield higher property values. “Add the cost of public services to accommodate the needs of a large mall development compared to a dense downtown area, and the cost-versus-benefit numbers are even more telling,” he said.

Apple Campus 2

Apple Inc. submitted a development proposal for its new campus on a 175-acre [70-ha] site in Cupertino, California. The median household income is \$131,517 and median property tax is \$9,226. See the documents and renderings at the municipality’s website at www.cupertino.org/index.aspx?page=1107.

FEATURE

Appraisals in weather-affected areas

Marshall & Swift/Boeckh (MSB) cost information and property valuation services launched a major review of reconstruction costs in **Slave Lake**, Alberta, which suffered substantial losses in May after fire destroyed 40% of the town, destroying 433 of the town’s buildings and damaging another 96. “We are looking at insured values, anticipated reconstruction costs and the actual reconstruction costs and will consider all the factors involved to draw lessons from this experience,” said MSB Canadian building industry specialist Glen Wither.

MSB’s reconstruction cost experts are studying the variances in insured reconstruction values and actual built costs for residential and commercial properties. The main aim of the research is to help insurance companies improve underwriting

and claims processes. Norrine Brydon, MSB’s vice president of data assets, said, “Large-scale reconstruction undertakings display different cost dynamics than single losses, and all participants gain valuable insight by studying the reconstruction process.” Wither added that it’s important to understand the distinction between replacement cost new valuations and reconstruction cost valuations, assuming modern materials and current methods, designs and layouts will be used in replacements. MSB suggested to the 12 insurance companies involved that they should pool resources to remove debris because approaching it as a collective effort would have a favourable impact on the insurer. See www.msbinfo.com/Company/News. Also see the Alberta Emergency Management Agency

Quirky but true...

A former sergeant with Commissionaires Manitoba apparently used parking meters as his personal bank, stealing many thousands of dollars between January 2005 and September 2010. “This wasn’t a random theft,” said Constable Jason Michalyshen. Although the man was charged with theft over \$5,000, exactly how much money was stolen remains unclear, estimated at \$500 some weeks while another source said the take was much higher. Officials declined to answer how the thefts were discovered: “We can’t comment on security matters,” said a spokesperson, adding that new centralized paystations are impervious to theft.

Follow-up From *Focus*, May 2011, vol. 16, no. 5:

Sued over a tax dispute by the New York town where they’re located, reality television personality Paul Teutul Sr. and his Orange County Choppers recently agreed to pay all the late taxes and penalties owed. The Town of **Newburgh** had sought approximately \$18,000 of an unpaid payment in lieu of taxes on the company’s \$12.5-million headquarters and accused Teutul of a “long-standing pattern and practice of defrauding creditors.” Orange County Choppers Realty received various tax breaks on the building and was to pay an annual sum for public services, yet failed to pay the fee due by January 1, 2011.

and 2011 Alberta Disaster Recovery Programs at www.aema.alberta.ca.

In Ontario, **Goderich** will reduce property assessments for homeowners affected by an August tornado. Lori Rounds, deputy treasurer for the town, said forms are available for those whose homes were destroyed or damaged to the extent that they were uninhabitable for three months: section 357 of the Municipal Act allows the municipality to waive penalties or interest owing on property taxes retroactive to the date the tornado struck. The town then forwards forms to Municipal Property Assessment Corporation. See www.goderich.ca/en/tornadofunding.asp. Also see Ontario Disaster Relief Assistance Program Guidelines at www.mah.gov.on.ca/page1579.aspx.

The **Rural Municipality of Edward**, Manitoba blasted the Manitoba government when it tried to tap into the province's property tax flood relief program and use it to help farmers. The municipality's tax base is small, mostly farms with some oil wells and a population of 621. "We were trying to find some fairness in the program," said the RM's chief administrative officer, Audrey Bird. Under Manitoba's Provincial Property Tax Relief Program, Edward interpreted eligibility to be open to properties that couldn't be used this year because of flooding. In Edward's case, only 5% of cropland was seeded this season because fields were too wet. The RM submitted every tax roll, approximately 1,000 for consideration under the program, but was told by provincial officials that it could not submit them all. "It defies the intent and logic of the program," said Laurie Davidson, assistant deputy minister for Provincial-Municipal Support Services. Davidson said the program was not intended to be a compensation program or to provide relief where properties get assistance through another program, such as the province's Excess Moisture Assistance Program. The program is intended for those properties that experienced a permanent loss in value, not to replace lost income. See www.gov.mb.ca/ia/taxrelief.

The **City of Joplin**, Missouri had a mid-October deadline for residential property owners who still had a tornado-damaged structure or remains for removal (www.joplinmo.org/article.cfm?AID=1090). The May tornado killed 160 people and damaged or destroyed approximately 8,000 homes and businesses in the area. As of July, 9,240 residents had registered with the Federal Emergency Management Agency with assistance funding at some \$12 million, of which more than \$5.1 million was for housing. Missouri is pursuing property tax relief for companies damaged by the storm as Joplin, in Jasper County, adopted the ordinance that allows uninhabitable residences to be removed from the tax roll. State tax records show that 46 counties adopted property tax policies that allow residences to be removed when structures are destroyed. (See the City of Joplin at www.joplinmo.org.) A state Interim Committee on Disaster Recovery created to examine recent natural disasters will submit a comprehensive report to the legislature by

Apropos...

The Appraisal Institute reminded appraisers of how they should handle assignments in areas affected by recent tornado and flood activity and to refer to AI Guide Note 10. This note addresses valuation in the aftermath of a natural disaster and advises assessors to be wary of requests to provide services other than appraisal services, e.g., reporting on specific damages or general condition of a property that can put an appraiser in a risky situation. See www.appraisalinstitute.org/membership/downloads/cpe/2003_Guide_Nts.pdf.

Preparing for the Costs of Extreme Weather in Canadian Cities: Issues, Tools, Ideas

By Cayley Burgess

Extreme weather events will grow increasingly common in Canada, and the effects on municipal infrastructure and services could be costly, said Cayley Burgess, a master's degree candidate in public policy at the Munk School of Global Affairs, University of Toronto. Burgess wrote that cities can't rely on provincial disaster funding. With municipal tax powers being limited and inelastic, there are fiscal and moral-hazard challenges to consider proactively. "Numerous financial tools exist but are not always used well, current federal arrangements are inefficient and a well-designed federal infrastructure adaptation program could help assistance," she concluded. Burgess presented her work at the Graduate Seminar Series. She is the 2011 recipient of the Institute on Municipal Finance and Governance Graduate Fellowship in Municipal Finance and Governance. See www.utoronto.ca/mcis/imfg.

December 31, 2011, detailing ways the state can aid in rebuilding and also better prepare for future natural disasters.

Property owners in several communities in western Massachusetts who suffered tornado damage will have lower property tax bills for at least six months. City assessors gathered information before determining adjusted property values for one or two fiscal quarters, depending on damage. A state law allows municipalities to base fiscal 2012 property tax on values as of June 30. **West Springfield** estimated damage to private property at approximately \$9.5 million: of 181 properties damaged, 33 lost more than 50% value. This amounts to \$6.7 million in lost value towards an annual city total of approximately \$56 million. In neighbouring **Springfield**, 1,812 parcels received 25% reductions on building value, with 241 condemned properties receiving larger decreases.

FEATURE

Conflicting wind turbine studies still result in lawsuits, property reassessment requests and spending

A Southwestern Ontario family launched a \$1.5 million lawsuit accusing power company Suncor Energy of inflicting serious health issues on them by erecting a wind farm next to their home. The case is considered significant as it's the first lawsuit involving the Kent Breeze project, the subject of extensive review by Ontario's Environmental Review Tribunal.

Closing arguments were made at Ontario's Assessment Review Board (ARB) by a Wolfe Island, Ontario couple to have their property assessment lowered because of nearby wind turbines (See next *Focus*, December 2011, Vol16: 12).

Acciona Energy said its St. Lawrence Wind Farm in Cape Vincent, New York will result in some \$20 million lease payments to 50 landowners and \$20 million in PILT revenue for local jurisdictions. The developer created a report on the economic effects of wind power development and this project referring to a study by the Ernest Orlando Lawrence Berkeley National Laboratory on property values examining nearly

7,500 family home sales from 10 study areas around 24 facilities. That report found no statistically significant effect on home sales prices while the Cape Vincent Wind Economic Impact Committee report concluded values would be hurt by the project. Acciona will negotiate a PILT agreement to likely last 20 years, similar to the PILT for Galloo Island Wind Farm in which base payments will increase from \$2.1 million to \$3.4 million in year 20. As part of an agreement with the state Office of Parks, Recreation and Historic Preservation, the developer will spend \$143,100 to improve historic sites in Cape Vincent and Lyme as recognition of the change turbines will have on the landscape. Cape Vincent's website notes it is the only US town "where you can enjoy both the St. Lawrence River and Lake Ontario at the same time." For the 20-page Economic Impact Report see the tab at www.stlawrence-wind.com. For the 99-page Cape Vincent report see www.townofcapevincent.com/images/Economic_Impact_Report.pdf.

FEATURE

Tax Increment Financing accountability

A new report says the practice of tax increment financing (TIF) should be reformed. TIFs have been a widely used tool for municipalities seeking private investment, allowing cities and towns to borrow against future tax revenues to encourage development. But while TIFs can promote growth and stronger communities, they can also end up wasting taxpayer resources or channeling money to special interests notes the Public Interest Research Groups (PIRG).

Tax-increment financing can be wasted on projects that: fail to achieve public goals, enrich special interests at the public's expense and encourage "development" in areas where it's least needed. Awarding tax-increment financing often takes place without sufficient public awareness and input which enables favoritism and corruption. As well, TIFs often lack transparency and accountability and can lack public oversight and accountability. To prevent these problems,

municipalities should adopt strong rules governing the use of TIF districts and similar development subsidies. See *Tax-Increment Financing: The Need for Increased Transparency and Accountability in Local Economic Development Subsidies* at www.uspirg.org.

Transitions

In British Columbia, the Resort Municipality of Whistler hired **Mike Furey** as its new Chief Administrative Officer. The District of Clearwater announced **Leslie Groulx** as its new Chief Administrative Officer.

In Alberta, the Town of High River appointed **James Thackray** as Chief Administrative Officer. Camrose appointed **Damian Herle** as City Manager.

In Ontario, the Municipal Property Assessment Corporation announced the appointment of **Antoni Wisniowski** as President and Chief Administrative Officer, beginning January 1, 2012. The Township of Leeds and the Thousand Islands' new Chief Administrative Officer is **Rodney Burkard**. **Enid Slack** gave two presentations at the IPTI International Conference in Dublin: *Policy Issues on the Introduction of Land/Site Value Taxation* and *The Role of the Property Tax in Financing Local Government*. Both are available at the Institute on Municipal Finance and Governance website at www.utoronto.ca/mcis/imfg.

Coast to Coast to Coast to Coast

Canada

British Columbia

Because **Port Alberni** made an error in property taxes collected in 2011, taxpayers will get a small discount on their 2012 taxes. The error was discovered when a concerned taxpayer complained about an unreasonable tax increase. When staff investigated, they discovered the owner was correct and uncovered an error in the tax rates that resulted in the collection of approximately 1.3% more taxes than the city's five-year financial plan set out. The error totalled approximately \$244,000, but as the Community Charter legislation prohibits providing a refund to taxpayers, council directed the additional funds continue to be collected, with interest, with the full amount used to reduce property taxation in 2012.

Alberta

Calgary's estimated construction value of building permit applications for July 2011 was \$328 million, up 43% compared to July 2010, with residential values up 41% to \$189 million while non-residential values were up 47% to \$139 million. Building permit applications also rose 3% compared to the five-year average (July 2007–2011; \$318 million) and 15% compared to the 10-year average (July 2002 to 2011; \$284 million). Year-to-date ending July 31, 2011, total values across all categories are up 44% over the previous year to \$2.7 billion (\$1.8 billion in 2010), with residential up 8% to \$1.2 billion and non-residential up 96% to \$1.5 billion (the latter percentage due to a major airport terminal improvement project valued at \$600 million from January 2011).

The Town of **Bruderheim** saw growth through its tax deferral policy that provides a three-year municipal tax break to builders. Bruderheim Mayor Karl Hauch said the program will benefit the town residents once the tax-free period has elapsed. The town recently received a 34-lot housing plan; last year's six projects included one 68-unit condominium project that increased the town's residential base by 15%.

Airdrie's single-family property taxes are the fifth-lowest single-family property taxes in the province, a new comparison report notes. The median assessed value of a single-family Airdrie home is \$337,400, with the median property tax value \$2,095. The report also indicated that Airdrie is among the lower property taxes in a number of non-residential categories, including commercial lodging, commercial office and industrial. The report shows Airdrie is higher compared with commercial retail developments, with the median value at \$821,660 compared to the provincial median of \$465,875. Property taxes for commercial retail spaces are also significantly higher than the provincial median: the Airdrie median tax at \$8,957 compared to \$6,879 provincially.

A community revitalization levy (CRL) could raise \$1.18 billion over 20 years for the new arena and other downtown **Edmonton** projects, according to a city report. "Edmonton's downtown represents 1% of the city's land area but 10% of the property values," said Gary Klassen, the city's general manager for sustainable development. The city estimates that \$45 million of the levy could go to construction of the \$450-million arena, with another \$52 million used for arena-related costs, such as buying land and connecting the LRT, and another \$269 million for 10 other projects in the zone. The controversial CRL is based on the belief that a public project encourages new businesses around it. The resulting increase in property taxes are then funneled back into the area. Under a deal with The Katz Group, the city agreed to contribute \$125 million. Another \$125 million will come from a user-paid facility fee. The source of the outstanding \$100 million still hasn't been determined.

Saskatchewan

Provincial building permits were up by 74.6% in June 2011 over June 2010 – the biggest increase of any province. Non-residential construction was up 86.4%, while residential construction was up by 67.6% (Statistics Canada). Nationally, building permits were down 0.5% over the same period.

Regina's city council approved tax exemptions for two projects under the municipal incentive policy for the preservation of heritage property. The projects are the first under the program in approximately four years, with properties receiving a break equal to the lesser of five years' worth of property taxes, 50% of the eligible work costs or \$150,000. There are some 75 designated heritage properties in the city.

Ontario

(Note: Acronym MPAC is Municipal Property Assessment Corporation)

Kingston received positive support from over 30 municipalities across Ontario in challenging the province's "Heads and Beds" levy. Since 2007, the City of Kingston made attempts to encourage the provincial government to increase the levy that municipalities receive in lieu of property taxes for provincial colleges, universities, hospitals and provincial correctional facilities. The current amount of \$75 per head/bed has not been adjusted since 1987. "There is a shared understanding among municipalities that the current Heads and Beds rate does not reflect a fair compensation for providing the local resources necessary to support these provincial services," said Kingston Mayor Mark Gerretsen. Calculations, if indexed to inflation, show an increase to approximately \$135 per head/bed to be appropriate. "I have had many conversations with my mayoral colleagues from across the province," Gerretsen said. "Big cities and small towns alike can benefit from a

phased-in, incremental increase to the levy to reflect today's dollar. I am encouraged, not only by the support Kingston has received from my colleagues, but also the provincial leaders' willingness to listen to our collective concerns." See *Focus*, September 2011, vol. 16, no. 9.

Toronto Mayor Rob Ford briefly suggested a 35% hike in property taxes as an alternative to laying off city workers, prior to offering buyout packages to city staff.

Ottawa is attempting to give up trying to collect nearly \$620,000 in back taxes from 24 properties, most from two properties. In a report to city councillors, Deputy Treasurer Ken Hughes said money owed by bankrupt or vanished landowners is never going to appear and the city should stop throwing away money. Taxes on one site, contaminated by years of industrial waste, remained unpaid and increased; the current owners offered to pay \$50,000 of the former owner's outstanding \$383,000 bill. Another property, vacant since 2004 when a feed company went out of business, was boarded up by the city then demolished, adding costs to the tax bill now at \$316,000.

Nova Scotia

Development permits issued by the **Halifax** Regional Municipality by September 30 reached almost \$596 million, compared to \$536 million during the same period last year. At \$157 million, the total value of commercial permits was up more than 50% over last year's \$102 million. The residential sector showed a gain of more than 6%, with permits worth \$393 million compared to \$370 million last year.

WORK WORD

repetitive brain injury, n. Affliction of telephone operators, tech-support personnel, brokers with fretful investing clients and others numbed by having to answer the same inane questions over and over.

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

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