

FOCUS & MUNICIPAL ASSESSMENT TAXATION

CASES, COMMENTARY, NEWS AND BEST PRACTICES • FEBRUARY 2011, VOLUME 16 • NUMBER 2

FEATURE

YouTube: A trove of assessment and valuation videos

Need a great reason to be online at work? Surf on over to **www.youtube.com** for myriad videos and postings on property assessment and valuation, showcasing information from assessment agencies, academics, media and government – with the occasional rant in the midst. While some offerings might not seem to be of direct professional interest or representation (or have a point, such as a cow in a driveway, mystifyingly filmed by an assessor on the way to a valuation), other topics can be intriguing, such as *Scientology: June 22, 2010 (2/2) Tax Exemptions and Gold Base* at **www.youtube.com/watch?v=kGtv_tiCYkc**.

There are hundreds of videos, showing numerous views. If your practice would benefit from exposure and another vehicle for communicating to your audience, consider posting your organization's videos and advertise their availability. Some of the offerings include:

- *Property Assessment Changes*
- *Property Assessment vs. Market Value*

- *Top 7 Questions People Ask about Property Valuation*
- *Property Assessments in the Mail*
- *Property Valuation in a Volatile Market*
- *Property Assessment Appeals In Pennsylvania*
- *2010 Property Assessment Notices, City of Calgary*
- *Ken Allred Asks about Property Assessment Appeals Training*
- *Sudbury Council Gets Heated During Property Assessment Discussion*
- *Appealing Your Property Assessment*
- *Winnipeg Property Assessment Values vs. Actual*
- *How to Appeal Your Property Assessment*
- *Ann Julian: Property Assessment for Residential Sale*
- *How BC Assessment's Work Relates to Property Taxation in British Columbia, and*
- 53 results for Grant Thrall, e.g., *demonstrations 6a-d and g-h in Property Assessment Data and GIS Polygon Files, Setting Up Your Geospatial Database, GIS Software and Location Value.*

Quirky but true...

Eight hours before the state of Pennsylvania assumed control of Pittsburgh's pension fund at midnight, December 31, 2010, city council approved a plan increasing parking rates to support its ailing pension fund. Funded at 29.3% at the end of the third quarter, the fund had to reach at least 50% by midnight to avoid a takeover. Council voted to dedicate some \$735.7 million in parking tax revenue over the next 31 years and transfer \$45 million in debt service reserve money to the fund. The increase is expected to generate \$10 million the first year and be combined with the city's average annual contribution to the pension fund of \$25 million. In 2010, the city paid some \$56 million into the fund; with the diversion of parking revenue, city officials must now deal with operating budget deficits. The Public Employee Retirement Commission will review the city's figures "to give their blessing."

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Resources: New & Noted

What Role for Property Taxes in Ireland?

Economic and Social Review (Spring 2010) 41(1): 87–107
(21-page download)

&

Designing a Property Tax without Property Values: Analysis in the Case of Ireland

ESRI Working Paper 352 (76-page download)

Researchers at the Economic and Social Research Institute (ESRI) said the best way to implement property taxes in the short term would be to base them on assessed value rather than market value, which would be difficult to measure in the current market. Economist Richard Tol said the method chosen would have to be “observable and indisputable” to avoid numerous and lengthy legal battles on the amount of tax, and that based on a property tax of 0.4%, owners of a house valued at €200,000 would face an annual bill of €800. A property tax at a rate of 0.4% of the property value could raise “substantial revenue” of €1.1 billion.

ESRI’s Tim Callan said that if an income exemption limit of €12,000 were introduced, the amount collected would be approximately €973 million. “This is the kind of approach used in Northern Ireland and some other countries,” he said.

A new property tax of €100 per home is to be introduced in 2012 in the first phase of a proposed site tax expected to net €530 million over the next four years. The €100 charge will apply to 1.8 million households and zoned lands of an additional 700,000 housing sites, rising to an average of some €200 per dwelling in 2013. The tax is expected to raise €180 million in the first year, and an additional €350 million in 2013 and 2014 combined.

A second homes levy raised some €65 million in 2009 and stamp duty remains unchanged, with purchasers other than first-time buyers paying up to 9% on transactions of property worth over €125,000.

The government also announced plans to set up a property database to monitor market trends and house values with a new national property register under the Property Services Regulatory Authority.

See www.esri.ie/# and enter article titles in the search box, or go to the September 2010 newsletter for the links.

Significant Features of the Property Tax

This regularly updated online database presents data on property tax in the United States. One new feature is “Ask a Property Tax Expert,” with responses by John Bowman, professor emeritus at Virginia Commonwealth University. The site is organized into four categories:

1. *Property Tax Fundamentals*, covering real and personal properties that are taxed, basic and differential local property tax

CALL FOR REVIEWERS

Want to review a book?

Focus would like two book reviewers (or one, if you’re keen and can submit them by May 2011). Each review should run approximately 400 to 600 words and will be featured in an upcoming issue; you keep the book and have a nice clip for your résumé.

A book review tip sheet is available. If interested, please email Cynthia at cmartin@longwoods.com.

Lean for Public Sector: The Pursuit of Perfection in Government Services

By Bert Teeuwen

223 pp., \$32.95

Productivity Press

ISBN: 9781439840221

Written to address lean practices in government and the public sector, this reference covers the basic philosophy before detailing methods to improve processes. It addresses concerns unique to the public sector environment and considers the role of the citizen not only as customer, but as voter, taxpayer and community participant. The approach provides a more reality-based view of value-added services and waste, including explanations of lean principles and methods, examples and international case studies.

State and Local Fiscal Policy: Thinking Outside the Box?

By Sally Wallace & Andrew Young (eds.)

288 pp., \$130 (hardcover)

Edward Elgar Publishing

ISBN: 978184844 424 9

The last few decades have presented a new set of challenges and opportunities for public finances. The economic downturn further constrains governments’ options for dealing with national trends. Experts discuss innovations in tax in original work that analyzes whether governments have been thinking “outside the box” to deal with the strains of public finances or have merely adhered to the status quo. The editors also offer potential future policy changes.

rates, local jurisdictions' use of transfer charges when properties change hands and limits placed by states on local jurisdictions' authority to use property tax.

2. The Property Tax Base, including information on assessed values by property class, valuation standards and assessment ratios.
3. *Property Tax Relief & Incentive Programs*, offering information on state programs to encourage particular land uses or provide tax relief to selected classes of landowners. Such programs are grouped according to objectives and structure, such as programs intended to provide relief to homeowners, promote economic development and encourage preservation of farmland and open space.
4. *State Summaries*, allowing users to display all data on a given state's property tax system for a specific year.

www.lincolnst.edu/subcenters/significant-features-property-tax

Appraising Low-Income Housing Tax Credit Real Estate

By Kenneth N. Alford & David C. Wellsandt

How tax credits and government controls for low-income developments might affect market value and need to be accounted for in appraisals.

See www.thefreelibrary.com and enter the title.

Real Estate Valuation in Global Markets, 2nd ed.

By Howard C. Gelbtuch with Eunice Par (eds.)

The Appraisal Institute

Appraisal practice in 47 countries, with comprehensive information from local experts addressing how global changes can affect the appraisal business and outlining opportunities for international valuers. The authors offer background information on the geography, political structure and economy of 47 countries, including real property rights, licensing and certification of appraisers, and appraisal theory and practice. Case studies demonstrating valuation methodology are also included. \$60 members, \$75 non-members

www.appraisalinstitute.org/store or 800-504-7440

How Local Property Taxes Discourage Density

By Stephen Smith

This November 30, 2010 blog entry examines how property taxes discourage density, promote low-density development and disproportionately burden lower-value properties. The writer notes that imposing higher taxes on apartment residents than on homeowners discourages density, citing the 2006 paper in the journal *Housing Policy Debate* that found multi-family rental housing in the United States bears a tax rate of at least 18% higher than the rate on single-family owner-occupied housing.

<http://marketurbanism.com/2010/11/30/how-local-property-taxes-discourage-density>

Also see the 26-page article, "Houses, Apartments and the Incidence of Property Taxes," by Jack Goodman at www.knowledgeplex.org/programs/hpd/pdf/hpd_1701_goodman.pdf.

WORK WORD

reality check, *n.* Payment up front, by certified check.

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

Calendar

Property Assessed Clean Energy (PACE) Solutions Conference

March 3 & 4, 2011

Palm Desert, CA

PACENow is working to harmonize national legislation: sessions include the Industrial PACE Pilot based on Ohio's Special Improvement District law, with other jurisdictions and examples. How are PACE programs succeeding? Can new programs be launched? Where should the PACE community best combine forces to address legislators, financial institutions or the bond market?

Maria Jauregui at 949-450-7152

www.ecomotion.us/docs/PACEprogram.pdf

58th Annual OSUM Conference

May 4 to 6, 2011

Niagara-on-the-Lake, ON

www.osum.ca

ted.b@quadro.net

2011 LGMA Annual Conference & Annual General Meeting

May 17 to 19, 2011

Penticton, BC

www.lgma.ca

2011 Annual Conference & Municipal Expo Federation of Canadian Municipalities

June 3 to 6, 2011

Halifax, NS

www.fcm.ca

Legal Briefs

Missouri Retired Teachers Foundation v. Chris Estes, Cole County Assessor

No. WD 72129, Court of Appeals of Missouri, Western District, Division Three, October 26, 2010

This case involves a claim of exemption from the assessment of ad valorem taxes on real property owned by the Missouri Retired Teachers Foundation (“the foundation”). The Cole County Assessor (“the assessor”) appeals the trial court’s judgment finding that a parcel of real property owned by the foundation is exempt from taxation, enjoining the assessor from reporting the parcel of real property as taxable on the tax rolls. “We affirm in part, and reverse and remand in part, with instructions.”

The foundation is a not-for-profit corporation incorporated March 8, 2001, for charitable and educational purposes. Pursuant to the *Internal Revenue Code*, the foundation is exempt from federal income tax; it purchased vacant real estate (“the property”). The assessor approved the foundation’s request to declare the property exempt, notifying the foundation that he believed the exemption was in error. The assessor opined in a letter that vacant property is not being “used” and, thus, cannot be exempt. When the foundation received this notice, it was in the process of constructing an office building, which was not complete, and therefore was properly classified as vacant.

The foundation appealed to the Cole County Board of Equalization (“the board”), which issued a report in 2009 stating that the property valuation was unchanged, and reiterating the assessor’s appraised valuation of \$126,300 and the assessed value of \$40,420. The foundation appealed the decision to Cole County Circuit Court. A trial was conducted, with the primary focus of evidence presented by both parties relating to the foundation’s use of an office building as of January 1, 2009. The dispute involved whether the foundation’s lease of a significant portion of the building to the Missouri Retired Teachers Association (MRTA) destroyed the improved property’s exempt status. Trial court found the appeal was from the board’s decision and that the building was not substantially complete until October 2009, with temporary occupancy in March 2009. Court found the foundation’s use exempt and enjoined the assessor “from reporting the Property on its tax rolls.” The assessor appealed, contending that trial court erred under a test for exemption given the property’s improved state with the MRTA as a tenant. The assessor failed to assert or preserve any claim that the judgment was in error; judgment was affirmed as to the property’s exemption from taxation as of January 1, 2009.

The property’s eligibility for exemption after being improved by the office building was not an issue for determination at the time of trial. The property could not have been

assessed as improved, therefore, until January 1, 2010. The assessor’s assessment as of January 1, 2009 was limited to a determination that vacant property cannot qualify for exemption. The assessor invited the foundation to seek exemption for the tax year beginning January 1, 2010, should the property’s use change by that time owing to construction:

It was determined they could not treat the ... assessment of the property as of January 1, 2009, as anything more than a determination that the assessor believed the property was not eligible for exemption because it was vacant. As a result, they could not treat [the board’s] decision to affirm the ... assessment as of January 1, 2009 ... in any condition other than as vacant. The trial court had the power to hear the foundation’s appeal from [the board’s] decision to uphold the assessor’s January 1, 2009 assessment ... (and corresponding denial of an exemption ... as of that time). ... Every owner of real property has the right to appeal to the circuit court of the county in which the collector maintains an office, from the decision of the local board of equalization *after the final decision of the board of equalization concerning all questions and disputes involving the exclusion of exemption of such property* from assessment or from the tax rolls. [Emphasis added] ...

Court decided they were required to reverse the judgment of the trial court insofar as it determined the property’s eligibility for exemption for any tax year other than 2009 ... and insofar as it enjoined the assessor from reporting the property on the tax rolls for any tax year other than 2009. ... The judgment’s determination was that the foundation’s property is exempt ... enjoining the assessor from reporting the property on the tax rolls in 2009 was affirmed. In all other respects, the judgment was reversed, ... remanded with instructions to the trial court to enter an amended judgment

At www.leagle.com click on Search, in Docket number box enter 72129 for *Missouri v. Estes*. Or see Featured Case at www.leagle.com/xmlResult.aspx?xmlidoc=In%20MOCO%2020101026368.xml&docbase=CSLWAR3-2007-CURR.

Factoid

In British Columbia, the assessment roll reached \$969 billion in January 2010, representing a \$16-billion (1.7%) increase over 2009, when the province froze property values at either 2007 or 2008 levels.
www.bccassessment.bc.ca

PILT: Payment in Lieu of Taxes Roundup

The Township of **Esquimalt, BC** is appealing a \$100,000 shortfall expected from the federal government for CFB Esquimalt properties in British Columbia. Mayor Barb Desjardins said an appeal was necessary because the township may have to tap into reserves or contingency funds to make up the shortfall. The municipality asked the federal Dispute Advisory Panel to review the difference, as it anticipated receiving \$8.2 million for its share of a \$13-million PILT but learned in October that it would receive less. Because the military base represents approximately 40% of Esquimalt's annual tax base, the municipality was taken aback; further, it would have to return some \$51,000 in advanced funds. "Not only is it difficult because we're getting less than we budgeted for, but it's also difficult because we got notification so late," said Mary Turner, Esquimalt's deputy director of financial services. Federal property values were reviewed between July and October. "Review of the values of these properties may take more time than is available between the receipt of the payment application and the municipal tax due date," noted a Ministry of Public Works and Government Services email. The review process is expected to take place within six months to a year after a request is made, and may include a fact-finding review and hearing.

In **West Virginia**, Macy's will build a 1.3-million-square-foot [117,000 m²] distribution centre to handle its growing Web sales. The incentive package offered by state and local officials appeared to be "pretty aggressive," with the Berkeley County Commission approving a PILT agreement allowing the department store chain to avoid paying taxes until 2028 in exchange for payments of \$11.25 million. The agreement amounts to a tax break of approximately \$11 million. Berkeley County officials said the state also approved a separate \$7.3-million incentive package and that more than 150 locations vied for the centre.

The National Capital Commission (NCC) paid approximately \$24 million in PILT payments to the City of Ottawa over the past three years. The city believes it is owed more and will likely appeal to the federal Dispute Advisory Panel. The NCC owns more than 1,400 properties there, including office buildings, rental homes and land, with the value of holdings at \$522.3 million. Among the disputed properties is land that the Municipal Property Assessment Corporation (MPAC) values at \$1.4 million but which the NCC said is worth \$530,000 because of contamination; land near the Britannia Yacht Club valued by MPAC at \$2.4 million (at zero by the NCC); and land valued by MPAC at \$132,000, which the NCC says has no value because it is a bike path. On holdings it leases or rents, the NCC pays full municipal taxes and collects the money from tenants. In the past three years, the NCC paid more than \$30 million in PILTs to Ottawa and Gatineau.

Overall this year, Ottawa will collect approximately \$170 million. NCC spokesperson Jean Wolff said that differences with the city often arise because the NCC seeks "equality of treatment," but disputes can often be resolved by informal staff negotiations. Provincial institutions are expected to pay levies this year in equivalent PILTs; seven colleges and universities will pay \$5.2 million, and seven hospitals more than \$266,000.

POLICY FOCUS REPORT

Payments in Lieu of Taxes: Balancing municipal and non-profit interests

BY DAPHNE KENYON AND ADAM LANGLEY
Lincoln Institute of Land Policy

At least 117 municipalities in 18 states have PILT programs, with 82 of those in Massachusetts. Boston has one of the most revenue-productive programs in the United States; Cambridge has the oldest, dating back to the 1920s. Boston's collection of \$15.7 million in 2009 amounted to 0.66% of the total city budget that year. Boston Mayor Thomas Menino convened a task force to improve the PILT program and increase contributions more evenly across institutions, with a phased-in expansion to bring in \$40 million per year in five years. In Maryland, Baltimore recruited nonprofits to relocate as an economic development strategy, marketing the city as less expensive than Washington, DC; the strategy was so successful that Baltimore had to establish a PILT program. In New Hampshire, Peterborough challenged a tax-exempt status by proposing a PILT for MacDowell Colony, founded in 1907 to promote the arts with an artists-in-residence program. The town argued that since only one artist was from the state, the colony failed to meet a state requirement. The authors note that cities can set a target based on the cost of public services directly benefiting nonprofits and use the assessed value of tax-exempt property or square footage to calculate suggested contributions. The 52-page report is available for \$15 at www.lincolninst.edu/pubs and as a free download at www.lincolninst.edu/pubs/1853_Payments-in-Lieu-of-Taxes.

Coast to Coast to Coast to Coast

USA (NB: All figures in US\$)

Michigan

A backlog of cases from taxpayers seeking to lower property tax bills of more than \$100,000 rose from an annual average of approximately 6,000 to 14,236 in 2010. The backlog of small claims was 28,558, eight times higher than a decade ago, according to Michigan Tax Tribunal records. In the **Detroit** suburbs, which have Michigan's second-highest median income, approximately \$3.9 billion – 5% of Oakland County's tax base – is under review.

New Jersey

State legislature enacted a cap on local property taxes to prohibit taxes being raised by more than 2% in any year unless voters give special approval. The new limit, in effect January 1, 2011, lowered an existing increase from 4% to 2%. Homeowners filed 18,147 property tax appeals during the fiscal year ending June 30, almost double the 10,067 filed in fiscal 2007. In **Atlantic City**, where 11 casinos account for 74% of the tax base, the city depleted a reserve for tax appeals that in 2006 held \$26 million.

Princeton University will give **Princeton Township** a voluntary payment of \$500,000 for 2011. The university left some properties, primarily graduate student housing, on tax rolls and pays more than \$600,000 in property taxes annually for non-dormitory graduate student housing. Mayor Chad Goerner said discussions will continue “with the goal of reaching a multi-year agreement for 2012, or a one-year agreement for 2012, depending on what the outcome is of our discussions as it relates to consolidation and shared services.” The university confirmed the payment is not in lieu of taxes, and that it has a similar six-year agreement with Princeton Borough, for which the amount differs annually, totalling \$1.2 million in 2010.

Missouri

The “complicated financing” of new projects has created a flourishing industry, with \$3.5 billion in public money that cities and the state have sunk into private real estate deals. Senator Tim Green is advocating reforms to tax increment financing for bond issue fees (source: *St. Louis Today*). A commission studying the state's 61 tax credit programs is trying to reconcile fees, tax credits and budgets in a system that spent more than \$320 million on real estate subsidies in 2009. A 27-member state commission has been reviewing all 61 programs and will make recommendations. See the Missouri Tax Credit Review Commission at <http://tcrc.mo.gov>.

Wind Capital's 98 wind turbine units in **Lost Creek** could contribute to DeKalb County tax districts. County assessor Ruth Ross said her office is completing a state-required review of all county property, and the only Wind Capital property that has been taxed is miscellaneous machinery valued at some \$1,370 for a tax of \$85. “It's my understanding that the Missouri Tax Commission ruled the county agreement for a \$600,000 PILT-type fee wouldn't work,” she said. “The county assessor's office will seek to find a tax model that can be approved by the Missouri Tax Commission.” The King City R-1 School District receives some \$300,000 a year from taxes on a 27-turbine wind farm in Gentry County, but DeKalb County doesn't have any property taxes.

Idaho

A state appeals court rejected Tiger Oil Corporation's request to recover 2003 and 2004 property tax payments, upholding a Yakima County Superior Court ruling in favour of **Yakima County**. Tiger Oil bought the sites in 1987 for \$1.1 million, with the state later listing all four properties as contaminated from leaking underground gasoline storage tanks. Tiger Oil, which closed the facilities in 2001, later challenged its property tax bills, contending the stores had little or no value because of a lack of income and the cost of complying with environmental laws. Superior Court ruled in favour of the Yakima County assessor, concluding the amount of decline in value couldn't be determined because of how and when the clean-up was to be completed. Tiger Oil appealed, saying there were genuine issues of fact over how the county valued the properties, which court deemed “speculative and insufficient to support a challenge of those values.”

Canada

British Columbia

Nearly two million assessment notices – mostly for residential properties – were mailed to property owners beginning December 31, noting market value as of July 1. Market values for residential property in Richmond jumped 17.14% over the past year, the largest of any provincial municipality with a population greater than 5,000. The demand for property coincides with the opening of the Richmond–Airport–Vancouver transit line. Other residential market value increases: **Vancouver**, 12.17%; **Surrey**, 7.58%; **White Rock**, 6.02%; **Delta**, 9.22%; **Burnaby**, 12.07%; **Coquitlam**, 9.12%; **New Westminster**, 9.11%; **North Vancouver** district, 8.84%; **Langley Township**, 6.55%; and **West Vancouver**, 13.03%.

Residential values in Whistler slid an estimated 2.06%. See www.bcassessment.bc.ca.

Homeowners outside the **Lower Mainland** and **Victoria** are eligible for a new northern and rural area homeowner benefit that provides up to \$200 because of the struggling resource economy. Finance Minister Colin Hansen said, "We've kept our promise to provide a northern and rural homeowner benefit to ease the burden on rural families in the months ahead." In addition, the province raised the threshold for the full homeowner grant by 10% for the 2011 tax year; it now stands at \$1.15 million. The grant provides a maximum reduction in residential property taxes of \$570. An additional grant of \$275 – to a total of \$845 – might be available if the homeowner is 65 or older, permanently disabled or eligible to receive certain war-veteran allowances.

Farmers in the **Peace River** region are receiving support from the province with the waiving of farm income and production requirements for the 2011 property assessment. Owing to a difficult production year, the province invoked section 6.1, the regulation governing standards for classification of land as a farm, temporarily suspending the requirements for farms. Contact the Prince George regional office for BC Assessment at 1-800-757-9766 or 250-562-7215.

Alberta

Edmonton city council approved a budget with a tax hike of 3.85%. After two years of declines, the city says the average assessed value last year of single-family homes rose 9% to \$363,000, with townhouses and condos up 6%. The only decrease was in multi-family units, such as apartments and fourplexes, which showed an average decline of 2%. See www.edmonton.ca/for_residents/residential-property-taxes.aspx.

Manitoba

Creswin Properties is being reimbursed in a \$4-million payout for its now-ended role in the approved construction of a new football stadium for the Winnipeg Blue Bombers. The payment covers architectural expense, \$856,828 for legal and contract fees, \$654,000 for marketing and communications to promote the stadium plan, plan development and administrative and organizational fees (source: Province of Manitoba). "Why are we paying for anything?" asked councillor Russ Wyatt. "If you try and start a business and your business fails, can you go to the government and ask them for monies that you expended to try and get your business up and operating? There's no other business out there [that] can get money from government." Under terms of the new stadium financing deal, the province is providing the majority of construction capital in loans to be repaid over 44 years. Mayor Sam Katz said the guaranteed maximum cost for the stadium is \$190 million, up from the \$160 million initially estimated.

Ontario

(Note: Acronym MPAC is Municipal Property Assessment Corporation)

MPAC determined that the Holiday Cove Marina in Seguin Township, purchased by the Township of the Archipelago, is exempt from paying approximately \$5,000 in annual taxes. Neighbouring marinas expressed opposition to the exemption. "It's an unfair competitive edge," said Guy Wakeford of Rose Point Marina, adding that a few clients have already moved to Holiday Cove. "We have a situation here where the taxpayers of one municipality are being required to subsidize the operations of another one," said councillor Bruce Gibbon. A controversial waste transfer issue started when the Archipelago announced plans to begin transferring garbage from barge to land at the marina. As a result of public pressure, Seguin council passed a resolution to prohibit all marinas within the township from handling municipal, provincial or federal waste. Almost immediately, the Archipelago appealed the resolution and filed a request for tax exemption with MPAC. "The information provided to us was that the waste transfer is an incidental use of the property, and therefore, the property is not a site for waste transfer," wrote Carl Isenberg, president and chief administrative officer of MPAC. "The property is eligible for exemption under section 3(1)9 of the *Assessment Act* and is not subject to payment in lieu of taxes."

Quebec

The City of **Montreal's** \$4.5-billion 2011 budget requires a 6% increase from island municipalities towards the agglomeration, with some mayors saying salaries and pensions should be cut instead. The average employee salary is more than \$100,000 per year, including benefits; the former police chief retired at 47 years of age, receiving a pension of \$135,000 a year for the rest of his life, which is "not acceptable" to Westmount Mayor Peter Trent. Dollard Mayor Ed Janiszewski said the system forces de-merged cities and towns to pay for services they don't receive: "The dollars aren't that high, but the principle is very important to us." He added that some municipalities have to help pay for water treatment for the city of Montreal even though they treat their own water. Montreal Mayor Gérald Tremblay said administrators will cut expenditures by \$250 million over two years. The budget includes tax increases and shows a 5% spending increase from 2010. Tremblay added that almost half the increase is due to the city's need to put \$135 million into the municipal employee pension fund.

New Brunswick

Fredericton council voted to reduce the city's tax rate by 0.5 cents for 2011, the first decrease in more than two decades. The new rate is \$1.4211, with an outside tax rate of \$1.0658.

Nova Scotia

The cap that **limits increases in property taxes** to the consumer price index is under review. Municipalities say it was set up to help the less well off, some 15% of homeowners, but now covers some 75% of homes. The cap is lifted when a home is sold and does not apply to new construction. The province will meet with municipalities after it reviews public comments.

Homeowners in the **Halifax** Regional Municipality will be able to finance solar hot-water heating systems through their tax bills. The \$5-million pilot project will see the installation of solar panels for heating domestic hot water for some 500 to 700 homes in the fall of 2011. Taxpayer payback is estimated at \$400 per year for five to 10 years, depending upon available rebates and interest rates. See www.halifax.ca/solarcity.

Factoid

In 2003, the City of Chicago invested \$28 million in Tax Increment Financing (TIF) funding to help redevelop **Groupon.com** refurbish the Montgomery Ward catalogue warehouse for their headquarters. Groupon is the successful group buying website started in November 2008 that *Forbes Magazine* named the "fastest growing company ever." See comprehensive TIF information other "success stories" at www.cityofchicago.org/city/en/depts/dcd/provdrs/tif.html.

QUOTABLE QUOTE

“Honest to God, you could take any three letters of the alphabet, put them in any order that you want to, and you’ll get some Ontario government agency, board or commission that you’ve never heard of but you’re paying tens of millions of dollars a year to sustain.”

— *Progressive Conservative leader Tim Hudak, regarding the province’s plans to combine or reduce its 259 agencies by 12 and reduce public servants’ perks, such as golf club memberships.*

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