IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – November 2022

CONTENTS

ALBERTA

The City of Calgary earns the prestigious Certificate of Excellence in Assessment Administration awarded by the International Association of Assessing Officers

The City of Calgary has always been committed to integrity and fairness in property assessment and tax transparency. This commitment has often received praise but being the first major city in Canada to be awarded the prestigious Certificate of Excellence in Assessment Administration acknowledges our work on an international level. This means that Calgarians can rest comfortably knowing that when their property assessment notices are received each January that the level of care and consideration made in determining and presenting property assessments at the highest international standards and best practices.

This Certificate of Excellence is acknowledgment by the International Association of Assessing Officers (IAAO) that Assessment & Tax delivers the exemplary service that Calgarians expect and deserve from The City. The IAAO is a nonprofit, educational and research association, known as a leading source of standards, professional development in mass appraisal, assessment administration, and property tax policy. In receiving this award, The City is recognized as a jurisdiction that utilizes some of the best appraisal and assessment practices in the world.

"This certification independently recognizes our jurisdiction as being one of the leaders in the industry," says Eddie Lee, Director of Assessment & Tax. "We are delighted to receive the IAAO's Certificate of Excellence, the highest professional honour an assessment jurisdiction can obtain. It is of great satisfaction to know that Calgary is meeting its strategic goals and Assessment & Tax is doing the job we are assigned to do and that we are leaders in our industry."

Calgary is the first jurisdiction in Canada with a population of over half a million residents to have attained the Certificate of Excellence in Assessment Administration, and only the third jurisdiction in the Canada to have been certified. The other jurisdictions are the City of Regina (in 2013) and Sturgeon County (in 2017) in Alberta. With two of the three Canadian CEAA jurisdictions located in our province, Calgary taxpayers can feel confident that the legislative framework in Alberta supports best practices in market value assessment.

"We take pride in offering property owners excellence in assessment administration and being recognized in this way by the IAAO is an honour for The City," says Carla Male, Chief Financial Officer. "Calgary utilizes the best appraisal and assessment practices in the industry. We are hopeful this certificate will give confidence to Calgarians and property owners that the municipal tax system in Alberta is efficient and more importantly, equitable."

Assessment & Tax's day-to-day work in preparing, collaborating on, and explaining fair and equitable market value assessments was documented in a comprehensive submission which received a remarkable score of 98 per cent. In the words of the grading delegate from the Certificate of Excellence committee, “The City of Calgary’s report was very well written. The amount of information included in the report and the thoroughness of the responses to each of the questions was very impressive. Exhibits supported the answers and increased understanding of processes. Overall, a well-executed report.”

The City of Calgary is pleased to congratulate the Assessment & Tax project team and content contributors for their unprecedented accomplishment and their commitment to improving assessment and taxation practices and services.

Calgary budget: 5.2% proposed property tax increase for city homeowners

Calgary administration is pegging a total 5.2 per cent 2023 residential property tax increase for the typical single family residential property owner.

The City of Calgary unveiled their 2023-2026 service plans and budget on Tuesday, expecting a growth in overall budget of roughly $300 million by 2026. ($4.6 billion to $4.9 billion)

The average annual increase in tax collection over the four years is 3.7 per cent for all properties, the city said. Because of the difference in property assessment between certain property classes, single family homeowners will bear an additional 1.5 (total 5.2) per cent increase in 2023.

For a typical $555,000 single residential home, it means an increase of $118 for the year, or $10 per month. A typical condo, valued at $253,000 would see a decrease of $1 per month.

2022 through 2026 Revenue and Expenses for the City of Calgary

The City of Calgary is projecting the operating budget to grow to $4.9 billion by 2026.

Revenue and Expenses	2022 Current	2023 Estimate	2022 to 2026	2023 Change	22-23 % Change	2026 Change	22-26 % Change
Total Revenue	4,577	4,684	4.6K 4.9K	107	2.3%	324	7.1%
Property Tax Revenues	2,005	2,124	2K 2.4K	119	5.9%	441	22%
Non-tax Revenues	2,572	2,560	2.6K 2.5K	-12	-0.5%	-117	-4.5%
Contributions from Reserves	298	346	298 163	48	16.1%	-135	-45.3%
Total Expenses	4,577	4,684	4.6K 4.9K	107	2.3%	324	7.1%
Ongoing Expenses	3,573	3,743	3.6K 4.1K	170	4.8%	544	15.2%
One-time Expenses	157	169	157 28	12	7.6%	-129	-82.2%
Contributions to Reserves	847	772	847 756	-75	-8.9%	-91	-10.7%

Table: ARYN TOOMBS / FOR LIVEWIRE CALGARY • Source: City of Calgary • Get the data • Created with Datawrapper

Calgary city council gave city administration a mandate to come in with an annual increase of 3.65 per cent in revenue required from property tax. That was to cover the cost of population growth and inflation.

Ward 1 Coun. Sonya Sharp said she was pleasantly surprised to see the investment priorities reflected in the budget number.

"I'm actually very surprised that they were able to follow the direction and stay within the population growth percentage. We know we told them to be innovative and they were," Sharp said.

"Saying that, we've got to keep that number where it is or a little bit lower if we can. That's the work that some of us are already talking about behind the scenes and what can we do."

Ward 8 Coun. Courtney Walcott called it a status quo budget.
"I don't love that. I don't love that purely because of the reality that Calgarians are looking for services," he said.

"Calgarians are looking for the city to provide safety, the city to address crime, the city to address transit, and the city to grow."

He believes discussions over the next couple of weeks will focus on the key priority areas of investment that will go above population and inflation growth.

Keeping expenditures low: City manager

The City has said that the average Calgarians' household expenses are going up roughly 7.2 per cent this year. They said they aren't immune to those same cost increases.

They said they've tried to maintain affordability by keeping expenses low.

“The investments we’re proposing will continue our progress to make Calgary a great place to make a living and a great place to make a life for all Calgarians,” said City Manager David Duckworth.

“We will continue to deliver the services Calgarians rely on over the next four years, while investing in Calgary to make it an even better destination and great place to live, work, grow and raise a family.”

Mayor Jyoti Gondek said this budget respects the will of council, and that Calgarians have just exited a pandemic and a recession.

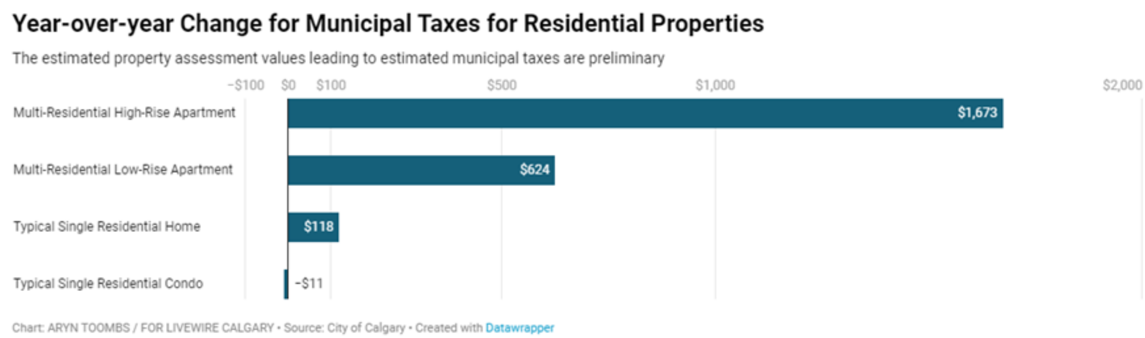
"I think the big news today is that the direction that was given to administration back in the spring, reinforced in summer and then restated again September was make sure you come back with a budget that respects the fact that Calgarians are in a time of trouble right now," she said.

"So please adjust the budget so that it incorporates inflation and population growth but doesn't go beyond that. And I'm incredibly impressed that the team was able to come back within that budget envelope, if you want to call it that, without impacting service delivery."

The City has also planned a total of $10.2 billion in capital projects over the four years.

The overall increase in residential property assessment value is 13 per cent, taking into account single detached, condominiums and townhouses. Property values increasing more than the city average for their property class could see an increase higher than 5.2 per cent. If the assessed value is lower than average, that homeowner may see lower increase than 5.2 per cent.
All of these numbers are subject to an ongoing debate in council that will begin Nov. 21. City council has a variety of levers to pull, including changing the distributions, reducing some of the service lines, or adding to some of the service lines.

This budget does include a reduction in the city's mill rate. While property values are higher, they are reducing the amount of that increase, so they don't over collect, they said. While the mill rate is lower, the city is taking in more money overall because of the growth in the city's assessed value.



Budget areas seeing operating cash

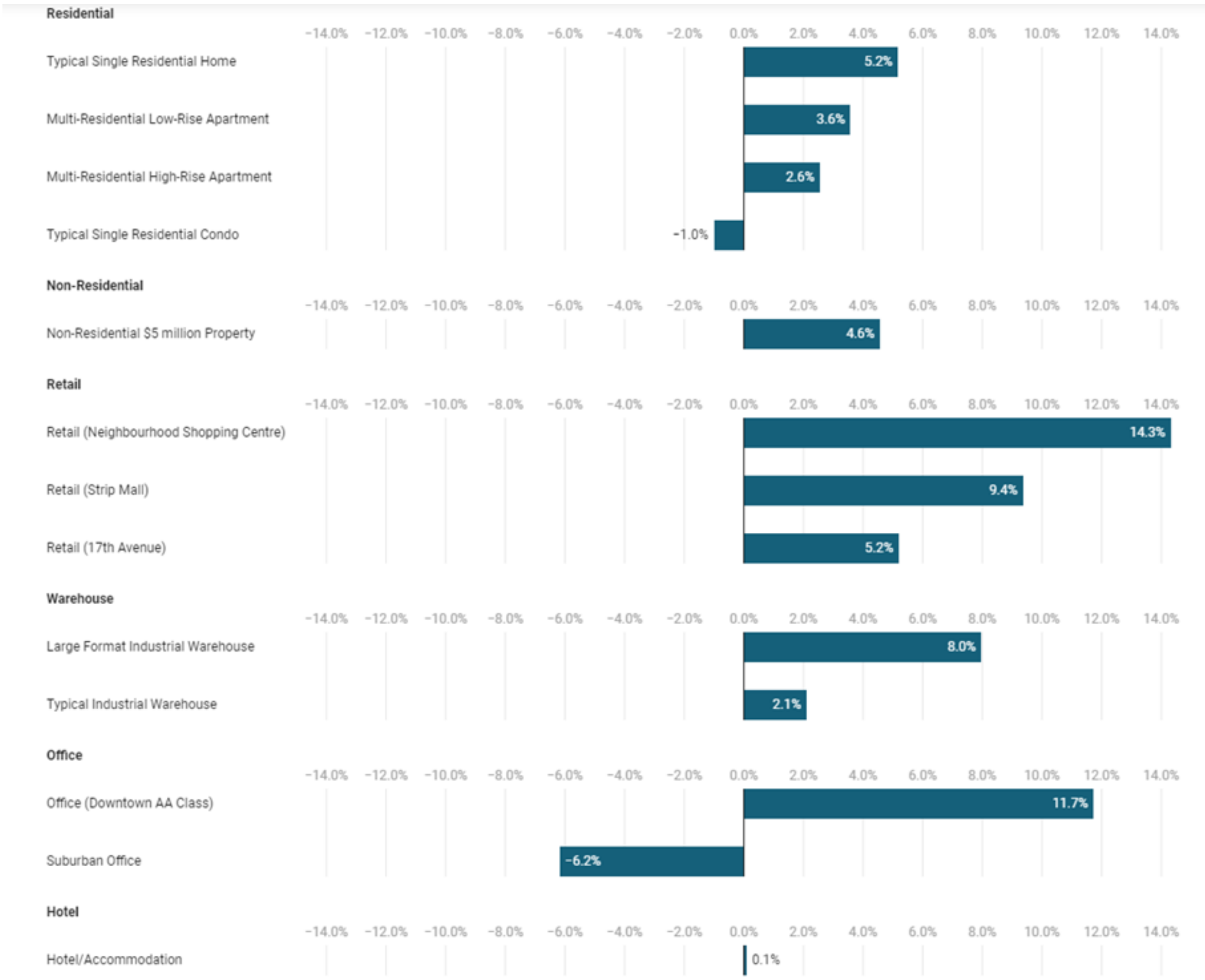
The City is expecting roughly 88,000 new Calgarians between 2022 and 2026. While the city said it adds to the economy and vibrancy of the city, it also drives increased municipal costs.

The federal government recently announced new immigration measures, opening the door to even more people coming to Canada.

In the most recent Citizen Satisfaction Survey (Fall 2022), a slim majority (54 per cent) of Calgarians were willing to accept property tax increases at least in line with inflation to maintain services. A smaller portion was OK with a tax increase beyond inflation to improve services.

Year-over-year Change for Municipal Taxes

The estimated property assessment values leading to estimated municipal taxes are preliminary



City administration has outlined six areas that will see additional investments:

- $41 million (ongoing) to improve mobility through improved transit service levels, expanded initiatives like On Demand and eScooters, and improved traffic safety.
- $69 million (ongoing) to improve public safetyby supporting community service provider partnerships, increasing staffing and technology and reinstating a medical response unit.
- $11 million (ongoing) to service the expanding system of parks and open spaces system.
- $9 million (ongoing) to support economic development and tourism by delivering convention centre services, producing cultural attractions and providing services for entrepreneurs and innovators.
- $19 million (ongoing) and $159 million (one-time) to preserve heritage assets, provide user- and business-friendly planning policies and deliver programs to revitalize downtown.

- $3.8 million (ongoing) and $44 million (one-time) to set the foundation for work required to achieve 2050 climate targets.

Capital expenditures over four years

Along with the operating increase for certain departments, the city also highlights capital expenditures over four years:

- $559 million for public transit to improve comfort and reliability, reducing maintenance and fuel costs.
- $76 million in public safety, providing effective and reliable emergency response, plus critical infrastructure upgrades in 9-1-1.
- $47 million in recreation, supporting active living, and improving accessibility and inclusivity.
- $153 million in affordable housing to keep families and individuals housed, fostering safe, accessible and inclusive housing.
- $170 million for downtown and main streets, improving the public realm, attracting investment and improving quality of life.
- $42 million in reducing greenhouse gas emissions, mitigating climate risks, and preparing for the low carbon energy transition.

We will continue to make progress on city-defining infrastructure investments including the Green Line, the BMO Centre expansion and the Arts Commons transformation. We also continue to work towards an Event Centre and Field House.

"Calgary, just like the rest of the world, has experienced a lot of change in recent years, and we are still experiencing lingering impacts on our services and affordability," said Chief Financial Officer Carla Male.

"Calgary is not immune to global challenges like inflation, the COVID-19 pandemic, economic downturns, and climate change. That's why striking a balance between services and costs has been particularly important when developing the 2023-2026 Service Plans and Budgets. We have been closely monitoring our finances, maintaining a focus on streamlining the cost of government, and implementing innovative and customer-focused improvements."

Yedlin: The right balance of property taxation is critical to Calgary's competitive advantage

Calgary city council must fairly rebalance the property burden on business property taxpayers, writes Deborah Yedlin, president and CEO of Calgary Chamber of Commerce.

Calgary has come a long way in the last 12 months. We have seen unemployment drop to 2015 levels, our economy is increasingly diversified and we are ranked as the third most livable city on the planet. We now boast of technology unicorns — and are seen as a city that isn’t afraid to risk capital and start a business. In fact, we have the second-highest number of small and medium-sized businesses on a per capita basis in the country.

But we still face some challenges, notably the high downtown vacancy rates, which set in following the oil price crash in late 2014. The exodus from the office towers forced a disproportionate rebalancing of the property tax burden onto the small and medium-sized businesses located outside the downtown core, and residential property owners.

Our analysis shows that in 2022, Calgary businesses paid $3.81 in property taxes for every dollar paid by residents. Looked at another way, for every $1,000 of assessed value, businesses are on the hook for $17.88 relative to the $4.70 levied on residents. Business owners make up just 2.7 per cent of taxpayers but account for 48 per cent of the taxes collected.

This needs to change.

While we acknowledge and applaud the efforts aimed at revitalizing downtown in order to bring people and businesses into the core and increase tax revenues, it’s still going to take time.

And that means we need to think hard about how to rebalance the tax burden so that our small and medium-sized businesses are no longer paying a disproportionate share relative to the residential assessments.

Rising costs are the primary concern for all businesses today, large and small. The higher prices for electricity, gasoline and diesel, in addition to higher interest rates, wage pressures and the ongoing supply chain challenges, mean businesses have two options: either to pass on the cost to the consumer or continue to see their margins and profitability erode. Not every business can ask the consumer to pay the higher price.

Calgary is a “startup” economy. In fact, the University of Calgary generates more startups than any other of Canada’s 15 largest universities. This means we need to stay competitive to ensure these new companies have the ability to grow and scale in Calgary. An important variable in this equation is rebalancing the tax base.

The last thing Calgary needs, as the economic diversification continues, is to be seen as uncompetitive from a non-residential property tax perspective and not support the growing startup community.

What should we do?

If the City of Calgary follows through with the proposed 4.4 per cent tax increase, the ratio between non-residential and residential will rise to 4:1, which has been the case since 2014 — other than a dip during the pandemic.

The Calgary Chamber continues to advocate for a return to a ratio of 2.8:1, which is roughly what it was in 2014 or shifting the current revenue share from 52/48 to 60/40 by 2026 in annual two percentage point increments. Not only would this support Calgary's small and medium-sized business community, it would provide more certainty for companies from a planning perspective as they would be better able to forecast their annual tax burden.

While not everyone likes the ratio metric, we see it as a way to depoliticize the process because it's tied to the actual value of the properties in question, based on whether the underlying value has increased or decreased.

In the world of aviation, the velocity at which pilots will climb, after takeoff, is known as V2. Calgary is at V2. The pilots are city council. We need to get the property tax formula right — so that we can continue to climb upwards and reach the heights that are possible for Calgary — creating opportunities, attracting businesses and talent and ensuring a strong and sustainable economic future.

Deborah Yedlin is president and CEO of the Calgary Chamber of Commerce.

BRITISH COLUMBIA

Ultra-luxurious home owners in Vancouver pay peanuts in income tax: UBC study

The owners of the top 5% of Greater Vancouver's most expensive and luxurious homes pay relatively little in income tax, according to a recent study.

In a study called "The Prevalence of Low-Income Tax Payments Among Owners of Expensive Homes in Vancouver and Toronto," authors Thomas Davidoff, Paul Boniface Akaabre, and Craig Jones report that "most luxury homes in Greater Vancouver appear to be purchased with wealth derived from sources other than earnings taxed in Canada."

As of 2018, those homes in the top 5% of value had a median value of $3.7 million. The median owner of those homes paid $15,800 in income taxes.

According to Intuit Turbotax calculator, someone earning $100,000 a year would pay an estimated $21,305 in federal income tax.

The study suggests that establishing minimum income taxes as a function of property value could yield big increases in government revenue while improving overall tax progressivity in Canada.

The authors suggest that revenue raised from a minimum income tax of 1% of property value for non-corporate owners could exceed $3 billion in total for Greater Vancouver.

“It will be useful to observe 2021 census microdata to determine if foreign buyer and empty homes taxes served to strengthen the relationship between income and property value, or if further measures are required to do so,” reads the study.

NEW BRUNSWICK

New Brunswick to cut income and property taxes

New Brunswick announced a suite of new tax cuts Tuesday intended to attract people from other jurisdictions and spur housing construction.

A series of new bills would see the income tax rate cut for most brackets, provincial property tax for non-owner-occupied housing reduced and property tax bills for newly-constructed apartments phased in.

Premier Blaine Higgs says the changes are intended to attract people to the province and continue the record-breaking population boom of the last two years, by making the tax rates for earners on the higher end more competitive.

“Our goal is to be a desired location on tax structures, on cost structures,” he said.

“People are looking at our province so we are continually looking for ways to make it more attractive.”

All tax brackets above the second will see a reduction, with the second-highest bracket being eliminated entirely.
The rate reductions are as follows:

- Income between $44,887 and $89,775 will go from 14.82 per cent to 14 per cent
- Income between $89,775 and $145,955 will go from 16.52 per cent to 16 per cent
- The fourth bracket will be eliminated and taxed at the level of the third bracket, meaning income between $145,955 and $166,280 will go from 17.84 per cent to 16 per cent
- Any income over $166,280 will now be taxed at 19.5 per cent instead of 20.3 per cent

The cuts will provide the greatest relief to those making over $145,955 a year, something Green Party finance critic Kevin Arseneau says is demonstrative of who the government is focused on helping.

"Once again this government has helped people that have problems making their latest payment on their Porsche and not people that have trouble eating, paying for their housing, paying for their basic needs, paying for gas to go to work," he said.

The other changes announced Tuesday are intended to spur housing construction.

One would see the 50-per cent reduction in provincial property tax paid on non-owner-occupied housing moved up from 2024 to next year. The other would phase in property tax payments for those building multi-unit housing over three years.

The latter measure is intended to ensure more housing is built according to Jill Green, the minister of Service New Brunswick and minister responsible for housing.

"It's acknowledging that they do not have the revenues while building the building so we are working with them to increase the supply. It's acknowledging that it takes time to get the units in place and get them occupied," Green said.

But despite the tax relief for landlords and developers next year, Green said a decision on if the province's temporary cap on rental increases will be extended into next year as well. When the cap was introduced in March's budget, finance minister Ernie Steeves admitted that the market hadn't responded to crushingly low vacancy rates as quickly as the province had hoped.

Green wouldn't say if the situation in the province had changed since March.

"We know there is a supply issue, there absolutely is here in New Brunswick and that's contributing to this crisis and we're analyzing all pieces associated with this and making a strategic decision," she said.

Liberal finance critic Rene Legacy said it's hard to argue against tax cuts, and is particularly interested in seeing details on the building incentive program, but worries that the cuts aren't being balanced with protections for those who are vulnerable.

"It can't be the excuse for solving everything — 'We cut taxes so everything is good now' — there is still a big need of relief in the province and I didn't hear anything in the throne speech other than we're cutting taxes," he said.

The new cuts were teased in last week's throne speech and last month when Steeves announced the province was now projecting a $135 million surplus for this year, $100 million more than expected.

The government has been under pressure to expand spending after posting a $777-million surplus last year and a surplus over $400 million the year prior.

Higgs said the new tax cuts are the government's way of responding to higher-than-expected revenues through the first several months of this fiscal year.

Fredericton councillors consider 5-cent property tax increase for households joining city

City to gain about 1,500 households as of Jan. 1, 2023 thanks to local government reform

Property taxes could be going up for about 1,500 households that will fall under the jurisdiction of Fredericton as of Jan. 1, 2023.

But even with a proposed five-cent increase in the property tax rate for households set to join Fredericton as part of local government reform, they would still pay lower rates than their neighbours who were already part of the city.

Fredericton councillors agreed to the tax rate increase in principle during a council-in-committee open budget meeting at city hall on Monday afternoon. A final decision on raising the the tax rate for those residents will be made at a later budget meeting in November.

The inclusion of about 4,500 new residents into the city of Fredericton comes as part of local government reforms, which sees several communities merged or absorbed into other larger municipalities.

Alicia Keating, the city's treasurer, said residents in areas set to be absorbed into Fredericton currently pay a property tax rate and then a standard road tax of 41 cents to the provincial government.

Keating said those residents pay four different property tax rates, with some paying 45.42 cents, some paying 46.59 cents, some paying 53.62 cents and some paying 57.86 cents.

"So depending on where you are in those annexed areas, you would pay a different rate," Keating said. "So for example, if you're in Pepper Creek on one side of the line in Pepper Creek, you're paying one rate. If you go down the street to another area, you're paying a different rate."

Therefore, the highest tax rate after the proposed increase would be $1.0386, below the $1.0565 "outside" rate charged to Fredericton households who receive fewer municipal services. Fredericton's "inside" rate for residents who have full access to services, such as water and sewer, pay $1.4086.

"So on a go-forward basis, the City of Fredericton will receive the property tax portion, and the provincial government will keep that road tax portion and will continue to provide all services to the roads."

'All about fairness'

Speaking to reporters after the meeting, Coun. Henri Mallet, the city's budget chair, said increasing the tax rate for those residents makes sense as they'll be enjoying improved services.

"It's all about fairness, right? It's paying their fair share, right?" Mallet said, adding that they'll benefit from the expertise of city hall, representation by council and access to recreation facilities.

"If you look at the service that they get and the rate that they pay, it's still lower than our outside rate, much lower than our inside rate. So I think it's just to make it fair for everyone to pay their share."

What is a $250,000 home in N.B. worth? It depends where you live

Houses selling for identical prices in Saint John and Moncton viewed differently by Service NB

Records show 29 homes that sold in Saint John over the last two years for $250,000 are being assessed for taxes for 2023 by Service New Brunswick to be worth an average of just $211,200.

The amount is about $29,000 less than the average assessment on homes in Moncton that also sold for $250,000 during the same period and that does not sit well with Saint John Mayor Donna Reardon.
"I feel like it's Groundhog Day for me, or like I'm a hamster on a wheel," said Reardon in an interview last week.

"This problem just keeps resurfacing and I feel like I can't fix it or can't find out why."

Reardon, who has already expressed frustration with Service New Brunswick's commercial and industrial assessments in her city in the wake of below average growth numbers in its tax base, is not happy to hear of potential issues with residential assessments as well.

According to information released by the province in September, Saint John's tax base will grow by 8.76 per cent for 2023, ranking it 39th among New Brunswick municipalities. It's below the provincial average of 10.73 per cent and well behind growth in Moncton of 14.78 per cent.

Municipal tax bases in New Brunswick are calculated entirely from property assessments done by Service New Brunswick.

Growth in Saint John has been slowed partly by the agency issuing assessment increases of three per cent and less on $1.15 billion worth of property in the city for 2023, including on a significant amount of its most important commercial and industrial properties.

But, in addition, there are signs the agency has been assessing residential properties in Saint John more cheaply than it does in Moncton, including properties in the two cities that sell for identical amounts.

In one instance, assessment notices sent out by the province in late September show at least 92 houses, townhouses, condominiums, duplexes, garden homes and triplexes were purchased in the two cities in 2021 and 2022 for exactly $250,000. That includes 41 purchased in Saint John and 51 in Moncton.

Twenty-five of the properties are still waiting for a 2023 valuation, but among the 67 issued notices by Service New Brunswick so far, including 29 in Saint John and 38 in Moncton, the average assessment issued on homes purchased for $250,000 in Moncton is running just below $240,000.

That's about $29,000 higher than average Saint John assessments of $211,200.

But it's not just an issue with homes at that specific price.

Lower average 2023 assessments in Saint John than Moncton also show up in homes bought in both cities for $150,000, $200,000 and $300,000, according to publicly accessible Service New Brunswick data.

In total there are just over 2,500 homes sold in Saint John and Moncton over the last two years for between $150,000 and $300,000 and which have had an assessment issued for 2023.

On average, records show the assessments on the Saint John properties to be running about $11,600 below their selling price and in Moncton about $4,500 above.

In that Moncton group is Rob Caverly.

He paid $235,000 for his house on Fifth Street last November in a bidding war with other buyers, even though the house was assessed by Service New Brunswick at the time to be worth $123,400.

Nevertheless, he has received a 2023 assessment notice for $245,500, $10,500 more than he paid and nearly double the property's 2021 valuation.

"I'm not a happy camper as far as the taxes go here," said Caverly.

"It's absurd the amount of taxes we're paying for this place now."

That feeling is not uncommon in Moncton, but according to Service New Brunswick, actual sales prices, like Caverly paid, are the proper foundation upon which residential valuations in a "market-based" assessment system are based.

"Your property's real property assessment value reflects its market value," the agency explains on its website.

"Assessments are based on market value because market value is transparent. Real estate prices are published in the newspaper every day and sale prices are now public knowledge, easy to understand and a fair and realistic measure of a property's value."

That makes it difficult to understand why that connection between sales prices and assessments is not more apparent in Saint John.

On Summer Street on the city's west side, six houses have sold in the last two years for an average price of $202,000 each. However, according to their 2023 valuation notices, assessments on the six will average $51,000 below their sale prices next year at $150,467.

One of the houses on Summer Street sold last year for $230,000, within $5,000 of what Caverly paid in Moncton. But next year its assessment will be $149,600, almost $96,000 below Caverly's.

Service New Brunswick did not provide anyone for an interview to explain differences like that in residential assessments between the two cities.

In an email, Service New Brunswick's director of communications Jennifer Vienneau noted population growth has been stronger in the Moncton area but didn't directly address why homes that sell for identical prices in the two communities would be valued for less on average in Saint John.

"One of the major factors in determining the Real and True Market Value of a property is location and can vary from community to community and neighbourhood to neighbourhood," wrote Vienneau.

"The Beausejour area, including Moncton/Dieppe, has surpassed all other regions in New Brunswick for increases in the assessment values. This is due to population migration to this area resulting in economic growth. The situation in Saint John is different than the Moncton area."

Reardon said she does not understand why residential assessment values in Saint John do not mirror residential sale prices as closely as they do in Moncton but she fears undervaluing property in Saint John is a problem that runs right through Service New Brunswick's work in the city.

"Absolutely," said Reardon. "That reflects all the way down from residential through commercial through business through industry, through heavy industry. Everything looks repressed in its value when you look at everything across the board."

Most Fredericton residential property owners will see drop in property tax rate in 2023

7-cent decrease applies to households that have full access to services, known as the 'inside' rate

Fredericton city councillors have approved an operating budget for 2023 of nearly $153 million, which includes a seven-cent decrease in the property tax rate for most residential property owners.

A motion at Monday's budget meeting was approved in principle, meaning it was agreed upon, and the budget must be officially voted on at next week's council meeting.

The seven-cent decrease in the property tax rate would apply to the "inside" rate charged to Fredericton households that have full access to services, such as water and sewer. It would lower the amount they pay per $100 of assessed property value to around $1.34.

The cost of sidewalk patio permits and parking would also go up.

The "outside" rate, which is charged to residents who receive fewer municipal services, would remain the same, roughly $1.06 per $100 of assessed property value.

Residents in areas to be annexed by Fredericton on Jan. 1 will see a five-cent increase in the tax rate, which was already approved in principle at an earlier budget meeting, because of the increase in municipal services. These areas include St. Mary's, Douglas, Pepper Creek, Estey's Bridge, Lakeside Estates and Lincoln. These areas will also pay a road tax, which is retained by the province for services provided.

In an email on Tuesday, Alicia Keating, city treasurer, provided some information on what property taxes may look like for homeowners with these changes. She said the information provided uses the average home value of $292,502, which she said comes from Service New Brunswick.

According to Keating, residents under the inside rate would pay an average municipal property tax amount for 2023 of $3,915. For those under the outside rate, the average property tax amount is $3,090.

Here are annexed areas with average rate assessments for each location along with $1,204 in provincial road taxes:

- St. Mary's is $1,509, plus the road tax, totalling $2,713.
- Douglas is $1,839, plus the road tax, totalling $3,042.
- Pepper Creek is $1,839, plus the road tax, totalling $3,042.
- Estey's Bridge is $1,839, plus the road tax, totalling $3,042.
- Lakeside Estates is $1,715, plus the road tax, totalling $2,918.
- Lincoln is $1,475, plus the road tax, totalling $2,678.

Council also agreed in principle that nearly $26.9 million be earmarked for capital projects in 2023, and $643,000 for strategic partner and community grants.

The budget comes back to council for formal approval on Nov. 28.

NORTHWEST TERRITORIES

'A very foolish move': Yellowknife residents blast city's proposed property tax hike

'People that have lived here a long time are starting to get fed up with this,' says B&B owner

With prices rising on everything from food to fuel, some Yellowknife residents and business owners are questioning the city's proposal to jack up property taxes too.

"It would be a very foolish move on the part of the city to do that," said Faith Embleton of Embleton House Bed and Breakfast, in response to the city's proposed 7.47 per cent property tax increase.

"I think that we're already overtaxed."

The city recommended the tax increase, which would apply to residential and commercial properties, in its 2023 draft budget. It follows a nine per cent residential property tax increase, and 2.25 per cent commercial property tax increase, approved by the previous city council this past spring.

The suggested increase is a starting point for budget discussions at the council table in the coming weeks.

But given the already high cost of living in Yellowknife, the recent proposal isn't sitting well with a number of residents.

'We cannot afford every toy we want'

"People that have lived here a long time are starting to get fed up with this," said Embleton, who's called Yellowknife home since 1962. "They're starting to look to other places to live that are cheaper, especially when it comes to retirement."

She's imploring city council to think about what the city can afford, and figure out how to pay for that without adding to the stress on homeowners and business people.

"They need to realize that they have to live within their budget, just like everybody else," she said. "We cannot afford every toy we want."

Sharolynn Woodward, Yellowknife's director of corporate services, said the city is underfunded by the territorial government and faces pressure from inflation, as well as rising program and infrastructure costs. The tax base, meanwhile, has stayed basically the same size.

Woodward said during her budget presentation Monday that at the same time, "the city is managing heavily burdened staff resources, and the city still needs to fill its legislated requirement to develop a balanced budget."

David Heron, a lifelong northerner, recognizes that prices have gone up and tax increases are necessary, but said the 7.47 per cent tax hike is "quite ridiculous."

Heron is considering buying a home in Yellowknife, but rising costs have him second-guessing himself.

"It's getting to the point where, is it worth buying a place or living here?" he said. "The cost of living up here, it's going to scare off a lot more people."

According to September data from the NWT Bureau of Statistics, consumer prices in Yellowknife went up 7.7 per cent compared to one year ago. In Canada overall, prices rose 6.9 per cent.

'Where is our breaking point?'

"Costs are going up everywhere right now. Our supply costs are going up, oil costs are going up, everything's going up," said Kyle Thomas, co-owner of agriculture and food startup Bush Order Provisions.

For Thomas's fledgling business, the proposed property tax hike would be another hit.

"It's tough to incur those costs continuously," he said. "We keep asking ourselves, where is our breaking point? Because we can only increase our outputs, or our costs, so much."

The Yellowknife Chamber of Commerce said its board is reviewing the city's proposed budget and will likely put out a response next week.

Yellowknife's draft budget also recommends adding six jobs to the city's workforce: two emergency dispatchers, an arts and culture position, a manager of environmental monitoring and compliance, an administrative assistant and a human resources officer.

Ainsley Dempsey is a homeowner and co-owner of The Gallery on 47th Street, an art gallery in downtown.

She, too, understands the municipal government is feeling the pinch of inflation. Still, she wonders whether the city could find places to trim, rather than add to the burden on taxpayers.

"Everyone else is having to tighten things up and cut costs," she said. "I don't know if now is the best time for anybody to be expanding, including the city."

The city did not respond to CBC's questions about the budget before deadline.

City council will have opportunities to hear from the public and make adjustments to the budget before approving a final version on Dec. 12.

A closer look at Yellowknife's proposed 2023 budget

The budget draft reflects significant increases, on both sides of the ledger, compared to 5 years prior

In three weeks, Yellowknife's new city council will approve a budget for next year. Right now, they face a budget proposed by city administration that comes with a 7.47 per cent property tax increase.

Administration made its pitch to city council earlier this month. They said infrastructure and program costs, and inflation, are rising, but the city's assessment base has stayed basically the same size. The tax hike is necessary, they said, to achieve all the plans laid out in the draft budget.

Several residents decried the proposed tax increase. They told CBC News it would add further stress to a population already struggling with the high cost of living.

But taxes are just one part of the equation. This article compares parts of the proposed budget with previous years', and takes a look at what's at stake in 2023.

Impact of new pool

The city proposed a budget that anticipates $112 million in revenues and $152.8 million in spending. It reflects significant increases, on both sides of the ledger, compared to five years prior.

In 2018, the city brought in $82.3 million in revenues and spent $84.4 million. This means that by the 2023 budget year, revenues and expenditures are expected to rise 36 per cent and 80 per cent, respectively.

In an emailed statement, a city spokesperson said increases in revenues and expenditures since 2018 reflect "increased infrastructure services, programs, and citizen expectations, as well as general inflationary pressure."

On the expenditures side, 2023 is something of an outlier, with a sizeable jump in capital spending due to the new aquatic centre.

The money set aside for capital projects is $68 million, with $43 million going toward the new pool. The city has budgeted about $71.8 million in total for that project, and expects running the pool will cost another $1.8 million per year. Construction is scheduled to finish in 2024.

This major build comes after a referendum in which Yellowknifers voted in favour of the city borrowing $10 million to finance it.

The new pool will "absolutely" affect people's property taxes in 2023, said former city councillor Julian Morse, who was in office during the referendum.

"It was also voted on directly by taxpayers, so that choice was made, and I think the implications were quite clear that it will impact property taxes over the next number of years that that debt is being paid down," he said.

According to the draft budget, the city expects to bring in $36.8 million in taxes in 2023. That's $2.7 million more than it's forecasted to take in through taxes this year, and $8.9 million more than it collected in 2018.

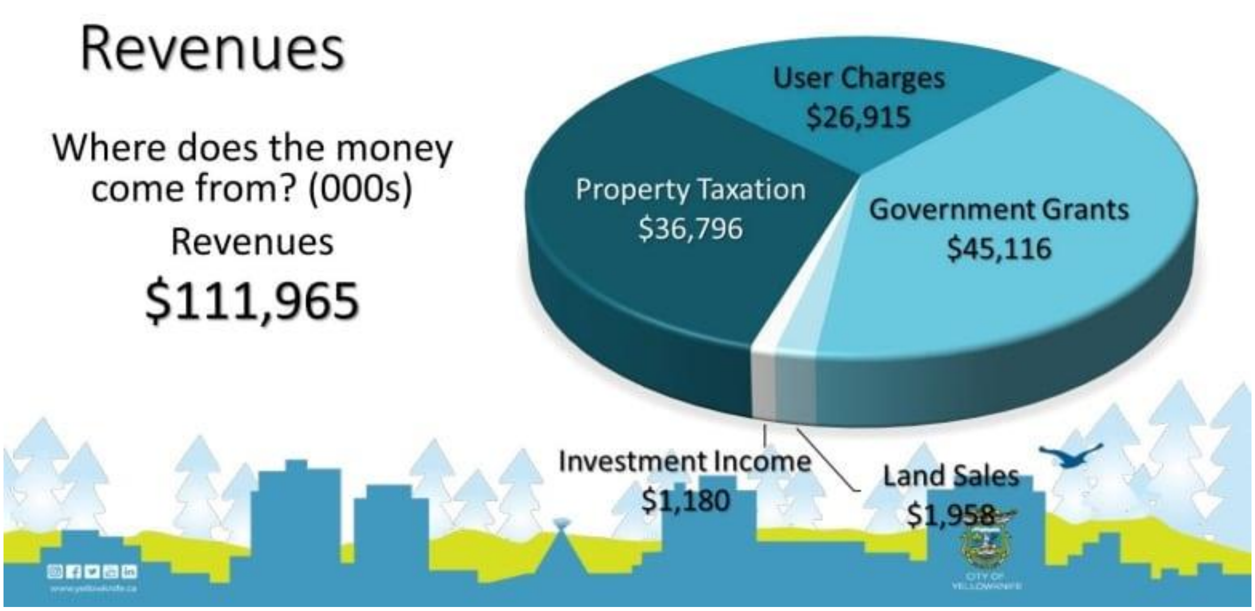
To be sure, municipal taxes are just one source of income for the city — and they're not even the main one.

According to the 2023 draft budget estimates, tax revenue would account for just 33 per cent of the city's total projected revenues. Government grants (40 per cent), user charges (24 per cent), land sales (two per cent) and investment income (one per cent) make up the rest.

User charges are another direct expense that's unavoidable for most residents. These include fees for water, garbage and the use of city facilities like the Fieldhouse and Multiplex.

In 2023, the city wants to raise fees on water bills and landfill tipping 11 per cent, and user fees for city facilities and programs three per cent.

If council approves these fee hikes, the city estimates it would bring in $26.9 million from user charges in 2023, about $829,000 more than it expects to take in from user charges this year.



This pie chart from the city's budget presentation shows where revenues in the 2023 draft budget come from. (City of Yellowknife)

Yellowknife's tax hike routine

City council has increased property taxes, in an ad hoc way, every year for the last five years.

Generally, taxes have risen between 1.44 and 2.5 per cent — until last May, that is, when council adjusted the mill rate ratio and approved a 9.04 per cent tax hike for residential properties.

Four times out of five, these increases came after city administration recommended something much higher (in 2019, council agreed to the city's proposed 1.44 per cent increase).

It's a familiar dance: administration presents council with a budget containing a high property tax increase, and over a few days of budget deliberation, council whittles it down to something more palatable.

For 2022, for example, administration recommended a 13.44 per cent increase and council brought it down to 5.56 per cent. For 2021, administration pitched an 11.92 per cent hike, and council trimmed it to 2.5 per cent.

It doesn't have to be this way, though, said Morse. Council could direct administration to draft a budget that fits within parameters set by the councillors.

"Say inflation is two per cent this year, and council says we want to have a budget that's within three points of inflation, give or take. Administration could bring that forward," he said.

In Morse's view, property taxes should rise with inflation.

"There's been years where tax raises have been below inflation, and the tough thing with that is that if you're taxing below inflation, that will catch up with you," he said.

"You're going to be in a situation where city revenue isn't where it needs to be in order to deliver service, and you're either cutting services or you're raising taxes."

The city spokesperson said that if council cuts $343,700 from the 2023 budget, it could shave one per cent off the proposed property tax hike, bringing it down to 6.47 per cent.

'Instead of raising taxes... develop more land'

Yousry Abdelmegid, the owner of Yellowknife's Main Street Pizza, says any property tax increase simply adds to the already high cost of living and doing business in the city. He expects property owners will pass the new cost onto their tenants.

For Abdelmegid, who has lived in Yellowknife for 26 years, the city has become unaffordable. He's now looking to sell his business and move away.

"The housing costs, the cost of living and everything, this is what drives people away and also discourages people [from coming] to the city," he said.

Abdelmegid said if the assessment base is stagnant, as the city says it is, then it's incumbent upon the city to find more land to develop, and to encourage new building projects.

"There is a crisis here in the housing market," he said. "Instead of raising the taxes, develop more land, get the people to develop more, build some more stuff."

CBC News reached out to the Yellowknife Chamber of Commerce, but its executive director said they couldn't respond before deadline.

Wage increases at the city

The proposed budget also includes $34.4 million for wages and benefits, a 10 per cent jump from 2022's forecast, and a 30 per cent increase from 2018.

The city spokesperson confirmed that management and "excluded staff" recently received a "general economic increase," but they wouldn't give any more details. They said firefighters and municipal enforcement officers also got pay raises.

The Union of Northern Workers and the city of Yellowknife are currently negotiating a new collective agreement for city employees.

Union President Gayla Thunstrom wouldn't comment on those negotiations, but said "all city employees deserve to keep up with the skyrocketing cost of living, otherwise they are just losing money."

It's unclear whether a potential wage increase for city staff is accounted for in the 2023 draft budget.

NOVA SCOTIA

Tim Hortons founder spent up to $10M a year subsidizing his luxury Nova Scotia resort

How do you value a property when there is no other quite like it?

That is at the heart of a dispute between the Fox Harb'r Resort on the Northumberland Strait and Nova Scotia tax assessors.

The owners say a $19.9-million assessment used for property tax purposes is far too high given the resort's huge losses, which run into the millions every year.

"The assessment does not properly reflect the market value as of the prescribed date," Fox Harb'r Development Ltd. said in its latest appeal, filed this week with the Nova Scotia Utility and Review Board.

The resort is not satisfied with a reduction in its 2020 assessment delivered by the Nova Scotia Assessment Appeal Tribunal last month.

The tribunal knocked the valuation down from $21 million to $19.9 million, but still well above the $5.7 million Fox Harb'r Development said it was worth.

Fox Harb'r a byword for luxury

The 401-hectare gated resort has become a byword for luxury in Nova Scotia since opening in 2000.

The gorgeous facility features a championship golf course, marina, private jet runway and hangar, a vineyard, stables and pheasant reserve.

Ron Joyce, the billionaire co-founder of the Tim Hortons coffee and fast-food chain, developed the resort near his home town of Tatamagouche.

Records in the tax dispute reveal that until his death in 2019, Joyce underwrote operation losses, which peaked at $8 million to $10 million annually.

Managers for his heirs pared losses down to $1.5 million to $2 million a year, according to evidence filed in the appeal.

To break even, they are building new homes and planning a 48-unit development.

A community asset, not an investment

Fox Harb'r says Joyce built the resort as a legacy and community asset and not as an investment.

Jeff Cuzner, a commercial property tax director with the real estate services firm CBRE, filed a report on behalf of the Fox Harb'r appeal arguing no potential purchaser would "ever consider reproducing the subject as is given its location and fiscal performance."

"The location of the subject is inferior.... Fox Harb'r is located in a remote area with no population centre or amenities," Cuzner wrote.

The owners argued that because the resort has never generated a profit and relies on annual owner subsidies to operate, "its value cannot possibly be estimated accurately by its income."

They said a fairer estimate should be based on the sale value of eight other golf properties with accommodations in Nova Scotia and Prince Edward Island.

Fox Harb'r said the most comparable properties were Glen Arbour in Halifax, which was valued at $91,705 per hole, and Crowbush in Prince Edward Island at $158,000 per hole. Using that metric Fox Harb'r golf courses and its amenities are worth $125,000 per hole or $3.375 million. It valued the Founder's Lodge at $1.6 million.

Fox Harb'r 'unmatched' in N.S.

The director of assessment for the Property Valuation Services Corporation (PVSC) dismissed the approach.

The Crown corporation, which sets property assessment in Nova Scotia, said no other golf property compares with Fox Harb'r.

"In addition to having accommodations unmatched by any other golf facility in the province, Fox Harb'r includes numerous amenities that none of the other properties can offer," PVSC lawyer Robert Andrews said in the tribunal appeal.

It assessed the resort as one entity but used different methods — accommodations were assessed by income, while golf course costs were assessed by cost, lodge and real estate lots were assessed by direct comparison.

In its appeal to the utility and review board, Fox Harb'r said the "values placed on all components of the assessment are too high and inconsistent with both market value and the provisions of the Assessment Act."

"The assessment was improperly weighted to an income-approach and did not consider a direct comparison valuation which would be a relevant basis on which to reach the proper value. The assessment relied upon the premise that the property was unique and allow this more weight than the actual market value basis on which it should have been based upon," Fox Harb'r lawyer Michael L Ryan said in the appeal filed with the Nova Scotia Utility and Review Board, posted Nov. 1.

Important to Cumberland County

Property Valuation Services declined comment saying it will defend the assessment before regulators.

Fox Harb'r did not respond to a request for comment.

In a September 2022 Insight podcast interview with Huddle, a Maritime business publication, Fox Harb'r president Kevin Toth declined to discuss the amount of taxes paid to the local municipality saying "we are in a little bit of a dispute with them right now."

He said the resort spends $7 million annually on goods and services in Nova Scotia and has invested over $125 million in developing the resort. It operates its own water and sewer system and maintains roads on the property.

Cumberland County Mayor Murray Scott said the resort draws people from around the world to the area "for various reasons, some own property, some come from services, others come for the golfing part of it."

"Fox Harb'r is a big part of Cumberland County in terms of assessed value of that property, in terms of what it means for taxes for the municipality, no question," he said. "It is very important to Cumberland County."

ONTARIO

MPAC mails more than 770,000 Property Assessment Notices across Ontario

Today the Municipal Property Assessment Corporation (MPAC) will begin mailing more than 770,000 Property Assessment Notices to property owners across Ontario. If a property owner recently moved, changed the school board that their taxes support or made changes to their property, a notice is on the way.

"As property experts responsible for delivering property values, insights and services to property owners, municipalities, and businesses, our work is ongoing to ensure we maintain our extensive property data base," said Nicole McNeill, President & Chief Administrative Officer. "The Property Assessment Notices being mailed out now reflect changes to properties and property ownership that were made in 2022. These updates ensure the assessments used to allocate property taxes are up to date and accurate."

For property owners receiving a notice, the reason for the updated assessment will be printed on the notice. Further information is available on mpac.ca/notice.

Changes can include:

- a new property
- an update to ownership such as a name change, citizenship updates, or school support for taxation purposes
- change in assessed value, which may be the result of renovations or other improvements to a property
- change to the tax classification, which may be due to the change in use of a property.

Property Assessment Notices going out this year continue to reflect the value of property as of January 1, 2016. These assessments will be used by municipalities for the 2023 tax year.

"Municipalities use MPAC's assessments to make informed decisions about their community, including the distribution of property taxes," explains Carmelo Lipsi, Vice-President and Chief Operating Officer. "It's important that we help property owners understand the relationship between their assessed values and property taxes. This is why we've enhanced the content on our website to better explain that relationship."

To better understand the relationship between property assessment and property taxes, watch our video, How Your Property Tax is Calculated.

All Ontario property owners have access to AboutMyProperty, an easy-to-use tool for comparing their property to others in their neighborhood and reviewing the information and criteria MPAC used to assess their home. If a property owner disagrees with a property's assessment, they can file a Request for Reconsideration (RfR) with MPAC online through AboutMyProperty, free of charge.

The deadline to file an RfR for the 2023 property tax year is March 31, 2023.

More information on the 2022 Property Assessment Notices is available at mpac.ca.

Quick Facts

- In 2016, every property owner in Ontario received a Property Assessment Notice as the result of a province-wide Assessment Update, reflecting a January 1, 2016 valuation date.
- The Ontario government postponed the province-wide Assessment Update due to the pandemic.
- Property assessments for the 2023 property tax year will continue to be based on the fully phased-in January 1, 2016 assessed values.
- 770,062 properties will receive a Property Assessment Notice
- Primary reason for receiving a Property Assessment Notice
  - Update to ownership – 56.60%
  - Update to assessed value, classification and/or tax liability – 25.57%
  - Update to mailing address – 4.79%
  - New property or updated roll number (property severance/consolidation) - 9.93%
  - Update to legal description/property location – 1.62%

About MPAC

MPAC is an independent, not-for-profit corporation funded by all Ontario municipalities, accountable to the Province, municipalities and property taxpayers through its 13-member Board of Directors.

Our role is to accurately assess and classify all properties in Ontario in compliance with the Assessment Act and regulations set by the Government of Ontario. We are the largest assessment jurisdiction in North America, assessing and classifying more than 5.5 million properties with an estimated total value of more than $3 trillion.

For additional information, visit mpac.ca.
SOURCE Municipal Property Assessment Corporation

How Will Ontario's Increased Foreign-Buyer Tax Affect Americans Purchasing Homes There?

In October, the Canadian province upped the ante by raising the transfer tax surcharge on non-residents from 20% to 25%

Two Canadian provinces, British Columbia and Ontario, impose special taxes on foreign buyers of residential property. In October, Ontario upped the ante by raising the tax from 20% to 25% "to help Ontario home buyers," Ontario minister of finance Peter Bethlenfalvy said in a news release announcing the change.

"Our government is increasing the Non-Resident Speculation Tax rate by another five percentage points to 25%, making it the highest in Canada, to further discourage foreign speculation in Ontario's housing market," the minister said.

For a buyer who is not a citizen or permanent resident of Canada, "the 25% tax on the value of the transaction will be collected upon closing the purchase, so cash will be required at closing," said Armando Minicucci, a tax partner in the Toronto office of Grant Thornton Canada.

On a C$2 million home (US$1.5 million), the tax will amount to C$500,000. "The tax applies to any residential property from one to six units," Mr. Minicucci said. "If you're buying an apartment building or multifamily dwelling with more than six units, it won't apply."

Ontario's foreign-buyer tax has risen progressively since its inception in September of 2021, Mr. Minicucci explained. In April 2017, the Provincial government introduced a 15% tax on foreign buyers who bought property in the Greater Golden Horseshoe, the densely populated Southern Ontario region that includes Toronto. The tax rose to 20% in March 2022—and expanded to cover all of Ontario. The 25% tax rate took effect on Oct. 25.

"We've had individuals contact us about it, but we were able to ensure that they were exempt because they were Canadian citizens living abroad or permanent residents," Mr. Minicucci said.

But the Non-Resident Speculation Tax is just one hurdle for foreign buyers, Mr. Minicucci said. In September, Prime Minister Justin Trudeau's administration unveiled the so-called Underused Housing Tax, an annual 1% tax on the value of a property that is not occupied for at least six months out of the year. Like the foreign-buyer tax, it's intended to give Canadians more access to homes that might have been bought by non-residents, the government has said.

"The property must be occupied for at least a complete month, and for 180 days or more over a calendar year," Mr. Minicucci said. While renting out a home would count toward satisfying those requirements, “renting creates other issues for non-residents, including the need to file a Canadian tax return, because they’ll be generating rental income in Canada,” he added.

QUEBEC

C.D.N.-N.D.G. residents angered at valuation hikes protest against Mayor Plante at town hall meeting

"We're going to get walloped. There's no way for the city to avoid that."

Protesters take part in a sidewalk demo against the recent increases in their property valuations outside the Benny Library, on Tuesday Nov. 1, 2022 where Montreal mayor Valérie Plante was taking part in town-hall meeting.

Dozens of people showed up Monday evening to protest what they fear will be significantly higher municipal tax bills in the near future as Montreal Mayor Valérie Plante showed up for a public meeting in the Côte-des-Neiges—Notre-Dame-de-Grâce borough.

Plante took part in a town hall meeting along with borough Mayor Gracia Kasoki Katahwa to discuss “ecological transition and habitations” at the Maison de la culture Notre-Dame-de-Grâce–Monkland. But the protesters wanted to send a message about the higher valuations on their properties that came out in September.

Alexander Montagno, the leader of the protest who says his property valuation rose by 48 per cent, predicted that some home owners currently living on fixed incomes in parts of N.D.G. won’t be able to afford to live in the borough in a few years because of the municipal tax increases that are expected.

“It’s math. If you’re living on a fixed income and you’re facing all these price increases — and now you have to deal with tax increases — it has a cumulative effect. People won’t be able to afford to live in their homes anymore," he said while adding that some residents living on Belgrave Ave., a dozen blocks west of the Décarie Expressway, were hit with a 62 per cent increase in the property valuations. "We're going to get walloped. There's no way for the city to avoid that."

He also said many property owners living between Sherbrooke St. W and De Maisonneuve Blvd. W. received very high property valuations.

"For me there are two issues. We are overtaxed and that is going to be especially so with the increased evaluations. The other issue is that a lot of the taxes collected from us are not invested in the borough of C.D.N.-N.D.G. We are chronically under-financed by the city of Montreal. You can see that in our streets. You can see that in our services and you can see that in the programs offered to our families. The city considers us to be their cash cow and they are spending the money elsewhere."

Last month, the city announced it will phase in property value increases over three years. The new tax rate will be revealed when the city submits its 2023 budget on Nov. 29.

Plante was asked about the valuations during a question period following the town hall.

"The evaluation is external to the city of Montreal. We are preparing the budget. That's the first thing and we know that inflation is hard. In the last two years, if you remember, we did freeze the taxes during COVID, because we knew it was very uncertain times," Plante said. "Now inflation is really high and we're not going to follow inflation, absolutely not. Are we going to freeze taxes? We won't be capable of that. But we are conscious of the reality of citizens now.

"What is very frustrating as a mayor, or for an administration, is to depend on property taxes. That is such an archaic system" (compared to the taxes the provincial and federal governments collect).

SASKATCHEWAN

Frustrated business owners to host open house to discuss unfair assessment process

Frustrated with the continued inconsistencies in how commercial properties are assessed, business owners Bernie Dombowsky and Kristy Van Slyck plan to hold two events to shed light on the inequitable situation.

Entitled "The ROAD to Re-establish Fairness for Property Tax Assessments," the open houses occur Tuesday, Nov. 29 and Wednesday, Nov. 30, at the Cosmo Senior Citizen's Centre on 235 Third Avenue Northeast.

ROAD stands for “restore our assessors’ department.”

Each day from 2 to 4 p.m., residents concerned about businesses’ well-being and who want to restore equity and fairness can speak with Dombowsky and Van Slyck and pick up window signs to show support for the business community.

A come-and-go supper with live music occurs from 5 to 6:30 p.m. each day. Residents can eat, see displays, acquire information packets, and pick up window signs.

Tickets cost $25 for adults, $12.50 for kids under age 12 and free for children under six.

If people cannot attend the afternoon open houses, they can attend from 7 to 9 p.m. There will be family activities such as face painting and balloons, along with more displays and informal presentations.

For more information, visit www.mjpaw.ca. PAW stands for “property assessment watchdog.”

“Our city needs to restore fairness and re-establish its own assessment department,” Dombowsky said.

The City of Moose Jaw replaced its internal property assessors — municipal employees — in 2006 with private contractor Saskatchewan Assessment Management Agency (SAMA), he explained. Since then, huge property tax increases have been crushing small businesses because of SAMA’s assessment decisions.

Before 2021, SAMA applied one market capitalization rate to all Moose Jaw businesses regardless of category. After 2021, there were 21 business categories and 14 cap rates; certain businesses benefitted from a higher cap rate while others suffered because a lower cap rate increased their property values and taxes.

For example, the annual property taxes on a small retail shop on Main Street in 2020 were $6,422. However, after SAMA changed its assessment process, that business’ taxes doubled to $12,948 a year.

Meanwhile, a nearby larger investment broker’s annual property taxes in 2020 were $11,613, but a year later, its taxes decreased by half to $5,806 yearly.

The situation facing Dombowsky came to a head this year after he appealed the property assessment decision on his business, Charlotte’s Catering. He successfully appealed through the local Board of Revision but felt he was “tricked” by the chairman of the Saskatchewan Municipal Board into abandoning his claim at the provincial level.

The chairman informed Dombowsky that SAMA said he was not allowed to present new evidence for his claims and wondered if he would withdraw his appeal; he agreed. But, in a ruling six weeks later, the SMB said he could present new evidence. Since he had withdrawn his claim, he lost the appeal.

“Since I did not know the process, I assumed I had to withdraw my evidence,” he said. “I just felt it was so unfair.”

This prompted Dombowsky to put a “For Sale” sign on his business, while he almost experienced a nervous breakdown because of how overwhelmed he was by the appeal. Someone called the 811 Healthline for him and counsellors paid a visit.

“It is ridiculous,” said Van Slyck.

That example shows how stressful it is for business owners to appeal knowing they can’t win, said Dombowsky. It’s also a hopeless feeling to be a business owner under attack.

“It is an attack on our freedom to own and operate a business,” he added.

While Dombowsky is concerned about the current assessment process, he thought the two-day open house would be a fun experience.

Property taxes one of many benefits to setting up in Saskatchewan

Altus Group recently released its 2022 Canadian Property Tax Rate Benchmark Report, which provides some interesting stats.

Although Saskatoon and Regina both raised commercial tax rates, with Saskatoon increasing by 3.3 per cent to $16.15 and Regina by 2.74 per cent to $17.14, Saskatchewan’s costs are far below the national average.

Tax rates in the accompanying chart represent the taxes paid per $1,000 of assessment, according to Altus. Saskatoon ($16.15) and Regina ($17.14) are 50 per cent and 41 per cent below the national average, respectively.

Vancouver boasts the lowest ratio in the country ($9.31). As you might guess, the city's assessed values are considerably higher than our Prairie cities.

However, many other larger centres have those higher assessed values and still calculate rates much higher than ours.

Other Canadian cities come it at (per thousand dollars of assessed value, with mill rates included where applicable): Calgary $21.93; Edmonton $25.18; Winnipeg $23; Toronto $21.22; Ottawa $27.41; Montreal $34.66, Quebec City $35.28 and Halifax $35.30.

How do commercial and residential average rates compare?

I noted above the average 2022 estimated commercial property tax per $1,000 assessment is $24.23.

Looking at those same 11 Canadian cities, that equivalent average number for residential is $9.11.

Regina and Saskatoon are above the residential average at $10.02 and $11.38, respectively. Once again, Vancouver is at the bottom at $2.69.

We are fortunate to reside in a jurisdiction that maintains the country's lowest commercial property taxes. It's just one more of the many reasons for establishing a business in this province.

For commercial property owners, it's always beneficial to monitor and note any significant change in your tax assessment.

If it appears the assessment you've been handed is unfair, don't hesitate to engage a property tax professional.

They will be able to advise you if the time spent on an appeal is worthwhile.

Value misjudgments happen and the savings you realize if an appeal is successful could be substantial.