

Council Chamber
City Hall, Saskatoon, Sask.
Thursday, January 9, 1997
at 11:00 a.m.

MINUTES OF SPECIAL MEETING OF CITY COUNCIL

PRESENT: His Worship Mayor Dayday in the Chair:
Councillors Atchison, Birkmaier, Heidt, Langford, Langlois,
McCann, and Roe;
City Commissioner Irwin;
City Clerk Mann

Councillor Waygood entered the meeting at 11:10 a.m. during consideration of Clause A1, Report No. 2-1997 of the City Commissioner.

Moved by Councillor Langford, Seconded by Councillor Atchison,

THAT Council go into Committee of the Whole to consider Report No. 2-1997 of the City Commissioner.

CARRIED.

Council went into Committee of the Whole with His Worship Mayor Dayday in the Chair.

Committee arose.

His Worship Mayor Dayday, Chair of the Committee of the Whole, made the following report:

THAT while in Committee of the Whole, the following matters were considered and dealt with as stated:

“REPORT NO. 2-1997 of the CITY COMMISSIONER

Section A - Administration and Finance

**A1) Implementation of Reassessment
Residential and Condominiums
(File No. 1615-2)_____**

**MINUTES OF SPECIAL MEETING OF CITY COUNCIL
THURSDAY, JANUARY 9, 1997**

Page 2

- RECOMMENDATION:**
- 1) that City Council approve the establishment of a 2% contingency for tax losses due to residential assessment appeals;
 - 2) that City Council establish an effective tax rate for residential and condominium properties of 2.15% for 1997, which includes a \$1.3M tax shift from residential to commercial properties and the 2% contingency; and,
 - 3) that, subject to the approval of Recommendations (1) and (2) above, the Administration issue prepayment tax notices to residential and condominium property owners.

Report of the General Manager, Finance Department, January 8, 1997:

“Overview

City Council, at its meeting of November 4, 1996, passed a series of resolutions which instructed the Administration to implement the reassessment of residential and condominium properties under the following conditions:

- a) Condominiums were to have their tax calculation based on the same effective tax rates as residential properties.
- b) There be a shift in taxation from residential properties to commercial properties equivalent to an effective tax rate increase from 2.17% to 2.20% or approximately \$1.3M.
- c) Subject to Recommendation (b) above, that the residential and condominium tax collections be revenue neutral after reassessment is implemented.

Assessment Calculations

As a result of these decisions, your Administration has proceeded to calculate the assessment and resulting taxes for all residential and condominium properties in the City. Due to conservative estimates of our total residential assessment, the effective tax rate of 2.20% generates approximately \$5.4M in extra tax revenue. Of the \$5.4M in higher revenue it must be remembered that \$1.3M was dedicated for a tax shift from residential properties to commercial properties.

This may be summarized as follows:

1996 Total Taxes (<u>prior to reassessment</u>)	1997 Total Taxes (as approved in <u>principle by Council</u>)
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**MINUTES OF SPECIAL MEETING OF CITY COUNCIL
THURSDAY, JANUARY 9, 1997**

Page 3

Residential & Condominiums	<u>\$90,647,166</u>	<u>\$96,023,805</u>
Extra tax revenue generated (due to conservative assessment estimates)		\$5,376,639
Residential tax shift to commercial		(1,300,000)
Extra tax revenue available for disbursement		<u>\$4,076,639</u>

To maintain revenue neutrality, these funds should be applied to reduce the effective tax rates of residential properties. If this was done, the effective tax rates for residential properties would be 2.11% for 1997.

Contingency

All property owners are allowed to appeal their assessments to the Board of Revision. It is an accepted fact that some properties, as a result of appeals, will have their assessment lowered and therefore pay lower property taxes. An estimate of the exact number of appeals and the estimated tax loss for 1997 is difficult. In consultation with the City of Regina and other cities in Western Canada, a 2% loss of residential tax revenue is the best estimate. Therefore, a contingency fund equal to 2% of the residential tax revenue (approximately \$1,838M) should be established to fund this potential tax loss. To maintain revenue neutrality; to provide for a \$1.3M tax shift from residential to commercial; and to establish a 2% contingency for residential tax loss due to residential appeals, of the initial \$5.4M available, \$2.2M is left to reduce the effective residential tax rate. With the residential contingency funded, the effective tax rate for residential properties in 1997 becomes 2.15%.

It should be noted that the City Comptroller will place into a reserve the contingency fund for residential properties to pay for the tax losses due to appeals. Should these total funds not be required they will be returned to residential homeowners in the form of a rebate. The exact mechanisms to determine the method of a potential rebate have not been determined and will be the subject of a report at a later date.

Summary

The following summarizes the recommendations in this report:

	1996 Residential <u>Taxes</u>	1997 Residential <u>Taxes</u>	Effective <u>Tax Rate</u>
Revenue Neutral	\$90.6M	\$90.6M	2.08%

**MINUTES OF SPECIAL MEETING OF CITY COUNCIL
THURSDAY, JANUARY 9, 1997**

Page 4

Tax shift from residential to commercial (\$1.3M)	\$91.9M	2.11%
2% contingency for assessment appeal losses (\$1.8M)	\$93.7M	2.15%

If City Council adopts the above recommendations, the residential effective tax rate will be at 2.15%, down from the estimated 2.20%. Therefore, homeowners could use the following formula to calculate their estimated 1997 taxes:

June 30, 1994 market value of property X 2.15% = estimated 1997 property taxes

Should City Council adopt this report, we anticipate that prepayment tax notices would be mailed to individual homeowners during the week of January 27th, 1997.”

Moved by Councillor Birkmaier

THAT Mr. Dick Batten be heard.

CARRIED.

Mr. Batten, representing a number of business organizations in the City, advised Council that if it adopts the recommendation put forward by the Administration it will magnify the problems that will be faced when dealing with commercial reassessment. He felt that the original recommendation placed the risk with commercial, and therefore commercial should receive any benefit.

Moved by Councillor Roe,

THAT Mr. Mark Thompson be heard.

CARRIED.

Mr. Thompson spoke as a Saskatoon resident and business person. He indicated that he had always felt that there would be excess dollars raised which could be used to reduce the tax load on the business community. He advised that the business community was expecting a minimum decrease equal to the previous business tax, and that this is now an opportunity to utilize the money in that way.

**MINUTES OF SPECIAL MEETING OF CITY COUNCIL
THURSDAY, JANUARY 9, 1997
Page 5**

Moved by Councillor Heidt,

THAT the information be received.

CARRIED.

Moved by Councillor Langlois

- 1) that City Council approve the establishment of a 2% contingency for tax losses due to residential assessment appeals;*
- 2) that City Council establish an effective tax rate for residential and condominium properties of 2.15% for 1997, which includes a \$1.3M tax shift from residential to commercial properties and the 2% contingency;*
- 3) that, subject to the approval of Recommendations (1) and (2) above, the Administration issue prepayment tax notices to residential and condominium property owners, and,*
- 4) that City Council establish a residential property tax appeal contingency reserve approximately equal to \$1.838M in 1997, to be used for the sole purpose of paying for tax losses due to successful appeals.*

CARRIED UNANIMOUSLY

NOTE: Councillor Steernberg was not at the meeting

Moved by Councillor McCann,

THAT the meeting stand adjourned.

CARRIED.

**MINUTES OF SPECIAL MEETING OF CITY COUNCIL
THURSDAY, JANUARY 9, 1997
Page 6**

The meeting adjourned at 12:10 p.m.

Mayor

City Clerk