
2020 Commercial Appeal Contingency

ISSUE

It has been a longstanding practice for the City of Saskatoon to collect an additional levy in order to smooth out the effects of commercial appeal losses. As these appeals can be for significant amounts and may take several years to be resolved, the Administration is requesting City Council approval for a \$1,000,000 appeal contingency to be added to the property tax levy for the commercial/industrial property tax class for 2020.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that a \$1,000,000 appeal contingency be added to the property tax levy for the commercial/industrial property class for 2020.

BACKGROUND

Each year there may be several outstanding commercial assessment appeal decisions. The commercial appeal contingency has been established to offset large spikes that occur in the event of significant commercial appeal decisions.

Since 2011, the Greater Saskatoon Chamber of Commerce and the North Saskatoon Business Association (NSBA) have supported that the impacts of commercial appeal decisions would be levied against the commercial/industrial property class. The annual appeal contingency levy has ranged from \$500,000 to \$1,000,000 in order to maintain a balance that is representative of the outstanding commercial assessment appeals.

DISCUSSION/ANALYSIS

Currently, there are several commercial assessment appeal decisions outstanding from 2014 to 2019. It is difficult to determine both the outcome and timing of these appeal costs, as they often take several years to resolve. Currently, the Administration estimates that the outcome of outstanding commercial appeals will see a reduction to the appeal contingency fund of \$728,000.

The following chart shows the actual 2019 balance and the estimated 2020 balance for the commercial appeal contingency. The 2019 closing contingency balance had a deficit of \$35,359.

Commercial Appeal Contingency	2019	2020
Opening Balance Surplus/(Deficit)	\$ 180,785	\$ (35,359)
Contingency Levy	\$ 500,000	\$ 1,000,000
Appeal Decisions	\$ (716,144)	\$ (728,000)
Closing Balance	\$ (35,359)	\$ 236,641

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With the support of the Greater Saskatoon Chamber of Commerce and the NSBA, the Administration is recommending a contingency levy of \$1,000,000 to cover the estimated impact of outstanding appeal decisions in 2020. This additional levy amount combined with the current balance would leave a closing balance of \$236,641 at the end of 2020. It should be noted that the NSBA supports the recommendation, however, urges the Administration to investigate ways aimed at decreasing the number of appeals.

The 2020 appeal contingency levy rate is \$0.110 per \$1,000 of commercial assessment.

FINANCIAL IMPLICATIONS

The financial implications are outlined within this report.

OTHER IMPLICATIONS

The Administration consulted with representatives from the Greater Saskatoon Chamber of Commerce and the NSBA. Representatives from both groups support the recommendation of a \$1,000,000 commercial contingency levy for 2020. The Administration will work further with the NSBA to investigate and identify ways to decrease the number of future appeals.

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

The contingency amount will be added to the commercial/industrial property class tax rates and included in the 2020 Property Tax Levy Bylaw for City Council approval before the end of April 2020.

REPORT APPROVAL

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