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## 2022 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, Administration is requesting City Council approval for a \$1,500,000 appeal contingency to be added to the property tax levy for the commercial/industrial property tax class for 2022.

### RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that a \$1,500,000 appeal contingency be added to the property tax levy for the Commercial/Industrial property class for 2022.

### 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 (Chamber) 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

Several longstanding commercial assessment appeals were settled in 2021. As several of these decisions had multi-year implications, the commercial appeals losses in 2021 were \$3,513,056. This amount has resulted in the contingency fund now having a deficit balance of \$2,845,980.

The following chart shows the actual 2021 balance and the estimated 2022 balance for the commercial appeal contingency:

<b>Commercial Appeal Contingency</b>	<b>2021</b>	<b>2022</b>
Opening Balance Surplus/(Deficit)	\$ (332,924)	\$ (2,845,980)
Contingency Levy	\$ 1,000,000	\$ 1,500,000
Appeal Decisions	\$ (3,513,056)	\$ (1,000,000)
Closing Balance Surplus/(Deficit)	\$ (2,845,980)	\$ (2,345,980)

In collaboration with the Chamber and the NSBA, Administration is recommending a contingency levy of \$1,500,000 to begin covering the impact of 2021 appeals decisions

as well as the estimated impact of outstanding appeals decisions in 2022. This additional levy amount will still result in a deficit balance at the end of 2022 but will allow Administration to work towards the goal of eliminating the deficit by the end of 2024.

It should also be noted that Appendix 1 includes a letter from the Chamber and NSBA outlining their concerns with the commercial assessment appeal process, and although they do state they understand the need for the levy, they also encourage Administration to continue reviewing the process to minimize the impact of these levies.

### **FINANCIAL IMPLICATIONS**

The financial implications are outlined within this report.

### **OTHER IMPLICATIONS**

Administration consulted with representatives from the Chamber and the NSBA. Representatives from both groups understand the need for a \$1,500,000 commercial contingency levy for 2021.

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 2022 Property Tax Levy Bylaw for City Council approval before the end of April 2022.

### **APPENDICES**

1. Letter from the Saskatoon Chamber of Commerce and the NSBA, dated March 25, 2022

### **REPORT APPROVAL**

Written by: Mike Voth, Director of Corporate Revenue  
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