
2023 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 2023.

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 2023.

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 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 \$1,500,000 in order to maintain a balance that is representative of the outstanding commercial assessment appeals.

DISCUSSION/ANALYSIS

Several significant commercial assessment appeals were settled in 2022. These decisions had implications for the models used in assessing commercial properties, which meant that commercial appeals losses in 2022 were \$2,147,910. This amount has resulted in the contingency fund now having a deficit balance of \$3,493,890.

The following chart shows the actual 2022 balance and the estimated 2023 balance for the commercial appeal contingency:

Commercial Appeal Contingency	2022	2023
Opening Balance	\$ (2,845,980)	\$ (3,493,890)
Contingency Levy	\$ 1,500,000	\$ 1,500,000
Appeal Decisions	\$ (2,147,910)	\$ (750,000)
Closing Balance	\$ (3,493,890)	\$ (2,743,890)

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In collaboration with the Chamber and the NSBA, Administration is recommending a contingency levy of \$1,500,000 to begin covering the impact of 2022 appeals decisions as well as the estimated impact of outstanding appeals decisions in 2023. 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 within the next few years.

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 2023.

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 2023 Property Tax Levy Bylaw for City Council approval before the end of April 2023.

REPORT APPROVAL

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