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## 2025 Reassessment Appeal Contingencies

### ISSUE

It has been a longstanding practice for the City of Saskatoon to collect an additional levy to smooth out the effects of 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 to add a \$40,000 appeal contingency to the property tax levy for the residential property class, \$250,000 to the property tax levy for the multi-residential property sub-class, and a \$3,000,000 appeal contingency to the property tax levy for the commercial/industrial property class for 2025.

### RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That an appeal contingency of \$40,000 be added to the property tax levy for the residential property class for 2025;
2. That an appeal contingency of \$250,000 be added to the property tax levy for the multi-residential property sub-class for 2025; and
3. That an appeal contingency of \$3,000,000 be added to the property tax levy for the commercial/industrial property class for 2025.

### BACKGROUND

In past reassessment years, an appeal contingency has been levied against residential property classes as substantially more appeals are filed in the first year of an assessment cycle. The non-residential appeal contingency amount recommended to City Council is reviewed and levied annually based on estimates for the outstanding commercial assessment appeal decisions. The residential, multi-residential and commercial appeal contingencies have been established to offset large spikes which occur in the event of significant appeal decisions.

Residential and multi-residential appeal contingency levies have ranged from \$0 to \$348,500 in the past, whereas the annual commercial appeal contingency levy has ranged from \$500,000 to \$3,000,000.

Since 2011, Administration has meet with the Greater Saskatoon Chamber of Commerce (Chamber) and the North Saskatoon Business Association (NSBA) annually prior to the presentation of this report to Committee.

This meeting continues to be held annually and provides attendees with the opportunity to discuss the commercial contingency account balance, receive an annual update on the impact of appeals, and communicate the Administration's recommended annual contingency amount to be levied.

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**DISCUSSION/ANALYSIS**

Residential Appeal Contingency

Historically, an appeal contingency has been levied in reassessment years on the residential property class and the multi-residential property sub-class to mitigate the risk of potential tax losses due to reassessment.

The following table illustrates the contingency amounts levied and the appeal losses during the previous reassessment cycle, as well as the starting and ending balance in the contingency reserves for the residential property class and the multi-residential property sub-class.

<b>Property Class</b>	<b>Balance Jan 1, 2021 Surplus/(Deficit)</b>	<b>Levy 2021 – 2024</b>	<b>Appeal Losses</b>	<b>Balance Dec 31, 2024 Surplus/(Deficit)</b>
Residential/Condo	(\$7,450)	\$30,000	\$ 31,919	(\$9,369)
Multi-Residential	(\$1,237)	\$50,000	\$252,572	(\$203,809)

Residential/Condominium: The contingency balance is a deficit of \$9,369. A contingency of \$30,000 was levied in the last reassessment cycle which was reasonable to offset appeal losses. For the current reassessment cycle, the Administration is recommending a \$40,000 contingency to cover future potential losses in this reassessment cycle. If approved, the 2025 appeal contingency levy rate for residential properties would be \$0.001 per \$1,000 of residential assessment, which results in an additional \$0.46 property tax requirement for the median single-family home above the 2025 budget requirement.

Multi-Residential: The contingency balance is a deficit of \$203,809. During the last reassessment cycle, the multi-residential property sub-class saw 117 appeals. Administration is recommending a \$250,000 contingency for 2025 to cover the current deficit, which leaves \$46,000 for any future potential losses in this reassessment cycle. If approved, the 2025 appeal contingency levy rate for multi-residential properties would be \$0.08 per \$1,000 of multi-residential assessment, which results in an additional \$147.80 property tax requirement for a median value multi-residential property above the 2025 budgetary requirement.

Commercial Appeal Contingency

In 2024, the increase in the commercial contingency levy, along with the successful defense of several Assessment appeals, resulted in progress towards reducing the commercial contingency deficit balance from a \$5,268,235 deficit to a \$2,281,058 deficit. An additional contingency amount of \$3,000,000 would not only eliminate the remaining deficit, but also provide a reasonable cushion to help mitigate the risk of commercial appeal losses that occur in 2025.

If approved, the 2025 appeal contingency levy rate for commercial properties would be \$0.31 per \$1,000 of commercial assessment, which results in an additional \$365.85 property tax requirement for a median value commercial property above the 2025

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budgetary requirement. Also, it should be noted that as the commercial contingency is applied on top of the commercial tax ratio, it is forecasted that a \$3,000,000 contingency amount would increase the assumed ratio from 1.590 to 1.635, which is still significantly below the Canadian average of 2.83<sup>1</sup>.

The following shows the actual 2023 & 2024 balance and the estimated 2025 balance for the commercial appeal contingency.

<b>Commercial Appeal Contingency</b>	<b>2023</b>	<b>2024</b>	<b>2025 Projection</b>
Opening Balance Surplus/(Deficit)	\$(3,493,890)	\$(5,268,235)	\$(2,281,058)
Contingency Levy	\$ 1,500,000	\$ 3,000,000	\$ 3,000,000
Appeal Decisions	\$ 3,274,345	\$ 12,823	\$ 1,000,000*
Closing Balance Surplus/(Deficit)	\$(5,268,235)	\$(2,281,058)	\$ (281,058)

\* Estimated 2025 appeal losses

### FINANCIAL IMPLICATIONS

The financial implications are outlined within this report.

### OTHER IMPLICATIONS

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

### NEXT STEPS

The contingency amount will be added to the residential property class, multi-residential property sub-class, and commercial/industrial property class tax rates, and will be included in the 2025 Property Tax Levy Bylaw for City Council approval before the end of April 2025.

### REPORT APPROVAL

Written by: Maegan Piche, Revenue Accounting Manager  
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Approved by: Clae Hack, Chief Financial Officer

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<sup>1</sup> Altus Group. (2024, November 20) *Canadian Property Tax Rate Benchmark Report: Altus Group's comparative analysis of property tax rates for commercial real estate in Canada.*  
[https://assets.ctfassets.net/8jgyidtyr4v/10K5oUs2wflXLjLgS8s44T/7dd2acc41dd82873f2e3e459f176e1f7/ENG\\_-\\_2024\\_Canadian\\_Tax\\_Rate\\_Benchmark\\_Report.pdf](https://assets.ctfassets.net/8jgyidtyr4v/10K5oUs2wflXLjLgS8s44T/7dd2acc41dd82873f2e3e459f176e1f7/ENG_-_2024_Canadian_Tax_Rate_Benchmark_Report.pdf)