

---

## 2019 Commercial Appeal Contingency

### Recommendation

That the Standing Policy Committee on Finance recommend to City Council that a \$500,000 appeal contingency, as agreed by the Combined Business Group, be added to the property tax levy for the commercial/industrial property class for 2019.

### Topic and Purpose

The purpose of this report is to obtain City Council approval for a \$500,000 appeal contingency to be added to the property tax levy for the commercial/industrial property class for 2019.

### Report Highlights

1. The commercial appeal contingency fund has a current balance of \$160,820, which is not sufficient to cover the estimated impact of assessment appeal decisions likely to be rendered in 2019.
2. The Administration estimates that the addition of \$500,000 to the contingency reserve, levied from the commercial/industrial property tax class, will be sufficient to cover the estimated impact of assessment appeal decisions in 2019.

### Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring that the City of Saskatoon is open, accountable and transparent regarding decisions relating to taxation.

### 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 Combined Business Group has 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.

### Report

Currently, there are several commercial assessment appeal decisions outstanding from 2013 to 2018. It is difficult to determine the outcome, and timing, of these appeal cases 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 \$625,000.

The following chart shows the actual 2018 balance and the estimated 2019 balance for the commercial appeal contingency. The 2018 closing contingency balance was \$180,785. With the support of the Combined Business Group, the Administration is recommending a contingency levy of \$500,000 to cover the estimated impact of outstanding appeal decisions in 2019. This additional levy amount, combined with the current balance would leave a closing balance of \$55,785 at the end of 2019.

<b>Commercial Appeal Contingency</b>	<b>2018</b>	<b>2019</b>
Opening Balance Surplus/(Deficit)	\$ (365,219)	\$ 180,785
Contingency Levy	\$ 1,000,000	\$ 500,000
Appeal Decisions	\$ (453,996)	\$ (625,000)
Closing Balance Surplus	\$ 180,785	\$ 55,785

The 2019 appeal contingency levy rate is \$0.055 per \$1,000 of commercial assessment. The additional levy amounts to \$55.50 for a commercial property with an assessed value of \$1,000,000.

### **Options to the Recommendation**

City Council can choose not to approve the additional appeal contingency levy for the commercial/industrial property class. However, the Administration does not recommend this option as the long-standing levy is meant to offset large fluctuations that occur in the event of significant commercial assessment appeal decisions. The Administration will continue to review the balance annually to ensure the sufficiency of the contingency.

### **Public and/or Stakeholder Involvement**

The Administration consulted with representatives from the Saskatoon Chamber of Commerce and the North Saskatoon Business Association. Both representatives support the recommendation of a \$500,000 commercial contingency levy for 2019.

### **Financial Implications**

The financial implications are outlined within this report for the additional levy to the commercial/industrial property class.

### **Other Considerations/Implications**

There are no environmental, privacy, policy, or CPTED considerations or implications, and a communication plan is not required.

### **Due Date for Follow-up and/or Project Completion**

City Council approval for the commercial contingency to be added to the property tax levy is required by the end of March 2019 to ensure adequate time for the contingency amount to be included in the preparation of the 2019 Property Tax Levy Bylaw for City Council approval before the end of April 2019.

### **Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Report Approval**

Written by: Pamela Kilgour, Property Tax & Support Manager

Reviewed by: Clae Hack, Director of Finance

Mike Voth, Director of Corporate Revenue

Approved by: Kerry Tarasoff, Chief Financial Officer

2019 Commercial Appeal Contingency.docx