


What We Heard

ASSESSMENT ACT, 2006 Review





The Assessment Act, 2006 (the “Act”) came into force on January 1, 2007. The last amendments that were made to the Act were in 2012. In most areas of the province taxpayers saw an increase in their 2016 property assessments. Given the economic conditions in Newfoundland and Labrador, this increase caused concern for municipalities and taxpayers. In December 2015, the Government of Newfoundland and Labrador committed to initiate a review of the Act in partnership with the Municipal Assessment Agency and Municipalities Newfoundland and Labrador to determine whether the Act could be better meeting the needs of individuals, businesses and municipalities in this province.

The scope of the review was set to address:

- 1. The timing of assessments;**
- 2. Assessment criteria; and**
- 3. Implementation of the associated mill rate.**

The review also included how assessments are conducted for special purpose properties; i.e., commercial properties for which assigning a market value is difficult as there is little comparable data.



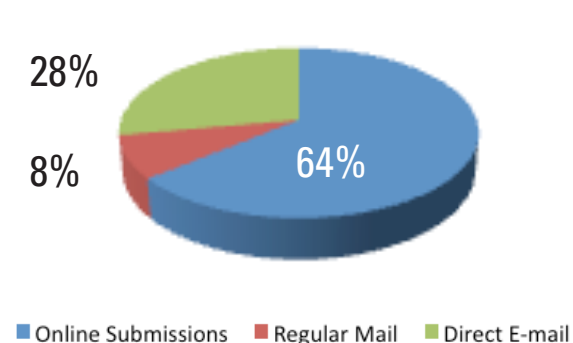
Consultations

One aspect of the review involved targeted discussion with specific stakeholder groups. The second part of the consultations was designed to encourage input and feedback from any member of the public. A consultation webpage was developed where people could find information about the assessment process and submit feedback through online forms. Submissions were also encouraged through a toll free phone number, e-mail or regular mail.

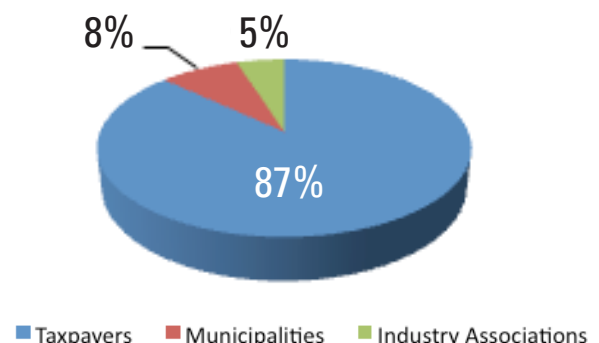
Feedback received

Sixty one written submissions were received by the department; 39 of which were submitted on the website via the online forms, five came in via regular mail or in-person, and 17 came in directly to Municipal Affairs staff via e-mail.

Submission Format



Submission Sources



The majority (87 per cent) of submissions came from taxpayers. Five municipalities sent submissions, and three submissions came from assessment related industry associations. Of the taxpayer submissions, there were several commercial taxpayers or organizations representing groups of commercial taxpayers.



Taxpayer Submissions

Several themes were evident from the taxpayer submissions.

Taxpayers want to see more equitable or uniform assessments.

Taxpayers see inequities both in their individual assessments, and comparatively between their assessments and others. Many taxpayers felt it was unjustified for their property assessment to rise significantly without any improvements. Other taxpayers expressed dissatisfaction with their assessment in relationship to their neighbours' or other assessments of seemingly similar properties.

Taxpayers would support a shorter assessment cycle.

Taxpayers have difficulty with a three year reassessment period, particularly in the event that the market has continually risen in each of those years. There was a preference for a base assessment year closer to the actual year of taxation and therefore more reflective of current economic conditions. Taxpayers recommended either two year, or one year cycles, and some submissions acknowledged potential administrative difficulties in a short cycle.

Taxpayers feel there should be some mechanism to mitigate significant increases.

It was suggested in some submissions that there should be a maximum percentage increase, an assessment increase limit, or some sort of cap or phase in approach to mitigate any sudden impact to property owners when market conditions change.

Taxpayers feel that municipal budgets and the setting of mill rates significantly contribute to assessment issues.

Many participants suggested that assessment values are not as problematic as the mill rates assigned by municipalities. It was stated that in a market when property values rise, municipalities do not adequately lower their mill rates, thereby generating extra revenue. Some felt that municipalities should not have unfettered authority to increase spending and budgets.



Taxpayers find it difficult to understand their assessment, or obtain adequate information from the assessors about how their property was valued.

Both residential and commercial taxpayers felt that there was a lack of transparency in the assessments. They noted that the adequate information about their assessment was not supplied readily, and attempting to acquire the information from the assessor was also ineffective. The feedback in this regard was regarding both assessment agencies. Some stated that if more thorough information was provided with assessments, or the information was more easily accessible, appeals may be avoided.

Taxpayers criticized the system of real property taxation as a municipal income source.

Several submissions referred to property tax as being regressive and expressed dissatisfaction with the lack of relationship between property tax and use of services. Participants felt that taxing something that people already own is unfair and unrepresentative of any ability to pay that tax. Others felt that ability to pay should be irrelevant and that taxation should be based on service provision at a municipal level.

Taxpayers feel the appeal process is unfair and difficult.

Several complaints and recommendations were made regarding the appeals process for both residential and commercial assessments. Many suggested that a longer appeal period would be helpful to avoid situations where the time frame falls at a particularly inconvenient time and to give business owners a more reasonable period to prepare appeals. There were submissions advocating for an independent reassessment team, impartially appointed commissioners, or an impartial assessment tribunal system.



Municipality Submissions

Municipalities outside the City of St. John's would like better integration and data sharing with the Municipal Assessment Agency and more information from the Municipal Assessment Agency regarding properties to relay back to taxpayers. Some municipalities seem concerned with the burden and the outcomes of having high volumes of appeals.

Industry Association Submissions

Other than topics covered above in the taxpayers submissions, industry associations also voiced a need for more stringent requirements and accreditations for assessors.

Special Purpose Properties Submissions

There were a limited number of special purpose property submissions; those were largely from businesses, business representatives, or municipalities. The feedback on special purpose properties is divided, with some submissions stating that market value is the fair and equitable manner of valuing all properties, and using reproduction cost to value some properties is unfair. Other feedback indicated that special purpose property regulations are necessary to derive an adequate tax amount and that market value is too difficult to establish for these properties.

The Department of Municipal Affairs and the Government of Newfoundland and Labrador appreciate the time spent by property owners, municipalities, industry associations and all other stakeholders to make submissions to this process. We will continue to consider your feedback in reviewing, amending, and assessing the Act in the future.