

Branch — Assessment and Taxation

Introduction

The objective of the Assessment and Taxation Branch is to ensure fair and transparent application of provincially legislated assessment and taxation functions critical to meeting the approved taxation requirements to fund City programs and services and the provincial education requisition.

Assessment and Taxation prepares annual market value assessments for all properties, including amended and supplementary assessments, and defends assessment complaints/appeals. It is responsible for taxation billing and collection for municipal and provincial education taxes, including administration of the Monthly Payment Program.

Commencing in 2012, the branch will administer the assessment and tax requirements for Community Revitalization Zones. In addition, the branch is responsible for the assessment and taxation requirements for Business Revitalization Zones (BRZs).

MAJOR SERVICES & ACTIVITIES		
Assessment Operations	Reporting, Audit and Program Support	Taxation
<ul style="list-style-type: none"> • Provide accurate and fair valuations for property and business owners with Business Revitalization Zones (BRZs) • Represent the City's defense of assessment complaints at the Assessment Review Board and appeals through the provincial court system (with Law Branch) • Provide accurate and timely, annual, amended and supplemental assessment notices • Respond to inquiries related to assessment 	<ul style="list-style-type: none"> • Provide program support to the branch • Review the assessment role to ensure the values meet provincial valuation standards • Report assessment information to the Province for preparation of equalized assessment for education tax and other purposes • Assist in the preparation of the City's Long Range Financial Plan 	<ul style="list-style-type: none"> • Maintain accurate property information and ownership records • Provide accurate and timely annual, amended and supplementary tax notices • Manage the collection of property and BRZ taxes according to legislative provisions, including Community Revitalization Levies • Assist in the preparation of the City's Long Range Financial Plan • Administer the Monthly Tax Payment Program and other Council approved programs • Respond to inquiries related to taxation

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Opportunities and Challenges

The Assessment and Taxation Branch interacts with citizens and local businesses on an ongoing basis and the following are significant opportunities and challenges that may impact the Branch's relationship with them in the immediate and medium term. These opportunities and challenges are identified through internal and external environmental scans, often have impacts beyond one year, and may or may not have budget implications for 2012.

1) Machinery and Equipment

Linkage to Department Outcome: The collection of property and business revitalization zone budgeted tax requirements in compliance with municipal bylaws, provincial legislation, and Council priorities.

Opportunity: With the elimination of business taxes in the City of Edmonton, City Council may rescind the bylaw exempting machinery and equipment from property tax. Administration committed to City Council to undertake a review of this opportunity once municipal business tax was phased out in 2011. This is an opportunity that will be explored in *The Way We Finance*.

Action and Timeframe: Further discussions will occur during *The Way We Finance* approval process (2012) in conjunction with the development of a broad based tax strategy.

2) Provincial Legislation Review

Linkage to Department Outcome: Fair property and business assessments which meet legislative and statutory requirements, and business requirements.

Opportunity: Edmonton and Calgary administrations have collaboratively researched legislated dates associated with the assessment valuation cycle. The focus is on the condition date for the assessment of property from the current December 31st date to coincide with the valuation date which is currently July 1st. This change would not only improve the transparency of the system for citizens, it would greatly improve the administrative process and lessen the municipal revenue risk for municipalities.

Business Revitalization Zone taxes are currently based upon assessments completed for Business Tax. With the abolishment of the business tax in the City of Edmonton, in 2011, City Council requested the Province for a change in legislation to allow BRZ taxes to be collected as part of the property assessment and taxation process. The province has indicated this request will be considered during the next Municipal Government (MGA) review.

Administration is currently working through the changes in the assessment complaint processes as a result of Bill 23 (introduction of the one-level assessment complaint process). Although it appears that the changes have improved the assessment complaint process, there is a need for some amendments to further improve the system. One of the most significant issues is the number of Assessment Review Board decisions being appealed to Court of Queen's Bench due to lack of clarity and intent of the legislation.

Action and Timeframe: There is no incremental increase required in the 2012 budget to address this challenge. The timeframe for completion of this legislation review is expected to be as follows:

1. Legislative Dates - Province has indicated that this request will be considered in the next MGA review (approximately 2015 commencement date).
2. BRZ levy distribution methodology – Province has indicated that this request will be considered in the next MGA review (approximately 2015 commencement date).
3. Assessment complaint appeal process – Changes occurred in the 2010 tax year with a verbal commitment to address any shortcomings of the assessment process in 2011/2012. This commitment has yet to materialize.

Service and Budget Review

In preparation of the 2012 Budget, the Assessment and Taxation Branch reduced the amount budgeted for computer hardware and telephone/cell phone purchases.

In addition, it is expected that the Branch will generate an extra \$1,750,000 in revenues as a result of the Branch's request for hiring an additional FTE to manage collections on late payments on property taxes.

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Approved 2012 Budget – Branch Summary (\$000)

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
Grants	\$ 27	\$ -	\$ -	\$ -	-
Various Revenues	15	-	-	-	-
Total Revenue & Transfers	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditure & Transfers					
Personnel	15,742	15,916	419	16,335	2.6
Materials, Goods & Supplies	657	805	(165)	640	(20.5)
External Services	741	1,510	(13)	1,497	(0.9)
Intra-municipal Services	1,008	499	(28)	471	(5.6)
Utilities & Other Charges	372	448	(52)	396	(11.6)
Transfer to Reserves	-	-	-	-	-
Subtotal	<u>18,520</u>	<u>19,178</u>	<u>161</u>	<u>19,339</u>	<u>0.8</u>
Intra-municipal Recoveries	-	-	-	-	-
Total Expenditure & Transfers	<u>18,520</u>	<u>19,178</u>	<u>161</u>	<u>19,339</u>	<u>0.8</u>
Net Operating Requirement	\$ 18,478	\$ 19,178	\$ 161	\$ 19,339	0.8
Full-time Equivalents	194.7	186.2	1.0	187.2	

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Budget Changes for 2012 (\$000)

Revenue & Transfers - Changes

Remittance Processing Fees

No Change

Financial Administration Fees

No Change

Debenture Administration

No Change

Expenditures & Transfers - Changes

Personnel \$419

Movement within the salary ranges, changes in benefits, and the last year of a 3-year 1% LAPP contribution increase account by \$344. The remaining \$75 is for an additional 1.0 FTE to manage collections on late payments on property taxes.

Materials, Goods & Supplies (\$165)

This net decrease results from an inflationary impact of \$37 offset by a \$200 reduction in computer hardware purchases.

External Services (\$13)

A \$52 reduction in expense partly offset by \$39 in inflation results in a net \$13 reduction to external expenditures.

Fleet Services

No Change

Intra-municipal Services (\$28)

A detailed review of intramunicipal services resulted in a \$28 reduction in parking charges to reflect actual requirements.

Utilities & Other Charges (\$52)

Decreases due to implementation of more efficient use of telephones.

Intra-municipal Recoveries

No Change

Full-time Equivalents - Changes

Service and Budget Review increase of 1.0 FTE to help administer corrections on late payments on property taxes. The late payment interest amount is being increased and is anticipated to provide an additional \$1,750,000 in revenue.