HALIFAX
REGIONAL MUNICIPALITY

Commercial Assessment Averaging

Standing Committee on Audit and Finance

September 18, 2013

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Outline

- **Origin**
- **Purpose**
- **Examples**

Origin

- **Standing Committee on Audit & Finance**
  - On December 19, 2012,

    "…investigate possible commercial tax changes including …basing commercial taxes on a moving average of assessed values."
  - April 24, 2013 - update/discussion
- **Regional Council**
  - Legislative Requests, August 6, 2013
  - Referred to Audit & Finance

Purpose

To increase predictability of commercial taxation. Important for businesses with sudden "spikes" in assessment.

- Spikes caused by data weaknesses but also may just be the result of a hot real estate market. Council can still seek improvements to quality of assessment roll.
- Vancouver uses assessment averaging for land portion.
- "averaging" does not reduce overall commercial revenues.
  - Tax rate would change. Avg tax bill stays the same.
  - Averaging temporarily shifts taxes from high growth properties to low growth properties. Allows firms time to adjust.

- **Purpose of August 6th report was to seek legislative changes that Council "could" use.**

Example of Averaging

Tax is now based on

Tax would be based on

Scenario	Assessment 2 Years Prior	Assessment Prior Year	Assessment Current Year	3-Yr Average Assessment	Tax Impact
Spiking Value	$500,000	$500,000	$800,000	**$600,000**	Significant benefit
Average Property	$500,000	$525,000	$550,000	**$525,000**	Possible slight increase or decrease
No Change in Value	$500,000	$500,000	$500,000	**$500,000**	Tax increase *(= market)*
New Property	n/a	n/a	$550,000	**$550,000**	Tax increase *(= market)*