STANDING COMMITTEE ON FISCAL ISSUES

QUESTION PERIOD

Minute No. 274
Citing a reference to a recent Supreme Court of Canada decision which denied a claim by the City, and further noting that approximately 15 appeals of hotels heard by the Board of Revision and the Municipal Board reduced assessments made by the City by 50 percent or more, Councillor Steek questioned if there were 60 cases remaining at the Municipal Board relative to hotel assessment that have yet to be heard. Councillor Clement replied that he did not have the answer to the question and stated that the issue did not fall under the Standing Committee on Fiscal Issues.

Councillor Steek suggested that the amount of dollars related to the pending hotel assessments could be significant and questioned if there had been anything factored in to the current budget in 2004 or 2005 relative to the potential assessment losses.

Councillor Clement stated that the budgets typically have approximately five million dollars appropriated each year for appeals, noting that the majority of that money was used in a reassessment year, and advised that there was no secondary reserve for appeals. His Worship Mayor Murray added that increasing hotel market values simply reflect a rebound of a depressed market value rather than incorrect assessments; he further added that assessments were not the problem, but rather taxation, especially the inequitable school taxes in the downtown area versus the rest of the City.

Councillor Steek questioned if His Worship Mayor Murray felt that the reductions by the Board of Revision for the 15 hotel appeals, which ranged from 25% to 50%, indicated that there was something wrong with the assessment methodology.

His Worship replied that an acceptable variance was 10 % from the original assessment, but further added that the two foremost experts on hotel assessments were brought in by the Assessment Department and the Hotel Association to provide opinions and that even their assessments varied by much more than 10% from each other. His Worship acknowledged that there were some huge problems structurally in the assessment system and stated that legislation needs to be dramatically reformed and that the Committee on Tax Reform Report, “Rethinking Taxation - Making Winnipeg Competitive”, laid out the issues clearly that needed to be addressed in the near future.