CANADIAN FEDERATION OF
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April 12, 2005

His Worship Mayor Sam Katz
and Members of Executive Policy Committee
City Hall
510 Main Street
Winnipeg MB R3B 1B9

Dear Mayor Katz and Members of Executive Policy Committee:

On behalf of the Canadian Federation of Independent Business (CFIB) and its 2,000 Winnipeg members, I am writing to voice our views related to the proposed imposition of fees to file a property assessment appeal.

The proposal to move towards a two-year assessment cycle from the current four-year assessment cycle would move Winnipeg more into sync with the majority of other jurisdictions in Canada. As well, it would assist in minimizing some of the assessment shock property owners encounter under the current system.

However, CFIB is strongly opposed to the recommendation to allow the Board of Revision to charge a fee for filing an appeal on a graduated scale. The proposed fee for commercial properties, up to $600, represents a significant financial burden for Winnipeg's small- and medium-sized business community. CFIB believes that the City of Winnipeg has, without evidence, overestimated the number of so-called frivolous appeals and that the proposed fee would in effect result in another bureaucratic barrier for property owners.

CFIB has consistently heard concerns from its Winnipeg-based members about the City's Property Assessment Branch, examples I am more than willing to share if requested. These concerns were reflected in CFIB's recent *Western Cities Report Card* that found Winnipeg businesses rated the reasonableness of property tax levels and the value-for-money of public services last among seven western cities surveyed. Of particular concern, the same survey showed almost 75 per cent of respondents in Winnipeg gave a 'poor' rating to the local government in terms of overall awareness of the small business sector. This was the lowest rating among the cities surveyed.

I would also note additional survey data CFIB collected during its Focus on Manitoba 2003 survey. That survey asked members what are the property tax system's main problems? Thirty-nine per cent of Winnipeg respondents noted variable/uncertain assessment values; 34 per cent noted erroneous assessments; and 26 per cent noted that the system is too complex.

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In any property-based taxation system, it is imperative that the business community has confidence that their assessment represents their fair share of taxes payable. When a business owner lacks that confidence, government must ensure the appeal process is accessible and transparent.

Although the proposal also includes a refund of the fee should the appeal be successful, CFIB nonetheless maintains that the entire proposal should be rejected. Property owners who appeal their assessment face the double-edge sword that they may find themselves facing an even higher assessment as a result of the appeal. The addition of a fee will only serve to exacerbate this situation and will, in our opinion, only act as a further disincentive.

In conclusion, CFIB encourages members of Executive Policy Committee to reject this proposal. Instead, the City is encouraged to continue its efforts to merge its assessment branch with that of the Province. CFIB believes the benefits of this action would have a greater positive financial impact on the City than any fee it imposes to file an appeal.

Sincerely,

Shannon Martin
Director of Provincial Affairs
Manitoba