



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS.**

237 8th Avenue SE, Suite 410
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November 28, 2008

Hon. Ray Danyluk
Minister of Municipal Affairs and Housing
#104 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Danyluk:

On behalf of CFIB's 10,000 business members in Alberta, we'd like to thank you for the opportunity to meet last week. As mentioned during our meeting, CFIB is strongly opposed to the City of Calgary's recent decision to move assessment appeal fees from a reasonable flat rate fee to a percentage based fee with a maximum charge of \$5,000.

This fee will come into effect January 1, 2009, unless you take immediate steps under section 484(1)(f) of the Municipal Government Act to cap these fees. We hope you will make additional changes to build equity and transparency into the municipal property assessment and appeals processes. However, we urge you to issue a Ministerial Order to place a hard cap of \$500 on the amount municipalities can charge for assessment appeal fees before the end of the year.

We appreciate the City's desire to reduce the number of "frivolous" appeals filed but strongly believe that increasing appeal fees is the wrong approach. CFIB believes that the City of Calgary's method for calculating and assessing property values is the underlying cause of the large volume of appeals received, not frivolous claims. In 2007, the city received 12,067 complaints, compared to only 3,475 in Edmonton. About a quarter of Calgary's complaints were withdrawn, but of the 8,747 complaints the board heard, 5,697 were either reduced by the board, reduced by the assessor or reduced by amended notice. In other words, 65 per cent of the decisions went against the city.

This strongly suggests that the majority of complaints are not frivolous. The huge additional volume of complaints in Calgary also suggests there is a problem with the process for assessing the value of both residential and non-residential properties. Increasing appeal fees would serve only to unfairly limit access to justice and a fair assessment appeal process while failing to address the underlying causes of why the City of Calgary receives such a disproportionately large volume of appeals when compared to other Canadian cities of comparable size.

Our members are already feeling the negative effects of the global credit crisis and have been hit with a significant increase in property taxes as a result of the City of Calgary's 2009-2011 three year budget process. Given that 53 per cent of our members list local commercial/business tax as the most harmful tax to the continued success of their business, an increase in assessment appeal fees will act as yet another potential increase in costs that will erode their viability.

We have several recommendations to address these issues:

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Limit the amount municipalities can charge for an assessment appeal fee to a hard cap of \$500

This limit is very reasonable as it allows municipalities to recoup all costs associated with the appeals process. This hard cap will also allow Alberta municipalities to charge one of the highest assessment appeals fees in the country. By comparison, Toronto, Vancouver and Winnipeg do not charge anything at the first level of the assessment appeal process.

Require full disclosure of how individual property assessment values are determined

Under the current system property owners must file an appeal if they wish to know how the assessed value of their property is determined. This places an unnecessary burden on the board, by forcing property owners to file appeals when all they want is access to information to make an informed decision regarding whether or not to launch an appeal of their property assessment.

Extend the timeframe for an appeal from 30 days to 60 days

Extending the timeframe available to property owners to file an appeal will lead to a reduction in the number of appeals as property owners will have an opportunity to adequately review their assessment before determining if they should file an appeal. Under the current system many property owners file an appeal so they retain the right to argue against their assessment as they do not have enough time to determine if they have been assessed properly.

Require all municipalities to calculate property assessments using a standard methodology

Our members frequently receive unfair property assessments. In one municipality, a member told us he pays \$13,000 in non-residential property tax while the business next door pays only \$6,000, despite having a larger facility. In another instance, despite having no extra services provided, one of our agri-business members is facing a tax increase in the thousands of dollars after the city annexed his land from the adjacent municipality. The current system is a patchwork of assessment schemes that are often incongruent with one another and make it very difficult for a small business owner to understand. Adopting a standard province-wide method for assessing property values would reduce red tape, simplify the process and lead to a decrease in the number of appeals filed.

We believe these changes would go a long way to cutting down on the number of appeals filed, not only in Calgary, but in other municipalities as well.

However, setting a \$500 cap is a matter that requires urgent attention, before the city of Calgary's planned increase comes into effect in 2009. We understand the city of Edmonton is also considering raising assessment appeal fees. These fees are not intended to be an additional source of revenues municipalities, and taking prompt action now to cap these fees would send a clear message that the province views excessive fees as inappropriate.

If you would like to discuss this further, please do not hesitate to give us a call at 403-444-9290 or 780-421-4253. We look forward to your early response.

Sincerely,

Original signed by

Danielle Smith
Director of Provincial Affairs, Alberta

Brian Gordon
Member Services Counsellor/Policy Analyst