

No winners in assessment battle

Councillors must force Queen's Park to fix system

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Premier Dalton McGuinty says Ontario's property assessment regime has "challenges." That's a pathetically weak euphemism. Surely what he meant is that the system is totally screwed up.

The province has managed to create a system that can stick it to farmers, renters, homeowners, businesspeople, even city councillors, all at the same time. This isn't a system of winners and losers, it's losers and bigger losers.

On the surface, the biggest losers are renters. Multi-unit apartment buildings have gone up 30 per cent in value over the last two years. That means those buildings should get a larger share of the overall tax bill, and landlords are entitled to pass that on to tenants. provincial rules, however, prevent the full impact from coming into effect. The limit is 10 per cent, so the remainder of the apartment building tax obligation gets passed over to homeowners. That's estimated to be \$5 million to \$6 million.

You will see a trend here. The beleaguered homeowner is like a guy who went to lunch with his co-workers, then discovered that they all forgot their wallets and he got stuck with the whole bill.

Farmers are facing a 26-per-cent increase in assessment. That will mean double-digit tax increases for them. Yet another irritant to add to their lists. It's not entirely clear what has driven the cost of farmland up so much. It's sure not the big money farmers are making. Land speculation seems a likely cause. The city does have the power to lower the tax share farmers must pay.

The solution, you will have guessed, is to pass the tab to homeowners.

Businesses got good news, sort of. The city won't be able to charge then higher taxes, but only because they are already being taxed at the maximum the province will allow. With business's contribution capped, a one-per-cent tax increase would only generate \$6.8 million, not the \$9.1 million had been business been fully included, city treasurer Lloyd Russell said Tuesday. That means councillors will have to increase taxes by a higher percentage to generate the same amount of money. The extra burden will fall, right again, to homeowners.

The only people who can be pretty certain of being winners in all of this are the relatively small number of homeowners who experience a dramatic reduction in their property assessments. Even after the slopover from other tax classes and the tax increase council will pass later this year, they will still pay less next year than this year. That's good for them, but with the city so tight for money, why should anyone get a double digit tax cut? It just doesn't make sense.

Superficially, Ontario's property tax system makes sense, but it clearly hasn't worked out. It sounds fine to make people pay taxes according to the value of their house, but the two things people prize most in a tax regime are

stability and predictability. Tying property taxes to ever-fluctuating property values guarantees that taxes will continually change in ways that are beyond anyone's control.

This whole mess is turning out to be Ottawa city councillors' worst nightmare: Assessment shifts will drive up many people's taxes before the city gets an extra dime; a tax increase will produce less than it used to; the premier is offering no help on new taxing powers,, and; there Is little chance of limiting taxes to the promised rate of inflation increase. Just to top it off, this is the budget they will have to run on in next year's election.

Don't feel too sorry for them, though. The problem has been a long time coming, but they still spent money on new things in this year's budget, costs that were clearly unaffordable.

Councillors are quick to tell you that the province's half-baked assessment system isn't their fault, and they're right. Their job, though, is to convince their counterparts at Queen's Park to fix it. They have been spectacularly unsuccessful to date.

Last year, when the province gave the city the power to limit dumping of extra cost on homeowners, the implication was that the temporary fix would be replaced by something more substantial, once the province had thought everything through. Instead, it has been replaced by nothing.

Clearly, Dalton McGuinty just doesn't get this Issue. It would at least be satisfying to know that the taxes McGuinty pays on his own Ottawa house are going way up. Sadly, it's not the case. The assessment on the premiers Alta Vista house has gone up only 6.4 per cent. The guy who is ultimately responsible for the whole mess is getting a tax cut.

Dalton McGuinty didn't create the property assessment problem, but his government has the power to fix it. His lame excuse is that he didn't run on a property tax fix.

The job of Ottawa taxpayers and city councillors is to make sure he can't run from it. Contact Randall Denley at 596-3756 or by e-mail, rdenley@thecitizen.canwest.com

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