

ITEM 9

MANAGER'S REPORT NO. 23

COUNCIL MEETING Mar. 25/74

Re: A Brief by the B.C. Association of Assessors

Our Municipal Assessor has submitted the attached Brief which the B.C. Association of Assessors presented to the All-Party Assessment Committee of the Legislature on March 7, 1974. The Assessor personally supports the views of the Association and, of course, he is presently the President of the Association.

This is for the information of Council.

FEBRUARY, 1974

BRIEF

FOR PRESENTATION TO THE
ALL PARTY ASSESSMENT COMMITTEE

ITEM 9

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Prepared by the
B.C. Association of Assessors

Assessments are entangled in a snare of complicated rules and citizens who normally find the subject difficult to understand now find it totally confusing. This situation has been most evident since the first of this year but it has been developing for some time.

Prior to 1953 there were a great number of assessment problems. In that year the Assessment Equalization Act was passed to remedy them and serve as an equitable base for school grants. It was a good act and went a long way toward achieving its stated purpose of equalizing assessments all over the Province.

Since 1967 the basic principle of the act has been distorted through amendments which imposed artificial limitations on increases. As the effect of these has been cumulative, assessments of similar properties within each jurisdiction have become less and less comparable. In addition, assessments in different jurisdictions have fallen to substantially different levels.

As a result, in 1973 it was an Assessment Equalization Act in name only.

Two Roll System

In an effort to reduce the impact of these distortions, during the past 7 years a number of jurisdictions adopted a Two Roll System. One Roll was for School and Hospital purposes and required the application of the limitations as it was compiled according to the Assessment Equalization Act. The other Roll was for General Purposes and was compiled according to the Municipal Act which contains no limitations and requires assessments to be directly related to the market value.

This device of using two Rolls created some difficulties as owners had twice as many values to consider, but it had the great advantage of producing a set of figures which could be readily related to comparable properties and the prices being paid for them.

Bill 71 (1973)

In an attempt to resolve some of the problems, Bill 71 was introduced as an interim measure. It removed the limitations from non-residential and non-farm properties so that these assessments in 1974 returned to the normal 50% level originally required in the Act. There were unexpected side effects however and the problems relating to them have made assessments such a recent public issue.

Other Major Problems

There are other problems in assessment which, although not so evident, have contributed to this crisis. They include the following items.

- 1) The administration of assessment is fractured.

At the provincial level there are two separate organizations involved. The Surveyor of Taxes is responsible for assessing property in unorganized areas, while the Assessment Commissioner is responsible for controlling equalization in all areas of the Province. Both of these officials have separate staffs, administer different legislation (the Taxation Act and the Assessment Equalization Act) but are in same department (Department of Finance).

At the local level individual cities, districts and villages are responsible for carrying out their own assessments. In the smaller jurisdictions there is often not enough work to warrant retaining trained appraisers and assessors. Consequently the work is often done by staff members who have various other duties and who have no appraisal background.

- 2) The provincial functions and some local areas are understaffed. The staff complement of both the Surveyor of Taxes and the Assessment Commissioner is low and as a consequence work is primarily restricted to items which have reached the critical stage. The same is true in a number of the smaller jurisdictions.
- 3) Assessment legislation is scattered. There are a number of acts which refer to assessments but there are three with major sections dealing with assessment matters. They are the Municipal Act, the Assessment Equalization Act and the Taxation Act. The application of the legislation in these three acts gives dissimilar results in a number of instances.
- 4) Recommendations of the Assessment Advisory Committee have for the most part been ignored or not implemented. The Assessment Equalization Act Section 3(6)) gives authority for such a Committee and outlines its function. As no action has been taken on most items recommended by the Committee in recent years there is little incentive for the Committee to keep active.
- 5) No concerted effort has been made to inform the public. The lack of knowledge is awkward enough for all concerned in times when rules governing assessments are not changing but is devastating when new legislation is implemented.

Recommendations

- 1) ASSESSMENTS SHOULD BE EQUALIZED.

This is of overriding importance and requires a return to the original concept contained in the Assessment Equalization Act. Assessment authorities generally agree that assessments should be as simple as possible, presented in a form which is easy to understand, and all values should

be at a similar level. Such a change would have the following advantages. It would:

- a) make assessments more understandable to the ordinary citizens.
- b) remove the present distortions in School assessments so that the basis for School Grants and cost-sharing arrangements will be equitable.
- c) destroy any advantages of Two Roll systems so jurisdictions would abandon them voluntarily.

2) ASSESSMENTS SHOULD NOT BE MANIPULATED FOR TAX PURPOSES.

If it is considered politically appropriate to vary the tax incidence on different classes of properties there are other ways of doing so without disturbing equalized assessments.

(Examples include the use of differing mill rates or the use of differing proportions of assessments for tax purposes for different classes of properties).

By leaving the assessment base undisturbed and by indicating in legislation how taxes for different classes of properties will be determined on this equitable base the public can be fully informed.

3) AN INDEPENDENT AUTHORITY SHOULD COORDINATE THE ADMINISTRATION OF ASSESSMENTS.

The matter of establishing assessment values is primarily a technical one and should be divorced from political considerations.

4) A MORE UNIFIED SYSTEM OF ADMINISTRATION SHOULD BE INSTITUTED.

At the provincial level the office of the Surveyor of Taxes and Assessment Commissioner should be amalgamated and the collection function of the Surveyor of Taxes should be assigned to some other agency of government.

The number of assessment jurisdictions in the Province should be drastically reduced so that they become viable administrative areas. There are a number of problems relating to such a change and these include the size of areas, the number of parcels in each, personnel disruption and other local duties normally carried out by assessors. These considerations should be thoroughly reviewed before a decision is made. The experience of other provinces and states could provide useful background material for a decision.

5) THE STAFF AT THE PROVINCIAL LEVEL SHOULD BE INCREASED.

This should be done to bolster the service normally available and to provide additional expertise in such subjects as administration, statistics, electronic data processing and research. Preferably these persons should have had experience in the application of these subjects to assessment practice.

A number of research tasks have some urgency but one in particular needs immediate attention. It is the manner in which 1975 assessments are to be established. Assessment staffs need this information immediately to allow them to begin the 8 or 9 months process of producing an Assessment Roll. Once such a decision is made the rest of 1974 could be used by research task groups for intensive planning to bring forward recommendations of a more permanent nature concerning the two basic urgent matters. These include:

- a) The level at which equalized assessments should be set and the procedures and timing to be used to arrive at this target.
- b) The new system of assessment administration and the recommended way of implementing it. This should also include recommendations about the use of electronic data processing systems and programs.

The additional staff besides assisting in planning immediate and long term changes in the assessment function should also explore and organize greatly expanded educational opportunities for assessors and appraisers. There is a particular need for training younger personnel as a large proportion of present assessment staffs are close to retirement. A particular problem respecting retirement relates to the Assessment Commissioner. Mr. P. Wright is due to retire in March 1974 and whether he is asked to stay on or not it would be worthwhile to appoint a replacement immediately so that he could start learning the job and assist in devising and implementing changes.

- 6) CHANGES IN STAFF AT THE LOCAL LEVEL WILL BE NEEDED BUT DECISIONS SHOULD BE DEFERRED UNTIL THE NEW ASSESSMENT ADMINISTRATION BOUNDARIES ARE ESTABLISHED.

Preferably staff should be appointed by and have primary responsibility to local areas rather than the central authority.

- 7) THE ASSESSMENT ADVISORY COMMITTEE SHOULD BE GIVEN MORE CONSIDERATION AND PROVIDED WITH A MORE MEANINGFUL TASK.

Its membership could well be expanded to include representation from U.B.C.M., the Assessment Appeal Board, the Courts of Revision, the appraisal profession, an institution of learning offering assessment subjects, the general public and the B.C. Association of Assessors.

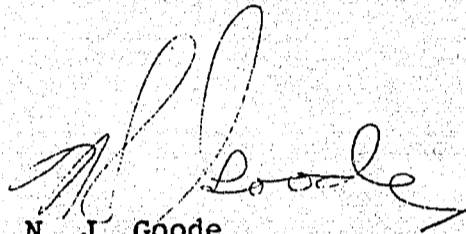
The first suggested duties for such an enlarged committee would be to make recommendations on the following subjects.

- a) The duties, appointment, tenure, pay etc of Courts of Revision and the Assessment Appeal Board.
- b) Means of informing the public about assessment matters.

Conclusion

Assessments in B.C. are distorted to a point where they are unintelligible to the citizen and of little use for comparative purposes between properties or jurisdictions. Problems also exist in the administration of assessments. An immediate start should be made to correct these situations and recommendations have been made on the approaches to take.

Because conditions have become so awkward there can be a tendency to take precipitate action but this can be self-defeating as substantial changes in assessment legislation or procedures usually produce side effects which aren't anticipated unless a fair amount of research is carried out. Thus caution is indicated as assessments require fine tuning rather than the hammer approach.



N. J. Goode
PRESIDENT

The B.C. Association of Assessors would be pleased to elaborate on any items in this Brief and to provide assistance and advice when details of the changes are being planned and implemented.