

ITEM	11
MANAGER'S REPORT NO.	45
COUNCIL MEETING	1982 07 26

RE: 1983 ASSESSMENTS  
 (ENQUIRY, COUNCIL MEETING 1982 JUNE 14)

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Treasurer be adopted.

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TO: MUNICIPAL MANAGER  
 FROM: TREASURER  
 RE: 1983 ASSESSMENTS  
 ENQUIRY - COUNCIL MEETING 1982 JUNE 14

1982 July 20  
 File: A73-1

RECOMMENDATION

1. THAT this report be received for information purposes.

REPORT

At the Council meeting on 1982 June 14, Ald. Drummond expressed concern with the effect that the current decline in real estate values could have on the 1983 assessment rolls. He requested that the Municipal Manager examine this question and advise Council accordingly.

The question was put to Mr. Twining, the Area Assessor. His reply is attached. At this time, there is little advice that can be given. There are many influencing factors, all of which have a bearing on the final assessment figures, e.g.:

- The 1983 assessments will be set according to real estate market trends during the final quarter of 1982.
- Changes in market value could differ between classes, i.e. residential vs industrial.
- The amount of new construction during the year.
- The percentage of market value taxed that is set by the Province.
- Council has the right to change its assessment base (Option A to D) each year in November.
- Existing legislation may be changed.

Notwithstanding the many factors that can affect the assessment roll, a decline in market value, generally speaking, should cause a reduction in the assessment roll. If the market value change is disproportionate, one class to the other, then a corresponding shift in the burden of taxation occurs.

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A decline in the assessment roll would also affect the following:

Mill rate - with no change in the dollars to be levied, an increased mill rate would be required. Currently, our general mill rate is 41.11. According to the Municipal Act, the rate levied cannot exceed 50 mills without the approval of the Inspector of Municipalities.

Borrowing power - is related to assessments. A decrease in value would lower our borrowing authority. Currently, this is not a problem because our unused borrowing authority now stands at \$105 million.

Sewerage Facilities Assistance grants - the formula for determining this grant favours the Municipality when the assessment roll decreases.

More difficult to quantify is the impact that reduced values may have on the taxpayer. The present economic climate which is causing the decrease in market value likely causes the taxpayer to perceive a need to hold or reduce the current level of taxation. In recognition of this, Council approved the Manager's 1983 Provisional Budget Challenge Statement which, among other things, calls for virtually no increase in the 1983 tax levy.

Submitted for the information of Council.



Howard Karras  
TREASURER

Attach.

July 6, 1982.

Mr. H. Karras  
 Treasurer  
 Corporation of the District of Burnaby  
 4949 Canada Way  
 Burnaby B.C.

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Dear Sir:

Re: 1983 Assessment Roll

I have been asked to comment on what effect the current decline in real estate values could have on the 1983 Assessment Roll.

The Assessment Act requires actual values for 1983 assessment purposes to be set according to the real estate market trends during the final quarter of 1982.

To date the real estate market indicates a reduction in residential values for 1983. It is too early to forecast what the effect will be on other classes of property.

When considering the 1983 assessment roll, it should be remembered that fluctuations in value between classes of property can be adjusted by the Provincial Government. This occurs when they review the percentage of actual value at which the various classes are to be assessed for school and hospital purposes later in the year.

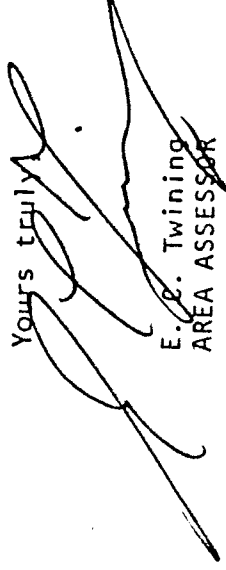
Examples of these adjustments over the years for the principal classes are as follows:

Roll	Taxable Percentage of Actual Value			
	Residential	Business	Industrial	Utilities
1978	15	25	30	30
1979	15	25	30	30
1980	14.5	25	30	30
1981	11	24.5	28.6	30
1982	10	24.5	34	35

Council also has the authority to make limited adjustments to assessed values for general taxation purposes later in the year by exercising available options.

All of the above assumes that the existing legislation governing assessment functions will not be changed. But in light of ongoing activities by various Taxpayer Groups, Municipal Councils and Provincial Cabinet Members, this possibility cannot be ignored.

Yours truly,



E. C. Twining  
 AREA ASSESSOR

