

For Information Only

2010 Supplementary Taxation Revenue and 2011 Assessment Growth

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Recommendation

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Background

The purpose of this report is to identify the reasons for the unprecedented supplementary taxation revenue that resulted from the increased taxable assessment being captured on the assessment rolls.

In the September 2010 Cost Centre Variance Report, it was reported that supplementary taxation revenues would exceed budget by approximately \$4.5 million. Based on updated 2010 year end projections, which are now inclusive of the fourth supplementary tax run, this supplementary taxation will provide additional revenue over budget in excess of \$5 million.

There are three main reasons, as follows, for this generation of taxation revenue from the supplementary tax rolls:

1. The City has seen a tremendous amount of new construction in the last few

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years in all sectors. Residential construction has remained strong over this period. New major commercial projects such as Wal-Mart and Lowes have lead their sector in continued growth. As well, the industrial expansion which includes Xstrata's Nickel Rim project, Podolski and Totten mine sites, has generated growth in this tax class.

2. Finance staff are reviewing building permits and occupancies in conjunction with Building Services staff to ensure completed projects are added to the supplementary tax roll in a timely basis. Finance liaising with MPAC has proven to be beneficial to the City as specific properties are discussed between the two parties, which has led to a faster turnaround time for application to the rolls.

3. MPAC's ability to address the backlog of properties has resulted in the larger than normal supplementary taxation runs. They had implemented a number of key performance initiatives that have resulted in properties added to the taxation rolls faster. In addition, MPAC has delivered a fourth supplementary taxation roll as a result of the heavier than normal construction activity.

The following chart reflects the tax revenues generated from finalized construction in 2008, 2009 and 2010 that are now being added to the assessment rolls.

	Residential (Municipal Only)	Non-Residential (Municipal Only)	Total (Municipal Only)
2008	\$ 216,152.91	\$ 331,466.37	\$ 547,619.28
2009	967,975.11	1,197,439.21	2,165,414.32
2010	2,055,525.27	3,105,171.82	5,160,569.09
	\$ 3,239,525.29	\$ 4,634,077.40	\$ 7,873,602.69

Impact of 2011 Budget (Assessment Growth)

In addition to generating additional supplementary tax revenue in 2010, the measures previously mentioned have also created a larger tax base as reflected in the 2011 assessment growth figure of 2.4%.

Attached is the spreadsheet which reflects the growth by tax class relating to new

construction. As a result of previous tax policy decisions, 2011 tax class ratios had to be reduced in accordance with legislation, therefore reflecting a lower increase in weighted assessment. If the ratios were able to be left at 2010 values, the City's assessment growth would have reflected a 2.8% increase.

Through the development of 2011 property tax policy with the implementation of revenue neutral tax ratios for the Commercial and Industrial classes, some additional tax burden may be transferred away from the Residential class to the non residential classes. The development of property tax policy will be undertaken from February to April of 2011.

The adoption of property tax policy decisions and the affects of area rating will impact the final property tax rates for all properties.

Summary

The City has realized larger than normal supplementary taxation in 2010 due to the efforts of City and MPAC staff and the continued strong economy in Sudbury. This has also translated into significant assessment growth of 2.4%, which will assist in lessening the impact of the 2011 Operating Budget on property owners.

2010-2011 PHASED-IN ASSESSMENT (Assessment Growth)

**RETURNED ROLL
CITY OF GREATER SUDBURY**

Property Class	2010 Assessment \$ returned roll	2011 Assessment \$ returned roll	2010 Tax Ratio	2011 Tax Ratio	2010 Weighted Assessment \$	2011 Weighted Assessment \$	Difference in Assessment \$	Assessment Growth %
City Totals								
Residential	8,373,993,373	8,536,614,785	1.000000	1.000000	8,373,993,373	8,536,614,785	162,621,412	1.94
Multi-Residential	453,186,045	453,167,273	2.208780	2.208780	1,000,988,272	1,000,946,809	(41,463)	-
New Multi-Residential	2,062,488	13,356,015	1.000000	1.000000	2,062,488	13,356,015	11,293,527	547.57
Commercial - Occupied	1,288,744,251	1,332,851,695	2.027537	2.001613	2,612,976,652	2,667,853,280	54,876,628	2.10
Commercial - Excess Lands	13,693,448	14,861,574	1.419277	1.401130	19,434,796	20,822,997	1,388,201	7.14
Commercial - Vacant Lands	37,809,044	35,547,450	1.419277	1.401130	53,661,507	49,806,599	(3,854,908)	(7.18)
Industrial - Occupied	130,159,316	138,587,102	2.859391	2.822831	372,176,377	391,207,968	19,031,591	5.11
Industrial - Excess Lands	12,149,898	11,512,883	1.858604	1.834840	22,581,849	21,124,298	(1,457,551)	(6.45)
Industrial - Vacant Lands	9,667,672	10,115,099	1.858604	1.834840	17,968,374	18,559,588	591,214	3.29
Large Industrial - Occupied	210,219,706	235,338,453	3.240966	3.199527	681,314,920	752,971,735	71,656,815	10.52
Large Industrial - Vacant	719,898	719,898	2.106628	2.079693	1,516,557	1,497,167	(19,390)	(1.28)
Pipelines	41,600,073	41,956,349	1.764048	1.764048	73,384,526	74,013,014	628,488	0.86
Farmlands	11,272,387	11,094,134	0.250000	0.250000	2,818,097	2,773,534	(44,563)	(1.58)
Managed Forest	8,054,790	8,018,156	0.250000	0.250000	2,013,698	2,004,539	(9,159)	(0.45)
TOTAL	10,593,332,389	10,843,740,866			13,236,891,486	13,553,552,328	316,660,842	2.39