



Second Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

31 Elizabeth II

Chairman
Mr. A. Anstett
Constituency of Springfield



MG-8048

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	NDP
DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SHERMAN, L.R. (Bud)	Fort Garry	PC
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Wednesday, 2 February, 1983

TIME — 2:00 p.m.

LOCATION — Winnipeg

CHAIRMAN — Mr. Andy Anstett (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Adam, Bucklaschuk, Kostyra and Plohman

Messrs. Anstett, Ashton, Banman, Blake, Carroll, Driedger and Gourlay

WITNESSES: Mr. Philip Kienholz, Solar Energy Society of Canada, Inc.

Mr. John Klaponski, Polish Gymnastic Association

MATTERS UNDER DISCUSSION:

Report of the Manitoba Assessment Review Committee (M.A.R.C. — WEIR Report)

* * * *

MR. CHAIRMAN: We have a quorum, gentlemen. The next individual to be heard on our list is Mr. Kienholz on behalf of the Solar Energy Society of Canada.
Mr. Kienholz.

MR. P. KIENHOLZ: Thank you, Mr. Chairman, committee members.

Some Winnipeg homeowners who have improved the energy efficiency of their houses with added insulation and other energy conservation features have had their tax assessments increased by the city. Various government levels are asking us to conserve energy yet, when people respond, they are penalized by having their taxes increased. It looks as though one government level is working at cross purposes to another.

The general experience has been that the greatest financial advantages to the homeowner come from:

1. Reducing air leakage of windows, doors and attic hatches by caulking, installing new windows or storm windows, etc.;

2. Improving the ceiling air barrier;

3. Increasing the attic insulation and;

4. Insulating the basement walls.

These advantages are determined by comparing the capital cost of the improvement to the cost of the fuel needed to provide the quantity of heat saved by each investment. Beyond these relatively inexpensive steps, an analysis of particular cases is required to determine the merits of various improvements, but three general types have emerged:

1. Double wall construction with an air-to-air heat exchanger,

2. Increased south-facing window area, and;

3. Solaria.

Double wall construction with an air-to-air heat exchanger involves increasing the exterior dimension of the house by adding a non-structural wall outside the existing wall and filling the enclosed space with insulation after applying a new air barrier. The construction may extend down the outside of the foundation wall. The air barrier is sealed at the top and bottom so that the house is virtually airtight. The insulation is approximately triple that of conventional construction. The decrease in unregulated ventilation will cause condensation and odor problems unless fresh air is introduced. In order to provide fresh air and control humidity an air-to-air heat exchanger is used which transfers the heat from the outgoing stale air to the incoming fresh air.

The tax assessment problems with this highly effective design innovation are that the increased exterior dimension is taken to be added living area, thus increasing the tax assessment. In the case of a retrofit onto an existing house, the assessment is also increased because of the market value increase attributable to the cosmetic effect of new exterior finish.

South-facing window area, greater than that of conventional construction, is an integral part of passive solar design. South-facing window area equal to 6 percent of the total floor area is used as a rule of thumb. If the house has a means of storing heat, a larger area of glass can be used to gain additional heat from the sun without the danger of overheating.

The tax assessment problem here is that glass in conventional construction has been seen as a luxury and assessments are increased accordingly. When the glass is an integral part of the building's method of heating, it is not a luxury but a necessity.

Solaria are rooms which are designed to trap and store heat for use in the rest of the house. They function as living space and for growing plants. They are very useful where an existing floor plan does not permit the addition of larger windows for passive solar gain.

The tax assessment problem here occurs when solaria are seen as conventional additions to a house and their role as an integral part of the home heating system is not taken into account.

We've done a little research, The Solar Energy Society, and found six examples of types of tax incentives which deal with solar energy and real property tax assessments. These are from the U.S. as of 1978. The first type we've given the title, "Assessment Increase Delayed." This is an exemption from real property tax for solar or energy conservation improvements for a set period of time, say, five years following construction.

No. 2, Assessment Increase Equal to Conventional System. A real property tax increase due to a solar or energy conservation improvement equal in value only to that of a conventional improvement of the same capacity. When I say "capacity" here, I mean, the floor area of the addition, or if it's a solar heat-gaining

apparatus or construction, it would be related to a conventional type of heating system of the same heating capacity.

No. 3, Assessment at a Reduced Rate. An assessment of solar or energy conservation improvements at a reduced rate, say 5 percent of their original value, for real property tax purposes.

No. 4, Exemption from Increased Assessment. An exemption from increased real property tax assessment for solar or energy conservation improvements.

No. 5, Reduced Assessment. A reduction in real property tax assessment equal in value to the lesser of a number of options: (a) a set dollar value, say \$2,000.00; (b) the difference between the assessed value with the solar or energy conservation improvement and without it; (c) the difference in capital cost between the solar or energy conservation improvement and a conventional improvement of the same size if that value is less than the value of the solar or energy conservation improvement.

And the sixth type of tax assessment incentive is called the "Municipal Option." This is an authorization to any municipality to deal with the issue at their own discretion along guidelines established by the province, such as those just stated.

In the preceding tax assessment incentive types and the following, "Solar or Energy Conservation Improvement" means any system, method, construction device or appliance designed, constructed and installed, relying on the use of the sun's rays or on energy conservation measures, rather than on conventional heating or air conditioning systems for heating or cooling a building, which conforms to the standards of such systems established by the authorities having jurisdiction.

These general categories of types of property tax assessment incentives relating to solar and energy conservation improvements are presented as examples of what others have done. Combinations, interpretations and ramifications are certainly possible and necessary, for example, in the application to new and existing buildings and to the various types of buildings - residential, commercial, etc.

We think, The Solar Energy Society, that examples four and five, Exemption from Increased Assessment and Reduced Assessment, would best deal with the issues of fair tax assessment and encourage energy-saving construction. Possibly a sliding scale of reduced assessment according to how closely the improvement followed specified design guidelines would benefit both the homeowner and society at large.

In closing, we feel that the M.A.R.C.- WEIR Report has not addressed the significant issues of tax disincentives which currently exist towards solar and energy conservation building methods.

We therefore recommend that property tax incentives for buildings with solar and energy conservative construction be made part of the Manitoba tax structure. Such property tax incentives would result in some loss of potential municipal tax revenue, but they would also encourage new construction.

The annually recurring nature of property tax incentives would provide a powerful inducement for energy efficient construction and thus assist to reduce our dependence on non-renewable resources.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Keinholz. Are there any questions from members of the committee?

Mr. Driedger.

MR. A. DRIEDGER: Mention was made of six incentives that are in place in the States at the present time, referring to Pages 1 and Page 2. Are all these six recommendations presently in place as exemptions in the States?

MR. P. KIENHOLZ: Yes, the book from which they were taken, which is given as a footnote, list the specific laws with the States. An analysis of them led to this categorization.

MR. A. DRIEDGER: How many states have this kind of . . .

MR. P. KIENHOLZ: I would say 20 to 30, just offhand.

MR. A. DRIEDGER: Are you aware of any provinces in Canada that have any exemptions in place for solar energy?

MR. P. KIENHOLZ: No, sir.

MR. A. DRIEDGER: Thank you.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Yes, just to clarify, these are actually assessment functions that you are talking about, incentives insofar as assessment is concerned. Later in your paper you talk about tax incentives that can be under the taxing function. Were you actually saying that in terms of assessment there be reductions in the assessment for energy conservation efforts as opposed to the taxation function that would follow which could be dealt with at a separate time?

MR. CHAIRMAN: Mr. Kienholz.

MR. P. KIENHOLZ: The two are connected in my mind. I think the purpose is clear that it is to provide incentives for people to reduce their energy consumption, whether it was done through a reduction in assessment or through a formula which was based on the assessment, I have no opinion on that.

HON. J. PLOHMAN: Then, as far as you're concerned, as long as it was there someplace, either one would be acceptable to you?

MR. P. KIENHOLZ: Yes, sir. I think though that it's important that it occur in property taxes rather than, say, some other form of tax, because it is based on property, that is buildings.

MR. CHAIRMAN: Further questions? Hearing none, thank you very much, Mr. Kienholz.

MR. P. KIENHOLZ: Thank you.

MR. CHAIRMAN: The next person on our list is Mr. David Pearlman. Mr. Pearlman.

David Sharp or Fred Klein, Genstar Corporation; Mrs. Lois Edie; Mr. John Cook; Mr. David Roberts; Mr. John Klaponski.

MR. J. KLAPONSKI: Mr. Chairman, Members of the Municipal Affairs Committee of the Legislature, my name is John Klaponski and I'm the Vice-President of the Polish Gymnastic Association "Sokol" located at 713 - 717 Manitoba Avenue in the City of Winnipeg. I have been requested by my Association to appear before you today with regard to our assessment problem.

Our Association is a fraternal non-profit organization established in 1906, some 77 years ago. Our membership consists of approximately 270 members, many of whom today are senior citizens. Attached to and forming a part of our organization are the Polish Sokol Choir and Dancers, the Polish Sokol Dancing School, the Sokol Sports Club and the Canadian Polish Athletic Club. Our choir originally organized and formed more than 60 years ago and our Sokol Dancers have added much to the ethnic cultural contribution to the mosaic which makes the City of Winnipeg what it is today. Membership in these groups is open to the public. Our Association, together with the above groups has taken part in and formed the Krakow Polish Pavilion in Folklorama since the second year when Folklorama was established in Winnipeg. We all know what Folklorama has done to the City of Winnipeg and the number of people it brings here.

Our Polish Sports Club has been sponsoring, with our Association's financial help, the Sokol Soccer Team during the last 10 years. This team plays in the Manitoba Soccer League.

The Canadian Polish Athletic Club has been associated with us for more than 10 years. This club has been sponsoring many teams in various age groups in baseball, soccer and hockey for many years. To be a member of a team there are no restrictions as to race, colour or religion and the person does not have to be a member of the Association.

With the exception of our caretaker's suite located on our premises, our Association's entire holding, at Manitoba and Parr Street in Winnipeg, has been assessed at the commercial rate. We do have a public licence under the provision of The Liquor Control Act as a private club licence and it is open to members only and their guests. This facility occupies the main floor of our original building at 713 Manitoba Avenue constructed in 1916. This facility is open weekdays between 7:30 p.m. and midnight, and on Saturdays between 2:00 p.m. and midnight.

In 1975, our Association submitted an appeal to the Municipal Board of Manitoba to have the assessment on our premises reduced. The Municipal Board in its Board Order No. A38/76 issued on July 5th, 1976, indicated, "The real problems faced by the Appellant are unrelated to the issue of the relative value of the land and buildings for assessment purposes," and, "Whereas the board has great sympathy for this important community club in regard to the difficult financial position which threatens its viability as a facility for the benefit of its members, however, this is not a matter within the jurisdiction of this Board," and, "That the assessment at Roll No. 3/20315 of the City of Winnipeg be sustained."

We were informed by the City of Winnipeg assessor prior to this above final hearing by the municipal board that our Association's holding, because of the wording of The Municipal Assessment Act, was for assessment purposes considered to be in the commercial category.

Our realty taxes for the year 1982 were \$22,490.00. In 1979, when we made our first presentation to the M.A.R.C. Committee, the taxes were close to \$19,000.00. Our membership feels that taxes are becoming to be unbearable.

The Assessment Review Committee, in its Summary Report on Page 40, under Item "J", "Exemptions from School Taxes" did, under Section IV-J-2 recommend that golf courses and curling rinks have the clubhouses and playing areas of golf courses and the land and buildings, which house curling rinks, should be exempt from school taxes. To qualify for this exemption such facilities must be available to the general public at reasonable hours. Reasonable rates must be set, etc. Facilities located in these golf courses and curling rinks, which compete with other facilities, such as restaurants and areas licenced under the provisions of The Liquor Control Act, etc., should be assessed and taxed as commercial establishments. There appears to be no recommendation by the Assessment Review Committee under this category for non-profit organizations such as ours.

To allow our Association to continue its cultural and sporting activities, on behalf of our Association, I appeal to you, Mr. Chairman, and to members of your committee to have non-profit organizations such as ours placed, for taxation purposes, in the same category as golf courses and curling clubs.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Klaponski. Questions from members of the committee?

Mr. Kostyra.

HON. E. KOSTYRA: Yes, thank you, Mr. Chairman. You're suggesting that you would like non-profit ethnic organizations to be treated in the same way as curling rinks and other private recreation facilities. In suggesting that, would you be agreeable to have that portion of your building that is used for commercial purposes, like your beer parlor, tax that to commercial rate, and those parts of the building that are used for cultural activities be at a different rate?

MR. J. KLAPONSKI: That's right. We do concur on that, because the portion that is being used for a "pub" is such a small part - and it's the old building and the assessment on it is very low. We concur in that completely.

HON. E. KOSTYRA: How would you be able to deal with the situation with respect to the other part of the building which, from my own experience, I know is used a great extent for non-commercial, non-revenue generating activities, but on the other hand, at times it's rented out to individuals or organizations for use? How would you suggest we deal with that situation?

MR. J. KLAPONSKI: I believe those are also rented by the golf courses and curling rinks the same way.

They don't rent the pub portion for a wedding, they rent the main lounge for purposes of that nature and they will be exempt. That's my understanding of it.

HON. E. KOSTYRA: That may well be true, but comparing that to a hotel that is assessed at a commercial rate and also rents and, in essence, is in competition with those kind of facilities, do you think that would be fair to have a total exemption on that part of the facility or would you agree that there should be some way of portioning the assessments, or I guess ultimately the taxation on the commercial value or use of that other part of the premises?

MR. J. KLAPONSKI: We do not rent the main halls during five days of the week. They are being used by our own facilities, the CPAC and our own dancers and choir. We only have to rent it on Fridays or Saturdays because there is no way we can meet the high cost of taxation from other sources. There's no other way, except to rent it. We have to obtain our funds somewhere, and this is one means. This goes in every institution, I think. Every organization has a facility to rent and they are not considered to be a commercial entity.

MR. CHAIRMAN: Further questions?
Mr. Driedger.

MR. A. DRIEDGER: Mr. Klaponski, on the M.A.R.C. Report on the top of Page 161, IV-J-9, there's a recommendation that buildings together with grounds provided by a community association, service club or other public body serving the community, which are occupied, used and operated on a non-profit basis as a direct service to the community, should continue to be exempt from assessment for school tax purposes. Do you feel that you would qualify under that recommendation?

MR. J. KLAPONSKI: Well, we haven't been. We haven't qualified under that section now, according to the City of Winnipeg. We are trying to get something into the legislation that will allow us to be exempt.

MR. A. DRIEDGER: Mr. Klaponski, do you consider yourself a non-profit community organization?

MR. J. KLAPONSKI: Absolutely. I've been a member for 43 years and there's no member that makes a dollar out of the organization.

MR. A. DRIEDGER: Still when you appealed this, the appeal was turned down?

MR. J. KLAPONSKI: It was appealed on the basis that The Municipal Assessment Act did not provide us to be in any other category but under the commercial category and we had to be treated as such.

MR. A. DRIEDGER: Do you feel that if these recommendations were implemented that you could possibly qualify for exemption under this section here, or no?

MR. J. KLAPONSKI: Which section again, sir, just to clarify?

MR. A. DRIEDGER: As I indicated, on Page 161 on the top there, it says IV-J-9, where it specifically states, non-profit organizations, community organizations . . .

MR. J. KLAPONSKI: I don't know how you can verify this to the authorities that you are in that category. How do you prove this to the authorities under the Act, I don't know?

MR. A. DRIEDGER: I don't know either, but I just thought I'd bring that up because there is provision there for exemption in a case of the one that you're referring to.

MR. J. KLAPONSKI: These are only recommendations by the M.A.R.C. Report, but we would like it to be very specific.

MR. CHAIRMAN: Mr. Kostyra. Mr. Banman.

MR. R. BANMAN: In pursuing the matter to be exempt from school tax or municipal tax, did you go to the Court of Revision in the City of Winnipeg?

MR. J. KLAPONSKI: Yes, we did.

MR. R. BANMAN: What did they say?

MR. J. KLAPONSKI: They gave us a reduction on the old building by something like \$5,000 back in 1975, but we were not satisfied with it because our assessment is approximately \$102,000, and on \$102,000 of assessment, to pay \$22,490 taxes, it's very high and this is my second home. The club is my second home; I don't see why we should be stuck with a commercial tax on it.

MR. R. BANMAN: Have you had a feeling from the City of Winnipeg that they would agree that this should be, in other words, a tax exempt facility? I get to a point that I guess has happened in my own area where there is a facility that the town council agreed was a non-profit facility, but the ruling of the A.G.'s Department felt that they did not come under the exact designation of the Act; in other words, didn't fit into that group, and I understand the dilemma you have in dealing with this matter, because even though it's enshrined in legislation, there might be some way of interpreting that leaves you out. I can appreciate your viewpoint. Was there any move by the city or by yourselves at a Court of Revision to try and have this facility declared a non-profit facility so that it would comply with the act the way it is right now?

MR. J. KLAPONSKI: No, Sir, it wasn't, not at the Court of Revision; but before the hearing, Mr. Dyke was the Commercial Assessor for the City of Winnipeg, he told us, he says, it's the thin edge of the wedge that you fall into this category, but it's impossible for the City of Winnipeg to do anything about it. We've just placed you in this category and that's all we can do. But he says if you were considered a veterans organization or something like that - even though more than 40 percent of our membership are veterans, but what do

we do? Change our name to get into the proper category; I don't see that at all after being in existence for 77 years.

MR. R. BANMAN: I guess all I can say is that there are a number of other organizations in the same boat as yours that we'll have to take note of and if there are some changes made with regard to the assessment, the government is going to have to have a pretty close look to spell out very carefully exactly who is exempt and who isn't.

MR. J. KLAPONSKI: I would suggest so, because I feel that our club will have to look to means of transferring the property to the city the same as they did with the Granite Curling Club, because we'll have no alternative very soon. That's the way I see it.

MR. CHAIRMAN: Mr. Ashton.

MR. S. ASHTON: So, basically the problem then, as I understand it, is that you are being assessed on a commercial basis because of the operation of the . . .

MR. J. KLAPONSKI: Just generally, it's a club and that's it.

MR. CHAIRMAN: Further questions by members of the committee?

Mr. Plohman.

HON. J. PLOHMAN: Just a comment that I sympathize with this problem and I just want you to know that I personally believe that this should be given serious consideration.

MR. CHAIRMAN: Further questions by members of the committee? Hearing none, thank you very much, Mr. Klaponski.

MR. J. KLAPONSKI: Thank you very much.

MR. CHAIRMAN: Is there anyone else in the audience whose name is not on the list who wishes to make a presentation to the committee today? Anyone else? Hearing none, gentlemen, that concludes our list of presentations today.

Mr. Kostyra.

HON. E. KOSTYRA: With respect to presentations, Mr. Chairman, could you tell me whether or not the City of Winnipeg has made requests to appear as a presentation to this committee?

MR. CHAIRMAN: We have had no requests from the City of Winnipeg to be placed on the list for presentation. We have also received no written presentation from the City of Winnipeg.

HON. E. KOSTYRA: You've received no requests from the city to appear as a representation nor any written material in the form of written presentation to this committee?

MR. CHAIRMAN: No.

HON. E. KOSTYRA: Thank you.

MR. CHAIRMAN: Further discussion, Mr. Driedger.

MR. A. DRIEDGER: A comment that I just want to make, Mr. Chairman, is that some of these people that have indicated they wanted to present briefs and have not been here this afternoon, I assume that if they would want to continue with these briefs or present their briefs at the Morris hearing that they are free to do so. Am I correct?

MR. CHAIRMAN: Absolutely, the Morris meeting, although it's scheduled for the Morris area, is open for anyone who wishes to make a presentation at that meeting whether they're from that area or not.

Further discussion? Mr. Banman.

MR. R. BANMAN: Mr. Chairman, further along the comments of Mr. Kostyra, I guess one of the regrettable things that has happened is that this committee has toured the rural areas, has managed to solicit a fair amount of public response from rural areas, but when you look at the book and you see that homeowners in St. James, according to the green book, are really going to be hit with tax increases on residential properties, and apartment blocks and that are going to receive a pretty healthy break, it's very unfortunate that we haven't had people from the City of Winnipeg, from the whole affected area before this committee, because it really hampers the type of input that, I think, we should have had from people to get their concerns and voice their concerns. Maybe the whole thing is too complicated for people to understand, I don't know. I would hope not. Maybe the rural people have a better grasp of what assessment is about than the city people do. It is unfortunate that we have not had that type of input from the city, because there are some pretty major shifts in taxation loads that will take place under this . . .

MR. CHAIRMAN: Further discussion? Mr. Plohman.

HON. J. PLOHMAN: Just on that, I think that is one of the reasons why it is incumbent upon us to make sure that people are aware of what the implications of implementing that report are, and that's exactly why hearings such as this have been very important and why, in the future, that we may have to make sure that we have mechanisms in place so people, as the Member for La Verendrye said, in Winnipeg do not come either because they were not aware of what the implications of the report were at this time, but we will have to make sure that they are aware before, in certain cases, dramatic action is taken, if that's what's called for.

I think this bears out the necessity for these hearings despite the calls that were made from members on the other side that this should be implemented quickly. We all know it's a very pressing issue. At the same time, there is the need to communicate effectively on what the implications are and I hope that all members of the committee realize this and appreciate that.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: I'm sure the Assessor for the City of Winnipeg is in contact with the Provincial Assessment

Department from time to time on various matters and maybe the Provincial Assessor could give us some indication of why they haven't appeared or if he has any idea. I realize it's unfair to ask him to comment as to why the City of Winnipeg haven't appeared, but he may be able to shed some light on it.

MR. CHAIRMAN: I'd have some hesitation at asking someone who is a provincial employee to comment upon the actions of another jurisdiction of government. Even if the committee decided they wanted to hear that opinion, I would have some reservations as your Chairman to allow that subject, of course, to the will of the committee.

MR. D. BLAKE: I was just going to ask for the will of the committee, Mr. Chairman, on that.

MR. CHAIRMAN: I think Mr. Kostyra wants to speak to the matter, Mr. Blake.
Mr. Kostyra.

HON. E. KOSTYRA: You're presumptuous, Mr. Chairperson, I was not going to speak to that matter. I was going to ask you if you would permit a question from me, through you, to Mr. Clarkson. I'll give you the question and then see whether or not you want to see if it's answered or if the rest of the committee would agree. I would like to know whether or not the City of Winnipeg made representation to the formal presentations to the Weir Commission?

MR. CHAIRMAN: So as to avoid setting a precedent of a question and answer session to staff, which could get us into a difficult situation that could last some time, I'd suggest the honourable member may wish to consult the Index or Appendix to the Weir Committee Report, which does list the City of Winnipeg as having made presentations.

HON. E. KOSTYRA: Thank you.

MR. CHAIRMAN: Further discussion? Mr. Driedger. Order please. Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I just have a . . .

MR. CHAIRMAN: Don't fight, gentlemen. Mr. Blake will follow Mr. Driedger.
Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I just want to maybe direct a question, because we don't have any more briefs to be presented at this time and we're having another meeting next Tuesday in Morris, is it the intention of the Minister, after the hearings have all been conducted, that the municipal committee will be meeting shortly to deal with the presentations that have been presented to the committee, or what time frame are we looking at in terms of the committee itself getting together to further deal with these briefs?

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, Mr. Chairman, once we have all the data compiled together, I think the Chairman advised

everyone that made presentations and people who came out to the hearings in the different areas of the province that we visited that all that information will be compiled and sent back to all those individuals and municipalities, so that they could analyze that as well - those new recommendations that came in.

We've also had some briefs, including one today, that indicated that we should not make any recommendations until we have had further meetings with some of the municipalities.

To give you an exact time frame, I presume that when we do have all the data compiled together, and we may have additional material coming in because we are doing further studies, and I presume then we would call a committee together and make recommendations to the Legislative Assembly.

MR. A. DRIEDGER: Well, I assume that after the meeting on the 8th of February in Morris, or shortly thereafter, if there's any further presentations, either by writing, because the committee will not be meeting again obviously, then the time frame should not be that long. My feeling would be very strongly that somewhere along the line the committee should be meeting again and possibly working on recommendations, so that they could possibly, if the Minister so desires, that these things could be recommended to the Minister and his department, so that legislation could possibly be brought forward for the next Session.

HON. A. ADAM: Well, that will be a matter that we will take into consideration and deal with it as expeditiously as we possibly can. I'm not sure when the member says, "at the next Session," is he referring to a year from now or . . . ?

MR. A. DRIEDGER: Oh, my gosh, no.

HON. A. ADAM: You said the next Session - we are in a Session now, except that we're recessed.

MR. A. DRIEDGER: Well, Mr. Chairman, then I want to correct it - during this present Session, because I think indications by many of the briefs has been that action should proceed forthwith.

HON. A. ADAM: Yes, that is a situation that the Minister will take under consideration and the Government of Manitoba as to whether there should be any legislation at this particular time. It's a matter of policy.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes, Mr. Chairman, I didn't receive the opinion or the will of the committee on whether Mr. Reimer might be able to shed some light on why the City of Winnipeg haven't appeared.

MR. CHAIRMAN: Are you moving a motion, Mr. Blake?

HON. A. ADAM: No, I can respond to that.

MR. D. BLAKE: I may.

MR. CHAIRMAN: Perhaps, the Minister . . .

MR. D. BLAKE: I may, it all depends. The Minister said he may be able to shed some light on it.

MR. CHAIRMAN: Perhaps the Minister may be able to give you an answer.
Mr. Adam.

HON. A. ADAM: Yes, there was a question asked here from Mr. Kostyra as to whether or not the City of Winnipeg had made a presentation to the Weir Committee and the answer is yes, they did.

The question that Mr. Blake raises is that the Provincial Assessor did get in touch with the City of Winnipeg to inquire specifically whether they were going to make a presentation at this committee; Mr. Reimer advises that they have declined to do so.

MR. D. BLAKE: Thank you, Mr. Chairman, that's shed a little light on the subject, very simply put and very simply handled.

MR. CHAIRMAN: Anything further, Mr. Blake?

HON. A. ADAM: Simply answered too, Mr. Blake.

MR. D. BLAKE: Not at the . . .

MR. CHAIRMAN: Order please. One at a time.
Mr. Blake.

MR. D. BLAKE: No, I will save my remarks for the next meeting of the committee.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Well, why I raised the point about when possibly the committee could meet again, Mr. Chairman, based on the report in the Brandon Sun on January 25th, after the Souris meeting, the headlines read, "Tax Assessment Reform Long Ways Off, Adam Says," and the statement that he makes that it's going to be a long way from implementation. Based on the reports that we have heard, I feel that possibly, after all the reports given and briefs we've heard, I wonder whether the Minister is prepared to change his position now and say that we'll work on it forthwith to see whether we can implement some changes.

HON. A. ADAM: Mr. Chairman, the article in the Brandon Sun is not exactly correct. It's the reporter's interpretation of the interview that I had with him. That's their own interpretation, they were not my actual quotes.

MR. A. DRIEDGER: Mr. Chairman, could we then interpret from the Minister's statement that the report in the Brandon Sun is erroneous and that we will be proceeding forthwith, as soon as possible?

HON. A. ADAM: I don't intend to allow the Member for Emerson to put words in my mouth and, Mr. Chairman, we will deal with the matter as expeditiously as we possibly can.

MR. A. DRIEDGER: One final comment then. I would just like to assure the Minister that the members of

the Opposition that are on the committee are going to make sure that there is not going to be too much of a lag somewhere along the line, if at all possible.

HON. A. ADAM: Mr. Chairman, I just hope that his colleagues are of the same opinion, because last spring we were being urged by the members of the Opposition to implement the report of the Weir Committee without any hearings, that it was a waste of time and we should just proceed to do it. We have had the hearings and we have since found out that there are many concerns and we have several letters on hand now requesting further hearings.

I just want to point out that I hope that the Member for La Verendrye will also support the work of the committee. Because to interpret the comments that he made last week, it would appear that he's not prepared to support the recommendations.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes, to refer to the Minister's last comment, I don't think that's a fair assessment because if the report is followed, as we expect it will be to a large degree, those shifts in taxation that are indicated here are not going to happen. That was the last thing the report recommended, what's indicated in some of the shifts there.

I feel if the Minister has been really listening to the briefs that we've had that there is a pretty general consensus that something has to be proceeded with fairly hastily as far as changes in the assessment, and to a large degree, there's been strong support for the recommendations in the report. I'm sure the Minister has garnered that thread throughout the hearings, as we have, and I would urge him also to proceed with all due haste in recommending as many of them as he possibly can.

We realize it's not going to be done overnight, but there has to be a start made and I think this Session that we're in now is the time to make the start.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. GOURLAY: Thank you, Mr. Chairman. I just want to put on the record that members of the government side of this committee have been insinuating that we wanted to rush through without any hearings to implement these recommendations. I think the record shows that we have asked the government to state its position with respect to the recommendations so that we can proceed with it rather than delaying action unduly.

I recall the Minister saying that he wanted to study the report further, and that hearings would be held in the fall of 1982. Those hearings didn't take place and I think members on this side of the committee are anxious to proceed with the information hearings. I think these hearings have been worthwhile. We had indicated that we wanted to proceed with those earlier and when you made the decision to hold hearings, I think that we should give many parts of the province the opportunity to make presentations if that's what they want to do.

You will recall, Mr. Minister, when you phoned me regarding the four locations that you had set to hold

these hearings, I raised the question of the lack of a location in EastMan and in the Interlake. So I don't think it's fair on the part of the government side to say that we wanted to proceed with these recommendations without any hearings. That's not true at all. We wanted the government to state its position so that people would know what was going to be implemented, and let's get on with that.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes. I don't want to take the time of the committee or get into a political debate, but I can cite chapter and verse, because I have the Hansards with me, where several members of the Opposition in the last Session said it was a waste of time to have further hearings, we should get on with the policy and proceed with the recommendations.

I know that I've tried to co-operate with the critic, Mr. Gourlay from Swan River, in regard to setting up the hearings.

Because we were receiving requests, not only from the Opposition but from municipal governments, that we should try and speed up the process and proceed to implement some of the recommendations, despite all those requests, I felt that it was only fair - in taking such a major policy issue without further study to the recommendations so that we have all the implications. That certainly has come out in the hearings. There's been more information; there's a better understanding of the assessment problems. There's a much better understanding, in my opinion, than there was previously, and I believe that the more meetings we have, the better understood the question will be.

I agree that the Member for Swan River did suggest that we have further hearings, but because of the fact that we had been requested not to have too many hearings, we thought that we would go with four. We have now agreed to have a further hearing in Morris, and if there are numerous requests coming in that we have further hearings, we'll have to take that under consideration.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNES: Thank you, Mr. Chairman. I would ask the Minister if he envisages another round of hearings like this where we will deal with a variation of these assumptions; in other words, a modelling exercise that will come forward, another analysis to review. Can he see that in the future, or indeed the next time this committee meets, will it be to review in detail some government recommendations dealing with this subject?

HON. A. ADAM: It's a bit early to say, to give a definite response to that question. It would depend on how much further information that we're able to compile. It was not our intention, because we're physically unable to do so, because of the fact that most of the municipalities do not have assessment of farm buildings at the present time. There are many that do have, where the farm buildings are assessed. They are also situated in - where the school division is situated in two or three or four or in some cases even more municipalities, and

this creates a great deal of difficulty for the people who have made the studies. It would take quite a lengthy process to compile all that information.

MR. C. MANNES: A question related to that answer, and you may choose not to offer me an answer, but is the Provincial Assessor, is that department continuing to reassess rural properties at the rate it was or is it increasing its efforts along that line? What is the status of reassessment through rural Manitoba? Continuing at the same rate it was, or will there be any change as a result of the impending legislation?

HON. A. ADAM: I believe it's ongoing as it was in the past.

MR. CHAIRMAN: Mr. Ashton.

MR. S. ASHTON: Thank you, Mr. Chairman. I think before wrong impressions are created in terms of public perception of what's happened, I think people should understand clearly that this government has not initiated this particular study. It was initiated by the previous government; it was conducted by the Weir Commission by an appointee who was obviously appointed by the previous government. They held extensive hearings; we were faced with a rather extensive document. I think thus far it should be to the credit of the government that the government has not taken a public stand without going to the people. That's the purpose of this set of committee hearings.

I realize that in political context it would be a lot easier if members of the Opposition had a government stand to either support in part, or oppose in part, or use for partisan political purposes, but I don't think that's the purpose of the hearings we just held. I thought the purpose was really for all members of the committee on a non-partisan basis to hear submissions from the public and then to be able to sit down and hammer out a position, and I think it's worked rather well thus far.

I believe that there's been a genuine interest from members of both parties in getting that feedback and they're not coming into this whole exercise with a mind which has either been closed or at least some set ideas about what we want to accomplish. So before we extend this discussion too much further, I'd really urge members of the committee not to give out too much partisan interplay at this point in time, because I think that might negate the positive thing that's happened thus far with these hearings.

MR. CHAIRMAN: Before we proceed any further, I would like to remind members that the resolution which was passed by the Legislature at the last Session called on this committee to prepare a report and lodge same with the Legislature at the next Session, which is the Session currently in recess.

Mr. Blake.

MR. D. BLAKE: Yes, Mr. Chairman, I'm sure the Minister is not naive enough to think that if he brings in legislation implementing whatever number of these 164 recommendations that he may see fit to implement, that it's just going to smooth through without any further

debate or without any consternation or concern on the part of other members, that's bound to happen. But I think it would be helpful to those people out there in the municipal field that are concerned, if they knew what the Minister was going to do, if he came in with some legislation and then let some debate take place in committee, which we'll do under Committee of the Whole, then they would know what the government was prepared to do. This way, we look at cases, and this will happen if we do this or the other thing will happen if we do that. If the government comes out and indicates to the municipal people what they are going to do, then they will be in a position to assess what effect it's going to have on their individual municipalities or their tax rolls.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Just to clear the record, Mr. Chairman, the Minister left the impression that supposed statements made by Mr. Banman to the press indicated a position of the Opposition regarding these hearings. If the Minister feels that he was misquoted in the press in the Brandon Sun in his comments, I think he should probably take the comments that were attributed to Mr. Banman in the same light. He can't have it both ways.

HON. A. ADAM: Let's get the exact quote here.

MR. A. DRIEDGER: We'll get yours, too. You have yours and I have mine.

MR. CHAIRMAN: Any further discussion on this matter? Hearing none, I'd like to advise members of the committee that the meeting for next Tuesday will be held at the Morris Legion Hall, which is one block west of Highway 75 in the heart of downtown Morris. That's at 10:00 a.m. on Tuesday, February 8th. I should remind members that the Clerk of Committees has not laid on a plane or bus for that trip and you will be responsible for your own transportation that day.

I'd also like to advise members that if they'll consult their delegation sheet for today, they'll see that there were a total of nine written briefs tabled with the Clerk, which she now has for distribution to members. In addition, there have been three letters received. Does the committee wish to include any of these briefs or letters in the transcript? What is your will and pleasure?

Mr. Blake.

MR. D. BLAKE: Yes, I think they should be included in the transcript, Mr. Chairman. They form part of the hearings and I think they should be included.

MR. CHAIRMAN: Is that agreed? (Agreed) Do you wish to have the letters which were received also included in the transcript?

MR. D. BLAKE: If they pertain to this report and these hearings, Mr. Chairman, yes, I would so include those also.

MR. CHAIRMAN: Is that agreed? (Agreed) Agreed and so ordered.

I believe that's all the business before the committee today, unless members have any particular matters they wish to raise.

Mr. Kostyra, you were raising your hand awhile ago? Is there any other business before the committee?

Hearing none, thank you very much, gentlemen. The committee is adjourned and stands adjourned until 10:00 a.m. next Tuesday in Morris, Manitoba.

BRIEFS PRESENTED IN WRITTEN FORM ONLY:

**ASSINIBOINE MEMORIAL CURLING CLUB
940 VIMY ROAD, WINNIPEG, MANITOBA
R2Y 0T8**

January 20, 1983

The Standing Committee
on Municipal Affairs
Room 237, Legislative Buildings
Winnipeg, Manitoba.
R3C 0V8

Attention: Carmen De Pape
Clerk of Committees

Re: M.A.R.C., WEIR Report

The Assiniboine Memorial Curling Club recommends the acceptance of the M.A.R.C., WEIR Report with references to the assessment of Curling Clubs.

Since our Curling Club is assessed as a Commercial operation, our taxes for 1981/82 amounted to \$16,305.00, or 13 percent of our total expenses. Our deficit last year was \$4,794.00, which was offset by cash reserves from the previous years.

In the 1982/1983 season, we are suffering from a 10 percent decline in membership because of increased membership dues. We anticipate our tax bill will be \$17,000 in 1983 and we are projecting a \$3,000 deficit.

We have a very strong Junior program at our club and only charge each Junior curler \$30.00 per season. Of course, this low thirty dollar fee is heavily subsidized by the rest of the memberships. The results of our Junior program is shown by our results in Provincial, National and International competition.

Part of our \$17,000 taxes goes towards the operation of Vimy Arena (immediately across the street from us). This facility is owned by the City of Winnipeg and is heavily subsidized by the taxpayer. All the employees of Vimy Arena work for the City, while at our club we have a basic salaried staff and the majority of our work is done by volunteer committees.

We believe the community at large should bear some of our operational costs by the redistribution of the tax burden. We are providing recreational facilities for the community where everyone benefits.

Our club has no objection to the commercial assessment of our operations which compete with the private sector (i.e. kitchen operation and beverage operation).

If nothing is done to relieve our tax burden within the next few years, we will either go bankrupt or the City of Winnipeg will have to take over our facilities at a much higher operating cost.

Yours truly,

Walter Wolfe
President

WPW/gn

Wednesday, 2 February, 1983

c.c. Eric Mitchell, President Manitoba Curling Assoc.
Rick Nordman, MLA, Assiniboia
Councillor Jim Ernst, City of Winnipeg

Canadian Hostelling Association Manitoba Inc.
1700 Ellice Avenue,
Winnipeg, Manitoba.
January, 1983.

Chairman and Members,
Manitoba Assessment Review Committee,
Winnipeg, Manitoba.

This is an application to request consideration of school tax relief for our youth hostel at 210 Maryland Street.

CHA-Manitoba was incorporated in 1975. It is part of the Canadian Hostelling Association and therefore affiliated with the International Youth Hostel Federation.

Our 30 bed hostel is part of a world-wide network of hostels in over 50 countries of the world. It provides clean, safe accommodation to rural school groups on cultural visits to the city, to amateur sport teams coming to compete in Winnipeg and to the many groups and individuals who neither want nor require the services provided by more traditional types of accommodation facilities. Youth hostels form the largest chain of accommodation facilities in the world.

Youth groups use our facilities for up to 10 months of the year. During summer when schools are not operating, visitors from the rest of Canada and the world stay at Knappen House to visit our city's many attractions.

Our hostel is listed in the International Hostel Handbook and also the Canadian Handbook, putting Manitoba "on the map" to the rest of the world.

As tenants in the Administrative Centre for Recreation and Sport, we receive some office administration support. Other support comes from Employment Services when we hire summer students as additional staff for the peak period. Other than that we generate our own funds through the sale of memberships, travel books and other related travel items.

In order to fulfill our mandate we must keep our overnight charges to an absolute minimum. The idea is to enable students and others to travel on a low budget. With rising prices of all utilities, it is getting increasingly difficult to keep our costs down. Passing them on to our consumers is difficult and will stay within the reach of our target group.

We believe our institution and the market it serves might very well qualify for a school tax exemption, should that recommendation of the Weir report be adopted. We hope we will receive favorable consideration.

Respectfully submitted
A. Eros, President
Per G. Ivey.

Canadian Property Tax Agents Association Inc.
National Office
2249 Yonge Street,
Suite 304,
Toronto, Ontario M4S 2B1
(416) 481-6666

January 26, 1983

TO: A.R. Adam
Minister of Municipal Affairs

Subject: Statistical Analysis
(Impact of Selected Weir Recommendations)

In reply to your December 30, 1982 letter, the CPTAA is pleased to have the opportunity of making comment on the November 1982 Statistical Analysis Impact Report.

The CPTAA is the only National Association exclusively dedicated to resolving problems related to Commercial and Industrial Property Assessment and Taxation. Our membership includes representation from over two hundred enterprises conducting business in Canada. The primary objectives of our association are: to promote equitable assessment of property for tax purposes along sound and uniform lines, and; to study existing and proposed assessment and taxation legislation, and make representation to Government.

We applaud the Government of Manitoba for taking the initiative of taking steps to reform the current property tax system. The obvious goal of the Government must be, to quote the Weir Commission Summary, to "provide a system which will improve with age replacing a system that deteriorates under the pressure of time."

No comment is made in the Statistical Analysis as to whether the non-residential assessments include either machinery and equipment, or Business Assessment. Our Association believes that these are discriminating forms of assessment and should be eliminated. However we recognize, in the short term, any attempt to alter the tax structure must recognize existing tax levels.

We believe that an understandable approach to property taxation should include a minimum number of variables. A combination of various mill rates and classifications will make the system cumbersome.

If any particular class of property is earmarked to provide a greater level of revenue, perhaps a simple adjustment to the taxable assessment portion of the actual value will accomplish this goal.

The present system places a larger tax burden on Commerce and Industry than other taxpayers. Any reform should work to relieve this burden and more equitably distribute the Municipal Tax imposition.

The Statistical Analysis did not include an impact study of the most highly developed urban area, the City of Winnipeg. We believe that the general trend apparent from the study may not necessarily apply to the City of Winnipeg. We note from the impact study a shift to farm and residential property. Any onerous tax shifts can be alleviated through a property tax refund system based on a ability to pay. Phasing in of increases or decreases in municipal tax seems to make the inevitable more palatable to the taxpayer. Such a system may be of use when reform is undertaken.

Our comments are brief as was our time to prepare, however, we thank you for enabling us to present our views. If requested, our Association would be pleased to assist the Government in its attempt to reform the current property tax system.

J. Marshall Bain,
President

J. David Heron
Vice-President
Administration

**SUBMISSION TO
STANDING COMMITTEE ON MUNICIPAL
AFFAIRS
PUBLIC MEETING
JANUARY 27, 1983**

**"MANITOBA ASSESSMENT REVIEW
COMMITTEE"**

Carpathia Housing Co-op Ltd.
Westboine Park Housing Co-op

R.H. Comeault
General Manager
January 26, 1983

Unit 7
394 Carpathia Road,
Winnipeg, Man. Canada
R3N 1Y4
(204) 475-8683

Mr. Chairman & Members of this Committee

I am here representing Carpathia Housing Co-op Ltd. & Westboine Park Housing Co-op Ltd., in my capacity as their General Manager.

I must at the outset state that we have informally sought the opinions of the seven (7) other housing cooperatives in the city as to their position on the M.A.R.C.- Weir Report. We agreed that this submission would also represent their views on this subject matter.

We have reviewed the full M.A.R.C. Report "A Fair Way to Share" and we can only conclude that "assessments" per se is a very complex, encompassing and not to say the least has far reaching implications for all Manitoba residents.

Essentially, Mr. Chairman, we wish to address ourselves to two (2) sections of the recommendations (Page 28 through 31) and these are as follows:

1. The Valuation of Real Property

The one single problem we wish to raise questions on is how do you assess the market value of a property such as our Co-ops when in effect we are a true non-profit? For instance our Charter By-Laws provide for:

A. Patronage refund to our resident members in case of overcharges and,

B. No resident member would financially benefit should for reasons unknown the members decide to sell the complex. All capital gains after payments of debts must be turned over to another organization of similar aims and objectives as defined by the Income Tax Act.

As you are probably aware of, cooperative housing is categorized as third sector housing and therefore by definition is non-inflationary housing stock.

Therefore should we be assessed on the basis of a fair market value or by the book value at the time of re-assessment? With the lack of municipal services provided by the City of Winnipeg, except for fire, refuse pick-up, we must categorically state the book value should be the determining factor in the re-assessing of our properties.

2. The Classification of Real Property

In view of the points raised in No. 1 "The Valuation of Real Property", should housing cooperatives be

classified as Class IV quote "Charitable & Non-profit facilities owned by organizations registered as charitable & non-profit organizations under the provisions of the Income Tax Act (Canada)" unquote, rather than Class II as recommended by the M.A.R.C. Report?

Mr. Chairman, we do not wish to take more of the committee's precious and valuable time. However, we wish to leave you with food for thought.

On behalf of Carpathia & Westboine Park Housing Co-ops, I wish to take this opportunity to thank you and the members of your committee for allowing us to appear before you today.

We trust that you will give this submission your usual consideration and interest.

Respectfully yours,

R.H. Comeault
General Manager

**THE MANITOBA MILK PRODUCERS'
MARKETING BOARD
SUBMISSION TO THE
STANDING COMMITTEE ON MUNICIPAL
AFFAIRS**

**JANUARY 27, 1983
WINNIPEG, MANITOBA**

Submission to Standing Committee on Municipal Affairs

Mr. Chairman, Members of the Committee:

- 1) We appreciate to again have the opportunity to express our concerns regarding taxation. We also appreciate having received the "Statistical Analysis of the Impact of Selected M.A.R.C. (Weir) Recommendations dated November 1982. First we will make some very brief remarks regarding the "Statistical Analysis".
- 2) To apply taxes on full assessment of farm land plus all farm buildings increases farm taxes inequitably high in comparison to residential and urban taxes. Particularly high are the farm school taxes. We do not see the rationale of tying school taxes to land and buildings nor understand the rationale of people living in the rural areas paying higher school taxes than urban people.
- 3) To apply taxes on the "Apportionment System" as recommended, although it changes the ratio of taxes paid by one individual in comparison to another within their own classification it does not change the ratio of taxes paid by each classification (farm, residence, other). Does this cure the ills?
- 4) We agree it certainly is time to change the taxation system. There are inequities in it. We need to do away with the oddities in the system that make it almost impossible to make a firm decision on the level of these inequities.
- 5) We agree with the recommendations put forth by the Manitoba Farm Bureau in their submission to the Manitoba Assessment Review Commission. It is time that farm buildings were assessed and taxed but when this is done it is time to rescind the present policy giving a benefit to the residences by having their assessment reduced by 1/3, or in other words, taxation should be on full assessment of residences not just on 2/3.

- 6) We believe school taxes should be applied to residences only. This is all residences both rural and urban. Costs of operating schools is related to people living in residences going to schools and should be tied to residences. School costs are not relative to land or other buildings.
- 7) Municipal taxes should be applied to the assessment of land and to the farm buildings that through their use an additional profit is generated. These buildings would be livestock and poultry barns and possibly seed cleaning plants for example. Buildings that are non-productive should be waived from taxation. These buildings would be storage buildings such as silos, hay sheds, granaries, implement sheds, etc.
- 8) We are most concerned regarding silos as they show the greatest inequity if fully taxed. We have dairy farmers with up to 5 silos on their farms. Five silos have a value in excess of \$600,000.00 to \$700,000.00. They are used to store feed from many quarter sections of land. Yet when they are all located at the site of the dairy barn the farmer would be paying taxes on the assessment value of all five silos plus the assessment value of all the land other than the land they are situated on. This, we suggest, is completely inequitable.
- 9) The inequity is clearly shown on page 26 of the "Statistical Analysis" showing a dairy farm in the R.M. of Hanover. The increase of taxes are as follows:

	SCHOOL TAX	MUNICIPAL TAX	TOTAL TAX
1982	282.00	\$1,418.00	1,707.00
	\$8,147.00	\$2,799.00	\$10,946.00
	\$5,323.00	\$2,041.00	7,364.00

- 10) We believe everyone wants taxation to be as equitable as possible. At the same time we need to be very concerned about over taxing labour intensive operations that create those very necessary jobs than we do about undertaxing them. We say this not only regarding labor intensive livestock farm operations but also various processing and manufacturing urban operations.
- 11) In summary we strongly urge that taxation be:
 - a) placed on residences, including rural residences, for school tax.
 - b) municipal taxes be placed on land and buildings.
 - c) waiving taxes on storage buildings.
 - d) residences be taxed on full assessment. The present 1/3 reduction of assessment be rescinded.
- 12) *These four recommendations need to be done as a package.*

OTHERWISE FARM BUILDINGS
SHOULD NOT BE TAXED.

Again, we thank you for this opportunity for expressing our concerns and trust they will receive your consideration.

Respectfully submitted

THE MANITOBA MILK PRODUCERS' MARKETING
BOARD

AVR/rls

Municipal Affairs Committee;

The Rural Municipality of Minitonas, through this brief, wishes to express its concern regarding the Manitoba Assessment Review Commission text entitled "A Fair Way to Share" if legislation were enacted to adopt it as presented.

Assessment presently is very misunderstood by most people which creates many problems related to property taxation. A shift from the present system to a market valuation system would, on the surface, appear to be more easily understood by the public due to the fact this would indicate to owners or potential owners of property the assessors opinion of the property and building value. In theory it would provide at least a figure for comparison purposes that is understandable to the public. The question of retaining a proper valuation in subsequent years could pose a problem as we see it. The Department has informed us there would be no problem in updating due to the fact all sales data has been computerized, thus trends of values can be readily accessible. In our municipality there are approximately 1,800 tax roll entries. In 1981 there were 90 sales and in 1982 48 sales. This represents a very small percentage of the total properties and yet it is recommended that assessment be revised annually based on sales data. Certain factors must be considered in analyzing sales data: i.e. family sales, forced sales, speculation etc. Sales in the quantity mentioned must have these taken out, but they, in total, represent two to four percent of total property. In effect the recommendation permits that as low as two to four percent of sales could influence the assessment of the total municipality. The possibility exist that no true representative sales would be available in any given year. What then would be used to revise assessment. This area of the report seems to be in a gray, uncertain zone and we cannot fully endorse it. This aspect is further compounded by the fact sales data makes no reference to the value of farm buildings, only a total price. In many instances the sales value is only slightly affected by farm buildings.

We are also concerned regarding the shifts of assessment between the various classes of property indicated by the text. We realize taxation is not the topic, but it must be utilized to determine the result of assessment shifts between the various classes. Presently we have two classes, farm and residential and other mill rates, for education costs. The M.A.R.C. text suggests classes of property by use. If the text is legislated both farm residences and farm outbuildings will be assessed. This will shift assessment from the residential and other class to the farm property class, which under present legislated mill rates, will greatly increase the tax burden on the rural land owner. Within the City of Winnipeg the tax burden will shift to the residential class under the present legislated mill rate structure, most particularly single family residences.

The committee does however recommend changes to The Public Schools Act to provide a broader classification of property according to use, which could lead to varying mill rates. This aspect should be explored to its fullest potential to equitably and fairly distribute the tax burden.

The M.A.R.C. recommends apportioning a percentage of the valuation for taxation purposes. We feel this will tend to confuse the issue of assessment. In the report they suggest each class should continue to contribute

to taxation totals at the same level as present. It appears the exercise becomes clouded when at one point they suggest additional classes according to use and then lump the classes to portion out taxable assessment. We fail to see any improvement if portioning occurs and the levels of taxation in each class remains unchanged. A new classification system is required and the resulting assessment must be utilized to share the tax burden fairly among the classes.

Another aspect of the report which concerns us is that of exemptions on farm outbuildings to the value of the parcel of land on which they are situated. It is fairly common knowledge that one man's exemption is another man's taxes, although this is not our main concern. Our main concern relates to the obvious lack of support of sound land use policies by recommending an outbuilding exemption up to the level assessment of the parcel of land on which the buildings are situated. For existing building intensive farms this may not create problems, but for new building intensive farm units this recommendation suggests a sprawling operation on as large a parcel as possible rather than a compact operation on a small holding. It defies land use policies which are aimed at retaining valuable agricultural land. Something must be done to correct it; be it a further class of property or a designated acreage similar to that suggested for farm residential. It is interesting to note in the M.A.R.C. Report that the farm dwelling exemption be removed due to the inequities it created and then see a farm outbuilding exemption included.

In summary we feel farmland assessment should in some way relate to productivity. Canada Land Inventory and Crop Insurance both have land classification systems that are quite accurate and understood by agricultural people. It would appear that a value per class or soil type could be set that would relate to value. Then from sales data and known soil types revisions could be made. This would permit revisions based on sales across the province rather than any given municipality because any given class should be similar no matter where it is located and would be equitable and understandable. Residential valuation could pose problems as residences value is affected by more factors and in certain economic situations sales data might be very sketchy due to the quantity of sales.

We feel if valuation becomes the basis of assessment that apportioning should be deleted. Work and calculation should be done on the valuation figure and the mill rate per class should be the varying component of the tax levy to achieve equity between classes of property.

It is very unfortunate that our property tax situation in effect penalizes good management and property improvement. We feel this is partially due to the fact that policy provides property taxation for services such as health, welfare and education from a property tax base - assessment. It is our firm belief that people services, health, welfare, education, etc. should be paid by people and that property services by the property tax base - assessment. We cannot see any change in the taxation structure in this direction but would suggest a larger portion of education costs should come from residential assessment. Education costs come from the home, not the vacant quarters of farmland, and this residential base should contribute a larger portion towards the education cost. If and when the M.A.R.C.

Report is adopted this base will increase considerably due to the inclusive of previously exempt farm residences. There is some merit in the concept of farm outbuilding exemption due to the time element required to assess all farm outbuildings in the province. The exemption does, however create a situation where there is no reason or cause to clean up vacant farm buildings. For example Farmer Jones buys out Farmer Smith. The residence is taxable so he sells it to a friend who moves it to town. The balance of the outbuildings can sit there in any dilapidated shape, a potential fire hazard, but because there is no tax on them there is no urgency to remove them. This aspect should receive additional study in order to provide incentives to remove potential hazards.

We wish to thank you for the opportunity to air our concerns and the consideration you may give this brief.

Respectfully submitted,

Norman Bruce,
Secretary-Treasurer,
R.M. of Minitonas.

**CASIMIR PETASKI AND FAMILY
SUBMISSION
TO THE
MANITOBA ASSESSMENT REVIEW
COMMITTEE**

Feb. 2, 1983

Mr. Chairman and Members of the Committee:

We are pleased to have the opportunity to make some of our concerns and recommendations to your committee. Some type of municipal tax reform is needed to more closely relate property taxes to a person's ability to pay.

We would like to raise a few points of concern. Under the recommendations farmland which is influenced by urban migration would have two assessments; one based on the highest and best use (this being exempt), and the other based on continuation of current use. A farmer would pay taxes based on continuation of current use, but when the land is sold, he would have to pay extra taxes on the difference between continuation of current use assessment and the highest and best use assessment for the previous 5 years. We feel that a 5 year time period is much too long as a lot of changes can take place in five years.

If I look at my own farm where there has been urban migration, with people commuting 20 miles to Winnipeg; my 1982 tax bill, based on highest and best use has increased 275% from my 1981 taxes, to a point where I am now paying \$23.50 per acre tax. This increase in taxes is due to urban migration and yet this same farmland has a market rental value from between \$15.00 to \$20.00 per acre. Who would have ever thought 5 years ago that this type of situation of property tax being more than the rental value would exist. However if we try and assess our situation today and apply the recommendations; we find that 2-3 miles from our farm, agricultural land is assessed at about \$5.00 per acre. Assuming these values of \$5.00 per acre tax for agricultural land and \$23.50 for rural residential, remain

the same for the next 5 years, then if we were to sell our land at the end of this 5 year period, we would be forced to pay extra taxes of \$92.50 per acre (\$23.50-\$5.00x5 years \$92.50), which is quite a large sum when you consider a 200 to 500 acre farm. There would also be a Capital Gains Tax on top of the extra municipal tax. I would like to further point out, that this examples is assuming the same values through the 5 years, but what if we assume that farmland prices decrease and residential property increases, this situation may have a very devastating effect, it may back a farmer into a hole in which there would be no return. It appears that legislation is always made for the majority, with a minority often getting shafted. We would therefore ask that this five year period be completely removed or at least reduced to one year.

We would also like to draw your attention to the following; people working for a company often have a company pension plan where - as a farmer's pension depends on either the son or daughter taking over the farm and supporting him, or selling his land to allow him to live comfortably through his retirement. We ask you to seriously consider this.

The other area we would like to address is farm outbuildings. Firstly we do not object to a farm dwelling being subject to municipal tax as urban dwellings are taxed; provided the education tax is removed off the land and incorporated into the income tax structure so that there would be a direct relationship between education tax and the ability to pay; as education is for the general public and the nation's welfare, and should be supported through a fair and equitable system of public support.

However, we do not agree that other farm buildings should be taxed. In today's economy we want to create jobs and would like expansion to take place. If farm buildings become subject to taxes, this will have a large effect on the sale of implement sheds, steel granaries, and concrete floors in such buildings, with the net result being a further loss of jobs, and a decrease of expansion.

When a farmer has a poor year due to weather or markets he cannot afford to make a mistake on his financing or take the burden of any extra expenses, and knowing this he is going to think twice about erecting any type of building in a good year. On the basis of net return the farmers of Manitoba probably put a larger percentage of their net income back into the economy than any other business, and if he has to pay taxes on his buildings, the economy in general may feel the end result.

Urban families who have a small acreage for a hobby such as raising horses, part-time gardening or farming, should also not pay taxes on such buildings, as you would be taxing one person on a hobby that they enjoy out in the country, yet another person who may have other hobbies of enjoyment and may have a greater ability to pay taxes would not be taxed for his yacht, airplane, antique car collection, or condominium in the Carribbean.

There are a lot of factors to consider when making changes in municipal assessment. For the reasons given in this submission, we ask you firstly to tax land according to continuation of current use and only when that use changes should the tax change, (a person

should not be asked to pay defered taxes for the last 5 years). Secondly, farm buildings should not be taxes as growth and expansion in this area creates jobs and helps the economy. We hope these factors will be considered.

Respectfully Submitted

Casimir Petaski and Family

St. James-Assiniboia School Division No. 2

The Inter-Departmental Staff Committee Investigating All Aspects of Real Property Assessment.

The St. James-Assiniboia School Division Board appreciates the opportunity of making representation to this review committee on the need for revision of the assessment process of property and the analysis of the model that has been prepared by the committee in regard to the recommendations of the M.A.R.C.

The St. James-Assiniboia School Board supports the main thrust of the Manitoba Assessment Review Committee (Weir Report). It is the belief of the St. James-Assiniboia School Board that the assessment of all property should be kept up to date. Government grants to school divisions and municipalities and the taxes for the Educational Support Program are based on the property assessment of each municipality. Outdated assessments cause major inequities in the allocation of provincial resources and the taxation of property.

The statistical analysis simulated on the M.A.R.C. recommendations point out some major problems that would be brought about if the model was implemented. In the St. James-Assiniboia example, page 33 of the model, a significant shift of taxation would occur from commercial property and apartment blocks onto the single home residences. The data indicates that single, one family home residences would experience a 14% increase, apartment blocks a 44% decrease and commercial property a 5% decrease.

The M.A.R.C. Committee reports on page 104 indicated that: "Inflation has resulted in a large increase in property valuations during the last thirty years. To date, these increases in values have not been reflected in the municipal assessment rolls. As a result, the assessment values have reached a point where they are almost meaningless when related to the current level of property values. The Assessor of the City of Winnipeg and Provincial Municipal Assessor are in the process of updating the existing assessments to the 1975 level of value and have scheduled this updating for implementation in the 1981 taxation year. This updating of assessment to reflect the increases in property values that have occurred during the period would not be a problem were it not for the manner in which inflation has affected different classes of property to varying degrees. Failure to implement more frequent reassessment programs in the past has resulted in some significant inequities, not only between classes of property, but also between individual properties within each class as well as between taxing jurisdictions."

"The uncontrolled shifts in taxation that will result from the introduction of the 1981 assessment rolls

based on 1975 values would, in the opinion of this committee, be found to be unacceptable. Initial research undertaken by the Committee indicates that the shifts in taxation may be further exaggerated with the updating of assessment levels from 1975 values to today's values if present legislation and mill rate differentials are continued to be utilized."

The findings of the Weir Committee obviously have borne out in the simulation of the Department of Municipal Affairs.

The Manitoba Assessment Review Committee report on Page 109, however, further recommended that:

Recommendation III-C-1

"Initially the portion of the valuation of each class of property to be used for taxation purposes should not result in a shift of taxes between classes."

It is also the opinion of the St. James-Assiniboia School Division Board that the introduction of an updated assessment process requires that no shift of taxation between different classes of properties occur. The tax burden on a single family home-owner in St. James-Assiniboia is already a heavy one and any further shift of taxes from apartment blocks and commercial property onto the single home-owner is unwarranted and could prove to be financially disastrous to the single family home-owner.

The St. James-Assiniboia School Board recommends that:

a) the portioning formula, as proposed by the Manitoba Assessment Review Committee, of 8 percent, 15 percent & 16 percent of farm, residential and other property evaluations respectively, be adjusted so that a distinction is made between apartment blocks and single family residences;

b) that the percentages be set at such a level that initially no shift in taxation between the different classes of property would occur by implementing the more up to date assessment.

George S. Eakin,

Chairman of the Board

COMMENTS OF THE WINNIPEG CHAMBER OF COMMERCE ON

A STATISTICAL ANALYSIS OF SELECTED M.A.R.C. RECOMMENDATIONS APPROVED BY THE COUNCIL OF THE WINNIPEG CHAMBER OF COMMERCE ON JANUARY 25, 1983

The Winnipeg Chamber of Commerce has undertaken a study of the report of the Manitoba Assessment Review Committee and the Statistical Analysis of selected M.A.R.C. (Weir) recommendations by a committee of the Department of Municipal Affairs, and some aspects of the recent Provincial Budget.

It appears to us that so far as commercial and industrial property is concerned the recommendations of the Weir Committee do little or nothing to remedy the present inequities and discriminatory practices in the taxation of real property which prejudice the owners or tenants of industrial or commercial real property.

The "Basic Principles" enunciated on Page 22 of the report clearly forecast the intention to perpetuate the discrimination presently existing, i.e.

"The assessment of property in Manitoba should involve a three phase approach of valuation, classification and assessment"

which it is said means:

- (1) a proper and realistic valuation, (with which we have no quarrel);
- (2) classification according to use, which involves discrimination between owners who use their property in different ways, for purposes of using different proportions of the value of the real property as the basis for applying a mill rate or applying differential rates of tax; and
- (3) "assessment" by which owners are again "classified" by taking only a "proportion" of the valuation upon which the mill rate is applied.

Except for a change or two in "classification" and a change of a percentage point or two in "assessment", the old inequities remain.

The working of the above "principles" is illustrated as an example in Table III G, p. 110 of the Weir report:

- (a) the farmer pays tax on only 5 percent of the value of his land;
- (b) the residential owner pays tax on 10 percent of the value of his land but
- (c) the business owner pays tax on 20 percent of the value of his land which has already been valued at a great deal more by being "classified" for "use" and having, to start with, a greater market value.

But this is still not enough. As the departmental Statistical Analysis points out (p.23) commercial and industrial property by legislation must pay an additional 38 mills so that the tax picture as disclosed in the two documents can be algebraically expressed thus:

Farmer: (market value x .05) x mill rate.

Residential: (market value x .10) x mill rate.

Business: (market value x .20 + use factor) x (mill rate + 38).

It is perfectly clear from the committee report and the departmental analysis that the object of the whole exercise is not to remedy the gross discrimination inherent in the present system as between classes of taxpayers but only to see that wherever the taxpayer may live or carry on business in the province he is subject to the same inequities and discrimination.

This policy in Real Property Tax hardly squares with the policy that taxation must be fair. The ability of commerce and industry to pay is not infinite, neither is the willingness of commerce and industry to be discriminated against unlimited.

The discriminatory nature of the Real Property Tax, added to a discriminatory business tax, added to payroll tax, a high income surtax and financial institution tax increases, places Manitoba businesses in an impossible competitive position in Canada, and such a policy will have not a minimal negative effect but a disastrous effect on Manitoba's economy.

It may be that persistent discrimination against it will not break the camel's back but only force it to move off to greener pastures. This is a prospect which causes this Chamber alarm and consternation.

The above commentary deals only briefly with the valuation classification and assessment features of the

Weir report. At a later date we expect to comment on other features such as valuation procedures, notices, appeals, etc., which are of concern but not immediately dealt with in the Statistical Analysis.

Approved by the Council of The Winnipeg Chamber of Commerce on January 25, 1983.

LETTERS RECEIVED:

CARTWRIGHT, MANITOBA
Dec. 14/82

MINISTER OF MUNICIPAL AFFAIRS,
Winnipeg, Manitoba.

Dear Sir:

In regard to WEIR recommendations in assessment of farm property. I done a personal survey on land assessment in Manitoba and found out that the assessment is not equal across Manitoba some of the good land was lower than the poor land.

Municipality of Roblin paid higher taxes due to the high cost of school. I found out that a person owned a house in Winnipeg 20 years old only paid \$175.00 for school tax after Manitoba rebate and here on the farm the school tax on this farm was \$3,500.00 after rebate.

Also the city man income was higher and yet the farmer was at a loss after expenses.

Why should the farms have to pay so high for school and yet people in town with a old house pay no school tax when the house is real old.

I figure everybody should pay equal taxes to the school a percent of your income to make it equal.

Yours truly,
Jack Pawich

Mr. Andy Anstett
Chairman of Municipal Affairs Committee

Legislative Building
Winnipeg, Manitoba.

February 1, 1983
Mr. Steve Rapko
Box 1, Grp. 318, R.R.3
Selkirk, Manitoba
R1A 2A8

Dear Mr. Anstett and members of the committee,

I am a grain producer, farming approximately 200 acres on the same property as my father started on, some 60 years ago. I have farmed all my life, and my main income comes from this farm.

In the last few years, my area has been rezoned as urban or residential, and due to this fact and the new assessment, my taxes have increased 400%. To say I am upset, is an understatement.

The farmers in this area, including myself, did not ask, or want the area rezoned to urban or residential. The majority of land is owned by farmers who are making a living from the land, and I feel strongly that our taxes should not be influenced by people who own 5, 10 or 15 acres, and have never made their living off the land. These people, with the help of our local municipalities are forcing the farmers out of business.

The majority of my land is over one-half mile from the main highway. Should I desire to subdivide and sell, in all probability I would not be able to, because there are numerous lots now along the highway and river far more attractive, in this same area, which remain unsold.

This situation puts me in a corner. Unable to subdivide and sell at a profit, and also unable to farm at a profit because of the high taxes.

I am in agreement with the provisions set in paragraph VII-C-3 on page 235 of the book, "A Fair Way to Share". I feel this is an answer to my problem, yet it upsets me to think that I may have to wait years before this is implemented. Could not I, and others in this same situation, find some relief in the near future?

I would appreciate it very much if you could give this problem your utmost consideration.

A concerned farmer,
Steve Rapko.