

Boxed in

By Tony Pearson

Did you ever have one of those years ? you know, when all the financial news is just plain bad? That's the current situation with Bancroft. Council learned last week of another hit to their bottom line ? and it's entirely beyond their control. They did nothing to cause it, and they can do nothing to remedy it. But it could impact the tax rate of every Bancroft ratepayer.

If you own a home, you know about MPAC ? the group that assesses the value of your property to determine the amount on which you will pay your municipal taxes. MPAC also assesses the value of commercial properties, from corner stores to the so-called big box stores of the national chains. And apparently, it does a lousy job ? at least, according to the chains.

Thus, a number of large companies have contested the assessments of their Ontario properties. The appeal is heard by an assessment review board, which in recent years has consistently ruled against MPAC and in favour of the large companies. Effectively, this passes part of the companies' tax burden onto the residents of the municipality.

For example, the paper giant Domtar is the major industry in Espanola. When the forestry industry suffered a slump, it claimed that the value of its mill had declined. The assessment board agreed, and cut their contribution to the town by nearly 80 per cent. As a result, the town of less than 6,000 people had to pay Domtar \$5 million in compensation. The result was that Espanola had to raise residents' taxes, cut services, lay off workers, and postpone capital projects, including water and sewer repairs. (By the way, Domtar, an American-controlled company, made a net profit of around \$150 million last year.)

There are more such examples ? enough to convince MPAC and a group representing various Ontario municipalities to try to soften the blow by working out deals with some of the big box chains. As a result, Bancroft is now on the hook for \$129,000, which it must pay for lowered assessments going back to 2009. In addition, in the coming year, the town will receive about \$15,000 less corporate assessment revenue than expected.

Where does the money come from to make up for this lost revenue? It comes from Bancroft home-owners. Although the town set aside \$60,000 last year for such a contingency, the amount still owing is equivalent to about a one percent tax rate increase.

More is on the way. Other chains with Bancroft outlets have appeals in the works. The town treasurer estimates that the town should set aside close to \$200,000 in the 2017 budget to deal with reduced commercial assessments. That's \$200,000 that won't be available to provide town services, or make municipal improvements, or even help deal with debt. It's just money waiting to be returned to large corporations.

It isn't just Bancroft. The county and the school boards also lose money. And other places have it worse. Belleville's treasurer recently reported that the city has to pay out over \$2 million in the next six months as a result of three assessment decisions in favour of big box stores. With over 100 other chains in the appeals queue, the overall financial impact could be enormous. Since towns lack the tax bases and variety of tax sources available to big cities, it's even harder on them.

As I said, town council had nothing to do with creating this problem. But they have to shoulder the consequences. Is this fair? Obviously not. Either MPAC ? a provincial agency ? is seriously in error, or the Appeal Board isn't adjudicating properly. Whichever way it is, the town isn't at fault.

Once again, it is time for the province to intervene. Ontario has been cutting its contributions to municipalities for some time, under both Liberal and Conservative governments. In the '90s, for every dollar a municipality spent on local services, the province spent \$1.20. Today, the province contributes a mere sixteen cents.

With a provincial budget running at \$120 billion a year, Ontario has room to provide more help to the province's small towns and rural areas.

If the provincial government dedicated \$1 billion for relief of new financial pressures on small communities with a limited tax base, that would be a step forward. After all, they created many of the financial problems in these towns. These include the big overall challenges like escalating police costs and soaring hydro expenses. But they also include specifically local irritants, like the 400 per cent rent increase for the works yard, and the backtracking on treatment of farm waste (the original promise caused Bancroft's sewage treatment plant to be overbuilt, with staggering consequences).

It's time the provincial elephant heard the voices of the ratepayers in its many ?Whovilles.?