



# THE ARCHIPELAGO EXPRESS

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Interim Tax Bill

## TOWNSHIP TAXES IN 2009

### *Through the Looking Glass*

It is a sure sign of spring coming when you receive the interim bill for land tax. Note that this bill is one-half of the taxes levied last year and does not foretell where taxes are going in 2009. In the fall you also received an Assessment Notice from the Municipal Property Assessment Corporation (MPAC) that may well impact where taxes are going. Increases in assessment will be phased in over the next four years.

It is too bad Alice in Wonderland does not live in our Township because if she did, at least someone would understand the assessment situation.

**Alice:** "But I don't want to go among mad people."

**The Cheshire Cat:** "Oh, you can't help that. We're all mad here."

Let's see, the average assessment in the Township of The Archipelago went up 34.70% since 2005 to be spread over the next four years (up 8.68% for 2009 and each of the next three years). At the same time property values have probably sunk more than 20% (who knows?) and will likely continue to sink for the next four years. Actually, my realtor friends say it is difficult to know where the market is at now because cottage properties are just not selling at any price. So a system based on recent sales to establish market value will have virtually no sales to put into the process, which is not all that new since one of the current problems with the MPAC computer system is that very few sales at any time means that the value of any individual recreational property can become very distorted. How can something be made from nothing?

**Alice:** "I've had nothing yet, so I can't take more."

**The Mad Hatter:** "You mean you can't take less; it's very easy to take more than nothing."

Municipalities have absolutely nothing to do with MPAC. Oops I err. The only thing municipalities have to do with MPAC is to pay 100% of the cost of it. In fact, the Provincial legislation on assessment forbids municipalities from "profiting" when assessments go up (no such limits on the Province!). So the Province sets the policy under which MPAC operates, but could give a fig what it costs to administer and then, when the system is no longer "realistic" due to its own appalling policies, expects the guys who are paying the freight but have no control, to "not profit". The driver is telling the car-pool guys in the back seat to act responsibly as he weaves recklessly down the road in a blindfold!



**Alice:** "Curiouser and curiouser!"

Fortunately, The Archipelago Council decided that, to reflect the worsening economy facing the ratepayers, there will be no increase in the municipal taxes in 2009 for those matters over which the Township has control. This has not come about without some effort by staff and some acceptance by Council that certain projects are being scaled back or postponed. For example, 2009 was slated as the year for major changes to the waste disposal system. While a complete plan of revisions will not be finalized until after Council meets with the ratepayer associations in February (at the Deerhorn Conference) the whole project will now be spread over several years and be contained within a strict budget.



As those who know something about municipal taxation can attest to, the Province is the largest collector of taxes based on MPAC assessments (realistic or otherwise!) as a result of downloading to municipalities the cost of education, social welfare and housing and a few other less costly programs, like MPAC. Changes in the municipal tax rate are based on the relationship between; (a) total assessment in the Township and total assessment in the Province for education, and; (b) total assessment in the seven municipalities in Parry Sound District, relative to The Archipelago, for social welfare and housing and the rest. While the final budgets for education and social welfare and housing etc. will not be available until later in the year, we know now that average assessments in the Parry Sound District went up 30.05% or 4.65% less than The Archipelago (34.70%). This means The Archipelago share of social welfare and housing will increase 1.16% in 2009 and likely result in a slight tax increase. The average assessment in the entire Province went up 20.85% as against the Township average of 34.70%, so The Archipelago portion of Provincially-mandated education funding will increase by about 3.46% in 2009 and likely result in a modest tax increase. The expenses over which the Township has control have been held to increases at the rate of inflation for many years, while expenses downloaded from the Province have increased at double or triple that amount. Are increases levied by the Province to be paid by municipalities sustainable?

**The Dormouse:** "You've got no right to grow here."

**Alice:** "Don't talk nonsense. You know you're growing too."

**The Dormouse:** "Yes, but I grow at a reasonable pace, not in that ridiculous fashion."

So, the good news is that ratepayers whose assessment went up at or below the Archipelago average might not see too much of a tax increase but likely an increase nonetheless. That is if the assessment averages make any sense!

**Alice:** "It would be so nice if something made sense for a change."

The final tax bills to be sent to you in early June will tell the real story.

Happy New Year.



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