



MUNICIPALITY OF EAST HANTS

P.O. Box 190 Shubenacadie, N. S. B0N 2H0

Date: July 14, 2005

To: Corporate Services

From: Connie Nolan CA

RE: **Policy re Tax Relief for Property Destroyed by Fire**

Section 69A enables Council to approve a policy that would provide tax relief to a property owner who has had a “building destroyed or partially destroyed by fire, storm or otherwise”.

This situation clearly arises when a taxpayers home burns to the ground or is totally destroyed by an act of god. There are however less obvious situations such as when a taxpayer decides to tear down a structure on their property or when a property is damaged but is not destroyed by fire or other circumstance (e.g. hurricane etc). It is a situation of partial destruction that is more difficult to deal with. The Act provides that, when asked, the assessment department is required to provide an amended value of the damaged/destroyed property. The official filed roll does not change.

The Act allows for retroactivity of this policy to April 1,1999.

Things to be considered in regards to this:

1. Retroactivity would be very difficult to administer. It would be difficult to verify that a property had been destroyed/damaged beyond a short time frame after the event.
2. There would have to be a requirement that the taxpayer apply for consideration of the tax reduction within a short time frame of the loss to qualify, so that it can be verified. (say within 6 months of the incident).
3. The tax reduction would only be applicable for the tax year in which the loss occurred. By the following year the assessment roll should reflect the correct value again.
4. Many properties that are destroyed or damaged are repaired or replaced quickly which would have to be taken into account in any tax rebate. Since the new assessment would not be on the filed roll until the following tax year, the Municipality has to be cautious not to give a full rebate on the “lost” value only to lose taxation on the new value that replaces it.
5. Loss in assessment value by personal choice, should probably not be part of the policy. Otherwise the Municipality could be overwhelmed with requests. Sometimes it takes a taxpayer a considerable period of time to tear down a building (over a number of years). When would we consider the loss of value to have occurred?

6. Any policy should be relatively simple to administer and not open to interpretation. Municipal staff cannot be seen to be performing any assessment function.

I suggest Council adopt a policy in accordance with section 69 of the MGA as follows:

All tax arrears from prior years and on current year as it relates to land included in the assessment account must be paid, *or suitable payment arrangements which are being honored must exist*, before an application will be considered.

Tax reductions/rebates will be considered for taxpayers who have structures unwillingly destroyed or damaged by fire or acts of god, to the point that demolition is required

Consideration will not be given beyond the point where a building permit has been issued and/or the structure has been started to be re-built by the deadline for the filing of the next year's filed roll (e.g. if a home burns to the ground in August and the rebuilding has started in October there would be no consideration for tax reduction/rebate)

Consideration will not be given unless the time between the loss and the rebuilding / next filed roll date extends beyond three months. If the time extends beyond 3 months the tax reduction will be calculated from the time of the loss to the point that the point where a building permit has been issued and/or the structure has been started to be re-built.

The Process:

1. Taxpayer makes application to the Municipal office with pictures and sworn affidavit and proof of loss (such as insurance documents) within 6 months of the loss. Indicate whether there is intention to rebuild the structure and when it is anticipated to happen.
2. Applicant must update the file by providing a copy of the building permit obtained when re-construction is beginning. If no building permit is issued and reconstruction has not occurred the property will be eligible for tax reduction based on the decrease in the property value resulting from the event (as determined by the assessment department). If reconstruction has begun (permit issued) the property will be eligible for tax reduction based on the decrease in the property value resulting from the event (as determined by the assessment department) up to the date of the building permit.
3. Between the time of the initial application and the determination of amount of tax reduction the tax account will not be subject to interest on the current year taxes.
4. The Municipal office will provide written notification of the tax reduction that the property has been eligible for. Any balance owing on the property must be paid within 30 days from that notification and will not attract interest during that time.