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**BC Assessment's review of Catalyst site reduces City tax revenue by \$1.8 million**

BC Assessment has reduced the value of the former Elk Falls pulp and paper mill site by \$45 million.

The re-assessment, triggered by the de-commissioning of manufacturing equipment on the property, will equate to approximately \$1.8 million in reduced property tax revenue for the City.

"While this isn't good news for City revenue, we did expect a revenue reduction related to BC Assessment's fall 2011 on-site review of this property," says City Manager Andy Laidlaw.

At the Dec. 13 Council meeting, staff estimated a 3.7 per cent residential tax increase would be required to meet known increasing costs for fuel and contracts and maintain City services at current levels.

While that amount did not account for any change in taxation classes, staff did advise Council of the anticipated need to further transfer taxation from major industrial to residential properties.

City staff estimate that a 12.4 per cent residential tax increase would be required to absorb the entire loss of tax revenue related to the Catalyst site re-assessment. Combined with the proposed tax increase discussed during the December Council meeting, a 16.1 per cent residential tax increase would be required to maintain City services at current levels.

"Staff are working to prepare a range of options for Council's consideration during the 2012 budget discussions to try to minimize the impact on taxpayers," Laidlaw says. Budget discussions are scheduled to take place during the first three months of this year.

The re-assessment of the Catalyst property also confirms a change in tax class, from major industry to business other.

"Basically, property taxes on that site in its current state will now be charged based on the value of the land," Laidlaw concludes.

– 30 –

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