



THE CITY OF WINNIPEG

REQUEST FOR PROPOSAL

RFP NO. 784-2009

APPENDIX E - DESCRIPTION OF BUSINESS ASSESSMENT

Business Assessment Overview

The City of Winnipeg Assessment and Taxation Department (ATD) is responsible for the delivery of the assessment and taxation rolls in compliance with Legislation. The ATD is responsible for 13,000 business assessment parcels that account for \$925 million in the 2010 assessment roll.

A business occupying space is assessed for the purpose of collecting a business tax which is based on the business assessment. The business assessment is based on the annual rental value of the space occupied by the business. The Annual Rental Value (ARV) is the total cost to occupy and is calculated as a market rent plus a cost of services such as heat, air conditioning, hydro and water.

The rents reflect typical market rents and are the same rents used for the realty potential income used in the income approach. These market rents are a result of regression models developed from annual income and expense information. Each tenant and lease is recorded for the space and is linked back to the physical structure so the models for the rent reflect the location, physical attributes and type of space. Once the rents are developed they are used in the Realty and BA calculations for value.

A business can occupy multiple realty parcels or multiple types of space in a single realty parcel; however the taxable party should typically receive one bill. A realty parcel could have a single business or multiple businesses occupying space. Each business is linked to the realty parcel and shares information for valuation and inspection purposes. The realty and business assessment use the same mailer information to develop rents, realty uses the vacancy and tenant information and the business assessment uses the rent, area from the realty link information.

Generally businesses change their existing space or move frequently from one location to another, resulting in numerous adjustments to reflect new space and locations for businesses. Each business is linked to the realty parcel as to the space it physically occupies. A business is recorded by the name it is Operating As (the name you typically see on their sign) and by the Taxable Party (the legal name).

At this time Realty and Business assessment are closely connected. however depending on legislation the dependence may change and any system must be designed with the ability to eliminate the BA component without negatively affecting the Realty.