

**2000**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**RATES AND LAND TAX AMENDMENT BILL 2000 (No 2)**

**EXPLANATORY MEMORANDUM**

Circulated by the authority of the Treasurer

Gary Humphries MLA

## **Rates and Land Tax Amendment Bill 2000 (No 2)**

### **Outline**

The *Rates and Land Tax Act 1926* (the Act) imposes general rates and land tax on property owners in the ACT.

The purpose of this amendment is to adjust the fixed charge and the rating factors for general rates, for the 2000-01 rating year.

The current rating system incorporates the following components:

- a fixed charge for all rateable properties except rural properties;
- a value based charge which is calculated on a 3 year average unimproved value, that is the average of the three most recent yearly unimproved land values;
- a rate free threshold to apply to all property values; and
- separate revenue targets apply to the residential and non residential sectors.

The following levels will apply for the 2000-01 rating year:

- a fixed charge of \$280;
- a rate free threshold of \$19 000;
- a rating factor of 0.9136% to apply to residential properties;
- a rating factor of 1.3397% to apply to non residential properties; and
- a rating factor of 0.4568% to apply to rural properties.

The fixed charge, the 'user pays' component of general rates, partly reflects the cost of providing services to ACT properties. It reduces the value based charge and minimises the potential for large fluctuations in rates liabilities from year to year which may result from valuation changes. The fixed charge has been increased from \$260 for 1999-2000 to \$280 for 2000-01.

The threshold of \$19 000 and the revenue targets ratio of 85:15 for residential and non-residential sectors remain unchanged for 2000-01.

### **Revenue/Cost Implications**

The components of the rating system are set to achieve a revenue target of approximately \$105.4 million in 2000-2001.

The Bill is attached.

## **Details of the Rates and Land Tax Amendment Bill 2000 (No 2)**

### **PART I - PRELIMINARY**

#### **Formal Clauses**

Clauses 1, 2 and 3 are formal requirements. They refer to the short title of the Act, the commencement date of the Act and define which Act is amended. The Act commences on the day on which the Act is notified in the Gazette.

#### **Substitution Imposition**

Clause 4, in amending section 13 of the *Rates and Land Tax Act 1926*, aims to meet the revenue target of \$105.4 m by:

- increasing the annual charge referred to in subsections 2 and 3 from \$260 to \$280;
- decreasing the rating percentage which applies to residential properties in the City Area referred to in subsection (3) paragraph (a) from 1.1046% to 0.9136%
- increasing the rating percentage which applies to properties other than residential in the City Area from 1.2776% to 1.3397%; and
- decreasing the rating percentage which applies to properties outside the City Area from 0.5523% to 0.4568%.

The above changes to the integrated rating system will ensure that:

- the user pay principle is maintained;
- the valuation changes in the 2000 valuation are accommodated;
- the rates revenue remains within the forecasted Consumer Price Index; and
- the 85:15 liability ratio is maintained for residential to non residential properties.

#### **Imposition and assessment of rates - certain parcels of land in the City Area**

Clause 5 - amends Section 22GM of the Act by inserting the rating factors and fixed charge for 2000-01 in the formula set out in subsection (3).