

1998

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

RATES AND LAND TAX (AMENDMENT) BILL 1998

EXPLANATORY MEMORANDUM

Circulated by the authority of the Chief Minister and Treasurer

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Rates and Land Tax (Amendment) Bill 1998

Summary

The purpose of this amendment is to adjust the levels of the fixed charge and the rating factors for the 1998-99 rating year

A new rating system for the ACT was introduced for the 1997-98 rating year which incorporates the following components

- a fixed charge to apply to all rateable properties except rural properties,
- an ad valorem charge based on unimproved valuations,
- a rolling three year average of unimproved property values,
- a rates- free threshold to apply to all property values, and
- separate revenue targets to apply to the residential and non residential sectors

The following levels will apply for the 1998-99 rating year

- a fixed charge of \$240,
- a three year average of 1996, 1997, and 1998 unimproved property values,
- a rates-free threshold of \$19,000,
- a rating factor of 1.1144% to apply to the residential sector
- a rating factor of 1.1657% to apply to the non residential, and
- a rating factor of 0.5572% to apply to rural properties

The fixed charge partly reflects the cost of provision of services to ACT properties, and reduces the amount of a rates bill that is based on the land value and hence reduces the potential for large fluctuations in rates liabilities from year to year. The level of the charge has been increased from \$220 to \$240 for 1998-99, to increase the 'user pays' component of the rates charge

The threshold of \$19,000 is unchanged from 1997-98

Financial implications

The components of the rating system are set to achieve a revenue target of approximately \$101.1 million in 1989-99, taking account of the total amount of the unimproved valuation of rateable land. The total 1998 valuation of rateable properties in the ACT has reduced by 1.5% from the 1997 level, requiring an upward adjustment of the rating factors

Details of the Rates and Land Tax (Amendment) Bill 1998

Title

Clause 1 - provides for the short title of this Act to be the *Rates and Land Tax (Amendment) Act 1998*

Commencement

Clause 2 (1) - provides for section 1 of this Act to commence on the day on which the Act is notified in the *Gazette*

Clause 2 (2) - provides for the remaining sections to commence on 1 July 1998

Principal Act

Clause 3 - states that in this Act, "Principal Act" means the *Rates and Land Tax Act 1926*

Substitution Imposition

Clause 4 - amends section 13 of the Principal Act by

- increasing the annual charge referred to in subsections 2 and 3 from \$220 to \$240,
- increasing the rating percentage which applies to residential properties in the City Area referred to in subsection (3) paragraph (a) from 1 0734% to 1 1144%,
- increasing the rating percentage which applies to properties other than residential in the City Area from 1 1110% to 1 1657%, and
- increasing the rating percentage which applies to properties outside the City Area from 0 5367 to 0 5572