

1999

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

RATES AND LAND TAX (AMENDMENT) BILL (No 2) 1999

EXPLANATORY MEMORANDUM

Circulated by the authority of the Chief Minister and Treasurer

Kate Carnell MLA

Rates and Land Tax (Amendment) Bill (No 2) 1999

Summary

The purpose of this amendment is to adjust the rating factors for the 1999-2000 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 1999-2000 rating year:

- a fixed charge of \$260;
- a rates-free threshold of \$19,000;
- a rating factor of 1.1046% to apply to the residential sector;
- a rating factor of 1.2776% to apply to the non residential; and
- a rating factor of 0.5523% 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 \$240 to \$260 for 1999-2000, to increase the 'user pays' component of the rates charge.

The threshold of \$19,000 is unchanged from 1997-98 and 1998-99.

This amendment also introduces determined fees to accompany objections or applications for review of decisions. These fees are fully refundable if the application is allowed, either wholly or in part.

Financial implications

The components of the rating system are set to achieve a revenue target of approximately \$104.3 million in 1999-2000.

Details of the Rates and Land Tax (Amendment) Bill 1999

Title

Clause 1 - provides for the short title of this Act to be the *Rates and Land Tax (Amendment) Act (No 2) 1999*.

Commencement

Clause 2 (1) - provides for sections 1, 2 and 3 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 1999.

Principal Act

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

Interpretation

Clause 4 - defines "determined fee".

Substitution Imposition

Clause 5 - amends section 13 of the Principal Act by:

- increasing the annual charge referred to in subsections 2 and 3 from \$240 to \$260;
- decreasing the rating percentage which applies to residential properties in the City Area referred to in subsection (3) paragraph (a) from 1.1144% to 1.1046%;
- increasing the rating percentage which applies to properties other than residential in the City Area from 1.1657% to 1.2776%; and
- decreasing the rating percentage which applies to properties outside the City Area from 0.5572 to 0.5523.

Objections

Clause 6 - amends section 22GE of the Principal Act by inserting subsection (1B) which requires an objection under section 22GE to be accompanied by the determined fee.

Application by owner of eligible parcel of land

Clause 7 - amends section 22GK of the Principal Act by replacing "prescribed fee" with "the determined fee". This makes all fees relating to objections or application uniform as "determined fees".

Imposition and assessment of rates - certain parcels of land in CITY area

Clause 8 - amends Section 22GM of the Principal Act by inserting the rating factors and fixed charge for 1999-2000 in the formula set out in subsection (3).

Objections

Clause 9 - amends section 22GV of the Principal Act by inserting subsection (2A) which requires an objection under section 22GV to be accompanied by the determined fee.

Review of decision that land rateable

Clause 10 - amends section 28C of the Principal Act by inserting subsection (2A) which requires an application for reconsideration under section 28C to be accompanied by the determined fee.

Objections to determinations

Clause 11 - amends section 29 of the Principal Act by inserting subsection (1A) which requires an application under section 29 to be accompanied by the determined fee.

Review of interest decision

Clause 12 - amends section 30 of the Principal Act by inserting subsection (2A) which requires an application under section 30 to be accompanied by the determined fee.

Insertion

Determination of fees

Clause 13 - inserts section 36 into the Principal Act. This section empowers the Minister to determine fees for the purposes of this Act.

Refund of certain fees

Clause 13 - inserts section 37 into the Principal Act. Section 37 stipulates which sections of the Act requiring payment of a fee are effected by section 37. This section further states that where an objection is upheld in whole or part by the Commissioner, the Administrative Appeals Tribunal or a court the determined fee shall be refunded. The section also defines "objection".