

2006

**The Legislative Assembly for
Australian Capital Territory**

Rates Amendment Bill 2006 (No 2)

Explanatory Statement

**Circulated by authority of
Treasurer
Jon Stanhope MLA**

Rates Amendment Bill 2006 (No 2)

Summary

The *Rates Amendment Bill 2006 (No 2)* amends the *Rates Act 2004* to allow for the collection of the City Centre Marketing and Improvements Levy (the Levy), which was originally announced as the City Heart Levy in the 2005-06 ACT Budget. The revenue collected from the levy will be used to promote, maintain and improve the amenity of the Civic area.

The levy will be raised as an annual charge on commercial property owners as a percentage of the average unimproved value of commercial land within a prescribed collection area. The collection area will be divided into two zones with differential percentages to apply. The differential percentages and the collection area for the levy will be determined by the Minister in a disallowable instrument.

Residential properties will not be liable for the levy. In addition, properties that are not rateable under section 8 of the *Rates Act 2004* will not be liable for the levy. This will ensure that owners of certain parcels of land located within the collection area, such as the sites of churches, hospitals or schools, will not be required to pay the levy.

As the levy will be billed and collected separately from rates, payment by instalments and discounts for early payment are not provided.

The levy is linked to the enforcement provisions contained in the *Rates Act 2004* which allow for the imposition of interest on a monthly basis and includes the levy as a charge on the land to secure outstanding debts.

The Bill will commence on a day fixed by the Minister in writing.

Financial Implications

This Bill is revenue-neutral.



Details of the Rates Amendment Bill 2006 (No 2)

Clause 1 - Name of Act

This Act is the *Rates Amendment Act 2006 (No 2)*.

Clause 2 - Commencement

The *Rates Amendment Act 2006 (No 2)* commences on a day fixed by the Minister by written notice.

Clause 3 - Legislation Amended

This Act amends the *Rates Act 2004*.

Clause 4 – Schedule 1, section 1.2

Schedule 1, section 1.2 imposes the city centre marketing and improvements levy on rateable commercial land within a collection area. The levy is calculated as a percentage of the Average Unimproved Value of the parcel of commercial land as per the formula contained in subsection 1.2 (1).

Subsections (2) and (3) allow the Minister to determine by disallowable instrument, the collection area for the levy.

Subsection (4) describes the components used to calculate the levy that are contained in the formula in subsection (1). The note clarifies that different percentage rates may be determined for different collection areas or part of a collection area.

Clause 5 - Schedule 1, section 2.1

Section 2.1 is a mechanical provision that links any levies imposed under Schedule 1 (currently the fire and emergency services levy and the city centre marketing and improvements levy) with existing provisions (the applied provisions) in the *Rates Act 2004* in order to prevent unnecessary duplication.

This section allows any reference to rates in the applied provisions to be read as if it were a reference to a levy imposed under Schedule 1 and any other necessary changes were made, or any changes prescribed by regulation were made. Subsection (3) allows for certain applied provisions to be subject to part 5 of the *Rates Act 2004* which deals with unit sub-divisions.

The applied provisions are as follows:

- Subsection (1) (a) links to section 15 of the *Rates Act 2004*, which will allow the apportionment of the levies over a year for properties that become rateable during the year, or cease to be rateable during a year.
- Subsection (1) (b) links to section 16 of the *Rates Act 2004*, which requires the owner of a parcel of land to pay the levy to the commissioner for ACT revenue.
- Subsection (1) (c) links to section 17 of the *Rates Act 2004* that requires an assessment notice to contain a payment date for the levy, which must be no earlier than four weeks after the date of the notice.

- Subsection (1) (d) provides a link to the enforcement provisions contained in part 4 of the *Rates Act 2004*. This allows the commissioner for ACT revenue to impose interest for late payment of levies, ensures that any outstanding amounts can be secured against the parcel of land and allows the commissioner for ACT revenue to apply to a court to have the property sold under certain circumstances.
- Subsection (1) (e) links to part 6 of the *Rates Act 2004* and will allow the Minister to remit levies and exempt the owner of a parcel of land from the requirement to make a levy payment. It will also allow the commissioner for ACT revenue to remit interest payable on an overdue levy amount if it is considered fair and reasonable, and pay any interest required as a result of an administrative error or any overpayment by the levy payer.
- Subsection (1) (f) links to section 28 of the *Rates Act 2004*, which describes how units that are part of a unit subdivision are treated for the imposition of charges.
- Subsection 1 (g) links to section 29 of the *Rates Act 2004* and will allow the imposition of levies on units that are part of a unit subdivision as if the unit were a parcel of land. It also provides a formula to calculate the average unimproved value of units.
- Subsection (1) (h) links the levy provisions to section 39 of the *Rates Act 2004* which will give the commissioner the ability to make a reassessment for certain parcels of land that are being developed for both commercial and residential purposes.
- Subsection (1) (i) links the levy to section 40 of the *Rates Act 2004*, allowing the commissioner to make a reassessment on certain properties that are being developed for both commercial and residential purposes when they cease to be qualifying parcels because of certain circumstances listed in section 36 of the *Rates Act 2004*.
- Subsection (1) (j) links to the section 76 of the *Rates Act 2004* to ensure that any levy amount will be included on a certificate of rates, land tax and other charges.
- Subsection (1) (k) allows any other provision to be prescribed by regulation to be an applied provision.

Section 2.1A is required to separate existing applied provisions for the fire and emergency services levy from the general applied provisions. The applied provisions in section 2.1A do not apply to city centre marketing and improvements levy and do not affect the current operation of fire and emergency services levy.

Clause 6 - Schedule 1 section 3.1

This clause substitutes a new heading for section 3.1 so that it relates solely to the imposition of the fire and emergency services levy on certain proposed subdivisions.

Clause 7 - Schedule 1 section 3.1 (1), (2) and (3)

These subsections relate to the imposition of the fire and emergency services levy on qualifying parcels of land where the lease allows development for residential and commercial purposes.

This amendment ensures that section 3.1 applies to a parcel of land that is a qualifying parcel of land for division 5.2 of the *Rates Act 2004*. A qualifying parcel of land is defined in section 30 of the *Rates Act 2004* as a parcel of land to which division 5.2 applies because of section 35. Section 35 states that if the commissioner for ACT revenue makes a qualifying development determination for a parcel of land, division 5.2 applies to the parcel.

Clause 7 also amends section 3.1 by inserting a new subsection (2) which works so that section 1.1, which imposes the fire and emergency services levy, has effect as if subsections (3) and (4) of section 3.1 were substituted for subsections 1.1 (1), (2) and (3). Previously, subsection 3.1 (2) did not replace subsection 1.1 (1). This amendment does not affect the operation of the fire and emergency services levy for qualifying parcels and merely removes a redundant provision.

Clause 8 - Schedule 1, new section 3.1A

This clause inserts a new section 3.1A, which imposes the city centre marketing and improvements levy on qualifying parcels of land for division 5.2 of the *Rates Act 2004*.

Subsection 3.1A (2) works in the same manner as subsection 3.1 (2) of schedule 1, in that section 1.2, which imposes the city centre marketing improvements levy, has effect as if subsections (3) and (4) of section 3.1A were substituted for subsections 1.2 (1), and (4).

As the city centre marketing and improvements levy does not apply to residential land, it applies to the percentage of the parcel of land that is commercial land according to the formula contained in subsection (3).

Subsection (4) describes the components used to calculate the levy in the formula contained in subsection (3). The note clarifies that different percentage rates may be determined for different collection areas or part of a collection area.

