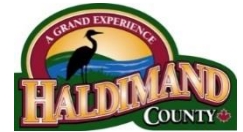

HALDIMAND COUNTY

Report CS-FI-16-2018 Applications for Assessment and Tax Adjustments as of August 2018



For Consideration by Council in Committee on September 18, 2018

OBJECTIVE:

To receive approval from Council of applications for tax adjustments, as of August 2018, under Sections 357, 358 and 359 of the Municipal Act.

RECOMMENDATIONS:

1. THAT Report CS-FI-16-2018 Applications for Assessment and Tax Adjustments, as of August 2018, be received;
2. AND THAT adjustment of taxes, in accordance with Sections 357, 358 and 359 of the Municipal Act, be approved in the amount of \$38,070.96 as detailed in Attachment 1 to Report CS-FI-16-2018.

Prepared by: Mark Merritt, CPA, CA, Treasurer

Respectfully submitted: Karen General, CPA, CGA, General Manager of Corporate Services

Approved: Donald G. Boyle, Chief Administrative Officer

EXECUTIVE SUMMARY:

The Assessment and Tax Adjustments summarized in this report relate to Sections 357, 358 and 359 applications processed and returned from the Municipal Property Assessment Corporation (MPAC) up until the date of this report. Based on the information provided by MPAC, it is recommended that total tax reductions of \$38,070.96 be approved. Of the proposed reductions, the Municipal share is \$24,924.29 and the Education share, to be recovered from the appropriate School Board, is \$13,146.67.

Six applications are not recommended for reductions due to the following reasons:

- Demolished garage not included in current assessment;
- Property owner stopped the property consolidation process;
- Property turned over to the County (roads and other loss in yield) are part and parcel of the development process, therefore built into the valuation of the remaining lands;
- Dealt with through a PRAN (Post Roll Amended Notice); or
- Some buildings were converted from manufacturing to storage previously and others are not eligible for a class change.

BACKGROUND:

Sections 357, 358 and 359 of the Municipal Act, 2001 (the “Act”) allow for applications to adjust taxes levied for various reasons specific to each Section. Haldimand County staff receive applications for assessment adjustments throughout the year. Once received, applications are sent to the Municipal Property Assessment Corporation (MPAC) for review and recommended assessment of changes (if any) are then sent back to Haldimand County staff to calculate the applicable tax adjustments.

MPAC's role in processing tax adjustment applications is to provide the municipality with the information it needs to enable Council to determine whether a tax refund, cancellation, reduction or increase is warranted. As outlined in the Act, the jurisdiction to make decisions on applications for tax refunds or tax increases rests solely with a municipal council.

Additional information and examples for these three sections can be found under the Property Owners menu of MPAC's website (www.mpac.ca) in the property assessment procedures section. A brief outline of each section is as follows.

Section 357

Section 357 of the Act provides that property owners may apply for a reduction in assessment resulting in the cancellation, reduction and refund of taxes due to the following reasons:

- change in class;
- the land became vacant land during the year or during the preceding year;
- the land became exempt from taxation;
- a building on the land was razed by fire, demolition or otherwise;
- a building was damaged by fire, demolition or otherwise so as to render it substantially unusable for the purposes for which it was used prior to the damage;
- a mobile unit on the land was removed during the year or during the preceding year;
- the applicant is unable to pay taxes because of sickness or extreme poverty;
- a person was overcharged due to a gross or manifest error that is clerical or factual in nature; or
- repairs or renovations to the land prevented the normal use of the land for a period of at least three months during the year.

A Section 357 application must be filed with the Treasurer on or before February 28th of the year following the taxation year in respect of which the application is made. For example, if a house was demolished in November 2017, the application to adjust taxes must be filed before February 28, 2018.

Section 358

Section 358 of the Act provides that applicants may apply for a reduction in assessment as a result of a gross or manifest error, in the preparation of the assessment roll, that is clerical or factual in nature, including the transposition of figures, a typographical error or similar errors, but not an error in judgment in assessing the property. In general, this Section relates to an error made by MPAC.

A Section 358 application must be filed with the Treasurer between March 1st and December 31st. The application may apply only to taxes levied for one or both of the two years preceding the year in which the application is made.

Section 359

Section 359 of the Act provides that the Treasurer may make application if an undercharge is caused by a gross or manifest error that is factual, but not an error in judgment in assessing the land. An application under this section must be made on or before December 31st of the year following the year for which the application is made.

For all applications, Council is required to hold a meeting and notify the applicants of its decision by September of the year following the year with respect to which the application is made. Despite these provisions, these applications are brought forward to Council as soon as all information is available at scheduled intervals during the year (3 times a year – spring, summer and fall).

ANALYSIS:

Attachment 1 to this report provides the details of the proposed Section 357 and 358 tax adjustments that were received over the period September 2016 to June 2018. The recommendations included in this report cover all applications processed and returned from MPAC to date. Any additional applications awaiting a response from MPAC will be included in the next reduction report scheduled for December 2018.

In accordance with the requirements under the Act, the applicable property owners have been notified of the recommended changes (if any) contained in this report and the date that Council intends to review the applications. The applicants, according to the Act, should have the opportunity to speak to their specific application, at the September 18th Council In Committee meeting, if they so choose.

Within 14 days after Council's decision, staff shall notify the applicants and specify the last day for appealing the decision. For Section 357 applications, if the property owner does not agree with the adjustment (if any) as approved by Council, they have the ability to appeal to the Assessment Review Board within 35 days of Council's decision. There is **no** appeal process for Section 358 applications (the Act states an application shall not be heard by Council unless MPAC confirms an error in the assessment referred to in the application).

Applications with Recommended Reductions:

The total amount of the proposed tax reductions, affecting these taxation years, is summarized as follows:

Municipal Purposes	\$24,924.29
Education	<u>\$13,146.67</u>
Total Proposed Reduction	<u>\$38,070.96</u>

Applications with No Recommended Reductions:

There are six applications that MPAC has recommended for no assessment change, as follows:

- Application #1 – Demolished garage not included in current assessment;
- Applications #2 & #3 - Owner stopped the property consolidation process;
- Application #4 – Property turned over to the County (roads and other loss in yield) are part and parcel of the development process, therefore building into the valuation of the remaining lands;
- Application #5 - Dealt with through a PRAN (Post Roll Amended Notice); and
- Application #6 - Some buildings were converted from manufacturing to storage previously and others are not eligible for a class change.

FINANCIAL/LEGAL IMPLICATIONS:

Although the tax reductions noted in this report pertain to the 2016, 2017 and 2018 taxation years, the County's books have been closed for the prior fiscal years so these adjustments will be reflected as an expense in 2018. The approved 2018 Tax Supported Operating Budget included an amount of \$36,500.00 for the County's share of tax reductions. The County's share of tax reductions, as outlined in this report totals \$24,924.29. This brings the cumulative municipal share of the total tax reductions approved for 2018 to \$24,924.29. All previous adjustments, approved by Council in reports earlier in 2018, were posted to the prior year as the County's books were still open for 2017 at that time. Any further adjustments approved in 2018 will add to the cumulative total adjustment for this year until such time as the books are closed.

The education portion of the proposed tax reductions, totaling \$13,146.67, will be recovered from the applicable school boards.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

ATTACHMENTS:

1. Proposed Tax Reductions under Section 357/358 and 359 of the Municipal Act.