



**Subject:** Delegation of Authority, Tax Adjustments and Apportionments

**Report Number:** FIN 23-03

Department: Finance Department

Submitted by: Ted Lyons, Revenue Manager

Meeting Type: Council Meeting

Meeting Date: Monday, January 9, 2023

## **RECOMMENDATION**

THAT Council receives report FIN 23-03, Delegation of Authority, Tax Adjustments and Apportionments, as information;

AND THAT a By-Law to amend By-Law 2020-091 Delegation of Powers and Duties, to include a delegation of authority for property tax adjustments and apportionments under Sections 356, 357, 357.1, 358 & 359 of the Municipal Act, 2001, c.25 to the Director of Finance / Treasurer or delegate, be brought forward at the next regular Council meeting for Council's consideration.

## **BACKGROUND**

The Municipal Property Assessment Corporation (MPAC) prepares and delivers an annual assessment roll to the Town, which lists the roll number, current assessed value and property classification for all properties located in the Town. The assessment roll, together with the Town's budget levy, are used to calculate the annual taxes levied on all taxable property in the Town.

MPAC captures new assessments for property improvements throughout the year and issues retroactive supplementary and omitted assessments to the Town. These supplementary and omitted assessments are generally triggered by building permits, and upon receiving these new assessments, retroactive property tax bills are generated and issued to the property owner for the current or two preceding tax years.

While property values often increase as a result of improvements, properties can also experience change events resulting in a decrease in assessment. An example of a change event would be a property that is razed by fire or demolition. MPAC is able to correct the assessment for the following tax year, however the property owner would be

entitled to make an application under Section 357 of the Municipal Act, 2001, c.25 to seek relief for the current tax year.

MPAC occasionally makes gross or manifest errors, which are factual in nature and are not a question of judgement. An example of this would be a situation where a property owner had filled in a pool or removed a structure and MPAC never updated the assessment roll. The property owner would be entitled to make an application under Section 358 of the Municipal Act, 2001, c.25 to obtain property tax relief for the two preceding tax years.

Properties can also experience change events resulting from a division of land into parcels from a severance. When a severance occurs, MPAC creates new roll numbers, which become active for the following tax year. The current year's taxes fall under the "parent" roll number and covers both properties. The property owner(s) may request an apportionment of taxes under Section 356 of Municipal Act, 2001, c.25. The Town may also be required to proceed with an apportionment of unpaid taxes at year end if the taxes on the parent roll number remain unpaid.

Property tax adjustments and apportionments under Sections 356, 357, 357.1, 358 & 359 of the Municipal Act, 2001, c.25 require Council to:

- (a) hold a meeting at which the applicants may make representations to council;
- (b) notify the applicants of the meeting by mail sent at least 14 days before the meeting; and
- (c) make its decision. 2001, c. 25, s. 357 (5).

<b>Section of the Municipal Act</b>	<b>Brief Description</b>
356	Division of property taxes where land is divided.
357	Cancellation or reduction of taxes for change events, property class changes, building demolition or damage, gross or manifest errors and repairs and renovations preventing normal use.
357.1	Adjustments described in section 357 that apply to payments in lieu of taxes from senior levels of government.
358	Overcharges in the previous two tax years because of a gross or manifest error in the preparation of the assessment roll.
359	Undercharges in the current or previous tax year because of a gross or manifest error.

## **DISCUSSION**

Property tax adjustments and apportionments under Sections 356, 357, 357.1, 358, and 359 of The Municipal Act, 2001, c.25 are questions of fact, that are administrative in nature, rather than questions of judgement.

The Town processes property tax adjustments and apportionments based on factual information received from MPAC. Staff communicate and relay the information received from MPAC to the property owner(s) ahead of the adjustment or apportionment being completed.

The recommended delegation will expedite the processing of tax adjustments and apportionments as timing will not be dependent on the specific dates set out for Council meetings.

Property owners will continue to have the same appeal rights to the Assessment Review Board as they exist under the current process should they disagree with the decision rendered by the Town.

## **CONSULTATION**

This report has been completed in consultation with the Interim Director of Finance / Treasurer.

## **FINANCIAL IMPACT/FUNDING SOURCE**

There are no financial implications resulting from this recommended delegation of authority.

## **CORPORATE GOALS**

How does this report support the corporate goals identified in the Community Strategic Plan?

- ☐ Lifestyle and amenities
- ☒ Customer service, communication and engagement
- ☐ Business attraction, retention and expansion
- ☐ Community growth
- ☐ Connectivity and transportation
- ☐ Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

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**Goal** – The Town of Tillsonburg will strive for excellence and accountability in government, providing effective and efficient service, information, and opportunities to shape municipal initiatives.

**Strategic Direction** – N/A

**Priority Project** – N/A

**ATTACHMENTS**

None.