



Report to: General Committee

Meeting Date: September 16, 2019

SUBJECT: Cancellation, Reduction, or Refund of Taxes under Sections 357 and 358 of the Municipal Act, 2001

PREPARED BY: Shane Manson, Senior Manager, Revenue & Property Tax

RECOMMENDATION:

1. That the Report for the Cancellation, Reduction or Refund of Taxes under Sections 357 and 358 of the *Municipal Act, 2001* be received; and,
2. That taxes totalling approximately \$184,932 be adjusted under Sections 357 and 358 of the *Municipal Act, 2001* of which the City's portion is estimated to be \$26,036; and,
3. That the associated interest be cancelled in proportion to the tax adjustments; and,
4. That the Treasurer be directed to adjust the Collector's Roll accordingly; and further,
5. That staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to authorize the Treasurer to adjust the Collector's Roll under Section 357 and 358 of the *Municipal Act, 2001 (The Act)*.

BACKGROUND:

Sections 357 and 358 of *The Act* allow for the reduction, cancellation or refund of taxes. Section 357 subsection (1) states that: upon application to the Treasurer of a local municipality, the local municipality may cancel, reduce or refund all or part of taxes levied on land in the year in respect of which the application is made if:

- a. a property or portion of a property is eligible to be reclassified in a different class of property, and that class has a lower tax ratio for the taxation year than the class the property or portion of the property was in before the change, and no supplementary assessment is made in respect of the change under subsection 34(2) of the *Assessment Act*;
- b. property that has become vacant land or excess land during the year;
- c. property that has become exempt from taxation during the year;
- d. building that during the year was razed by fire, demolition or otherwise, or was damaged by fire, demolition or otherwise so as to render it substantially unusable for the purposes for which it was used immediately prior to the damage;
 - d.1. person who was unable to pay taxes because of sickness or extreme poverty
- e. mobile unit that was removed from the land during the year;

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- f. property overcharged by reason of any gross or manifest error that is a clerical error, the transposition of figures, a typographical error or similar type of error, but not an error in judgment in making the assessment upon which the taxes have been levied; or
 - g. In respect of a property which by reason of repairs or renovations could not be used for its normal use for a period of at least three months during the year.

Pursuant to Section 357 subsection (3), an application must be filed with the Treasurer on or before the last day of February of the year following the year in respect of which the application is made.

Pursuant to Section 358 subsection (3), an application must be filed with the Treasurer between March 1 and December 31 of a year and may apply to taxes levied for one or both of the two years preceding the year in which the application is made and the application shall indicate to which year or years it applies.

Section 358 of *The Act* permits applications for tax adjustment, related to taxes levied in each or either of the two years preceding the year in which the application is made, by property owners who are overcharged by reason of any gross or manifest error in the preparation of the assessment roll by the Municipal Property Assessment Corporation (MPAC) that was an error of fact. This may include, but is not limited to; clerical errors, the transposition of figure or typographical errors, but not an error in judgment in making the assessment upon which the taxes have been levied. These applications relate to taxes levied in each or either of the two years preceding the year in which the application is made.

OPTIONS/ DISCUSSION:

In accordance with *The Act*, the Notices of Hearing for the properties listed in Appendix B, were delivered to the applicants not less than fourteen days before the date upon which the applications are to be dealt with on September 16, 2019. The notices of hearing for these properties were mailed to affected taxpayers by August 30, 2019.

The schedules attached identify the associated year of taxation, the assessment roll number of each property, the reason for the tax appeal and the tax adjustment. The tax values include the City, Region, and School Board. There are five main reasons for these applications:

1. Razed by Fire or Demolished relating to the demolition of a structure on a property that reduced the tax burden. All such applications include a City Demolition Permit;
2. Became Exempt representing properties that were assessed on the assessment roll as taxable, but became exempt during the year;
3. Gross or Manifest Error that are as a result of errors by the Municipal Property Assessment Corporation (MPAC) on the assessment roll, which result in an overcharge of taxes.
4. Change in Tax Class representing properties that were assessed on the assessment roll as one tax class, but became eligible to be reclassified in a different class of property during the year; or

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5. Unusable relating to a property which by reason of repairs or renovations could not be used for its normal use for a period of at least three months during the year.

Applications received by the City are sent to MPAC for review and are returned with either a recommendation for tax adjustment or with no recommendation; which results in no associated tax adjustment. Applications that receive this type of recommendation indicate that the appeal does not meet the specified criteria under *The Act*. These applications have been reviewed and it was determined that they are not eligible for relief. There are 10 applications that have no recommendation, and as a result have no associated tax adjustment.

Of the \$184,932 in total tax adjustments, 62% or \$114,201 is attributable to three properties, detailed below.

1. 1936 030 211 95000 (7350 Markham Rd)

This property is located on Markham Road south of 14th Avenue. In April of 2019, MPAC inspected and confirmed that all structures were demolished. The demolition was complete effective December 2017. As a result, the property owner has made applications to adjust the taxes for 2018 to reflect the correct classification information on the property. The resulting total tax adjustment is \$53,093 of which the City share is \$3,777.

2. 1936 020 121 17000 (4350 - 4394 Steeles Avenue)

This commercial property is located on the northeast corner of Steeles Avenue East and Kennedy Road. On April 10, 2019, MPAC inspected and confirmed that all structures were demolished. The demolition was complete effective August 24, 2018. As a result, the property owner has made application to adjust the taxes for August 24, 2018 through December 31, 2018 to reflect the demolition on the property. The resulting total tax adjustment is \$34,918, of which the City share is \$2,679.

3. 1936 030 210 66400 (93 Old Kennedy Road)

This property is located on Old Kennedy Road, which is north of Steeles Avenue East and east of Kennedy Road. On November 6, 2018, MPAC inspected and confirmed that the land is eligible to be re-classified from commercial to exempt, with the structures classified as residential. As a result, the property owner has made applications to adjust the taxes for 2018 to reflect an exempt and residential classification for the property. The resulting total tax adjustment is \$26,189 of which the City share is \$3,315.

FINANCIAL CONSIDERATIONS

The City of Markham's portion of taxes for the taxation years between 2014 and 2018 is \$26,036. The amount of taxes adjusted for the Region of York and School Boards will be reflected on the 2019 payment submissions to these bodies.

Figure 1 - Tax Adjustments by Levying Body

Tax Adjustments under Section 357 of the <i>Municipal Act, 2001</i>	
City	\$26,036
Region	\$54,192
Education	\$104,703
Total	\$184,932

The City of Markham annually budgets for property tax adjustments, which come as a result of assessment appeals and from tax adjustments under Section 357 and 358 of the *Municipal Act, 2001*. The 2019 property tax adjustment budget is \$1,176,000 and will be impacted by \$26,036, resulting from Sections 357 and 358 tax adjustments in this report. The balance of the funds will be used for other tax adjustments throughout 2019.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A – Tax Adjustments Totals
Appendix B – Tax Adjustments Detailed List

Appendix A

Tax Adjustments under Section 357 and 358 of the Municipal Act, 2001

Tax Adjustments Totals

Description	Total Adjusted Amount	City Adjusted Amount	Appeal Count
Razed by Fire or Demolition	\$125,072	\$15,370	21
Gross or Manifest Error	\$13,448	\$2,510	11
Became Exempt/Class Change	\$37,293	\$5,913	7
Unusable/Rebuild	\$9,119	\$2,243	1
Total	\$184,932	\$26,036	40

Appendix B

Tax Adjustments under Section 357 & Section 358 of the Municipal Act, 2001
Detailed List

Tax Appeals: Section 357 - Residential					
Tax Year	App #	Roll Number	Property Address	Subsection	Total Amount
2019	4790	36-01-0-030-23800-0000	45 John St	Razed by Fire	\$1,200
2018	4760	36-01-0-080-12200-0000	79 Elgin St	Gross Manifest Error	\$1,692
2018	4738	36-01-0-081-18580-0000	32 Baywood Crt	Demolition/Pool Fill	\$59
2018	4750	36-01-0-087-63400-0000	33 Portree Cres	Demolition/Pool Fill	\$115
2019	4798	36-02-0-142-01812-0000	51 Fenwick Cres	Demolition/Pool Fill	\$204
2018	4772	36-02-0-144-55200-0000	16 Cachet Pky	Demolition	\$360
2019	4773	36-02-0-144-55200-0000	16 Cachet Pky	Demolition	\$6,594
2019	4788	36-02-0-160-00486-0000	0 Delft Dr	Became Exempt	\$255
2018	4762	36-02-0-171-39900-0000	67 Fairway Heights Dr	Demolition	\$765
2018	4774	36-03-0-210-20464-0000	55 Norn Cres	Razed by Fire	\$45
2019	4775	36-03-0-210-20464-0000	55 Norn Cres	Razed by Fire	\$2,440
2019	4792	36-03-0-211-06460-0000	17 Chiavatti Dr	Unusable/Rebuild	\$9,119
2019	4797	36-03-0-222-10966-0000	17 Annina Cres	Razed by Fire	\$2,198
2019	4800	36-03-0-230-51930-0000	98 Larkin Ave	Razed by Fire	\$3,456
2018	4731	36-03-0-231-26301-0000	4898-4916 16th Ave	Demolition	\$2,519
2014	4742	36-03-0-252-92441-0000	0 14th Ave Rear	Became Exempt	\$2,480
2015	4743	36-03-0-252-92441-0000	0 14th Ave Rear	Became Exempt	\$2,567
2016	4744	36-03-0-252-92441-0000	0 14th Ave Rear	Became Exempt	\$2,752
2017	4745	36-03-0-252-92441-0000	0 14th Ave Rear	Became Exempt	\$2,910
2018	4763	36-03-0-256-21089-0000	62 Old Oak Lane	Gross Manifest Error	\$1,034
2018	4776	36-03-0-260-45766-0000	9505 Ninth Line	Razed by Fire	\$1,032
2019	4777	36-03-0-260-45766-0000	9505 Ninth Line	Razed by Fire	\$1,640
2018	4756	36-04-0-280-43500-0000	19 Abercorn Rd	Demolition/Pool Fill	\$248
2019	4796	36-04-0-330-56800-0000	11 Fredericton Rd	Demolition	\$2,118
Total S.357 Residential				24 Appeals	\$47,803

Tax Appeals: Section 357 – Non-Residential					
Tax Year	App #	Roll Number	Property Address	Subsection	Total Amount
2018	4779	36-02-0-121-17000-0000	4350 Steeles Ave E	Demolition	\$34,918
2018	4748	36-02-0-122-88019-0000	80 Acadia Ave Unit 207	Gross Manifest Error	\$2,508
2018	4749	36-03-0-210-66400-0000	93 Old Kennedy Rd	Became Exempt	\$26,189
2018	4778	36-03-0-211-95000-0000	7350 Markham Rd	Demolition	\$53,093
2019	4794	36-03-0-213-80000-0000	7892 Mccowan Rd	Class Change	\$140
Total S.357 Non-Residential				5 Appeals	\$116,849

Tax Appeals: Section Residential					
Tax Year	App #	Roll Number	Property Address	Subsection	Total Amount
2017	4733	36-01-0-022-04563-0000	7167 Yonge St Unit Ph307	Gross Manifest Error	\$762
2016	4734	36-01-0-022-04563-0000	7167 Yonge St Unit Ph307	Gross Manifest Error	\$822
2017	4736	36-02-0-153-77100-0000	2705 Elgin Mills Rd E	Demolition	\$6,598
2016	4737	36-02-0-153-77100-0000	2705 Elgin Mills Rd E	Demolition	\$3,429
2016	4751	36-03-0-234-03662-0000	42 Brookhaven Cres	Gross Manifest Error	\$23
2017	4764	36-03-0-256-21089-0000	62 Old Oak Lane	Gross Manifest Error	\$949
2016	4765	36-03-0-256-21089-0000	62 Old Oak Lane	Gross Manifest Error	\$853
2018	4781	36-02-0-136-58000-0000	0 Highway 404	Gross Manifest Error	\$11
Total S.358 Residential				8 Appeals	\$13,447

Tax Appeals: Section 358 – Non-Residential					
Tax Year	App #	Roll Number	Property Address	Subsection	Total Amount
2016	4723	36-01-0-041-83100-0000	57 Langstaff Rd E	Demolition	\$2,041
2016	4746	36-02-0-122-88019-0000	80 Acadia Ave Unit 207	Gross Manifest Error	\$2,344
2017	4747	36-02-0-122-88019-0000	80 Acadia Ave Unit 207	Gross Manifest Error	\$2,449
Total S.358 Non-Residential				3 Appeals	\$6,833

Grand Total (Sections 357 and 358)				40 Appeals	\$184,932
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