



Report to: General Committee

Report Date: April 3, 2017

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**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

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**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 \$4,607.55 be adjusted under sections 357 and 358 of the Municipal Act, 2001 of which the city's portion is estimated to be \$1,067.47; 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 sections 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 if no supplementary assessment is made in respect of the change under subsection 34(2) of the *Assessment Act*;
- b. a property has become vacant land or excess land during the year;
- c. a property become exempt from taxation during the year;
- d. A building 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;
  - d1. person who was unable to pay taxes because of sickness or extreme poverty;
- e. a mobile unit was removed from the land during the year;
- f. a property was overcharged by reason of any gross or manifest error that is a clerical error, the transposition of figures, a typographical error or similar type

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- of error, but not an error in judgment in making the assessment upon which the taxes have been levied; or
- g. 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 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.

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.

#### **OPTIONS/ DISCUSSION:**

In accordance with *The Act*, the notices of hearing for the properties listed in Appendix A were delivered to the applicants not less than fourteen days before the date upon which the applications are to be dealt with (April 3, 2017). The notices of hearing for these properties were mailed to affected taxpayers on March 1, 2017.

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 adjustments include the City, Region, Province (School Boards), and Federation of Agriculture share of taxes. There are four main reasons for these applications:

1. Demolished relating to the demolition of a building 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. They are properties that either were transferred during the year from a taxable owner to the City and therefore became exempt from tax (generally lands as part of subdivision agreements) or lands purchased by a school board and became exempt;
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 (for the year in which the application is made); or

4. Overcharge by Error that are as a result of errors by the Municipal Property Assessment Corporation (MPAC) on the assessment roll, which caused an overcharge of taxes in one or both of the years preceding the current 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 were determined that they are not eligible for relief. Of the ten applications received, one application has been returned with a no recommendation, and as a result, no tax adjustment was provided.

Of the \$4,607.55 in total tax adjustments; 47.1% or \$2,168.01 is attributable to one property, which is detailed below.

1. **1936 020 144 80500 – 3803 Major Mackenzie Dr E** – As a result of a house fire on February 26, 2016, the assessment of the damaged house is being reduced accordingly. The resulting tax reduction is \$2,168.01. The City's share of the tax reduction is \$547.32.

#### **FINANCIAL CONSIDERATIONS:**

The City of Markham's portion of taxes for the 2016 taxation year is estimated to be \$1,067.47. The amount of taxes adjusted for the Region of York, the Province (School Boards), and the Federation of Agriculture will be reflected on the 2017 payment submissions to these bodies.

**Figure 1 - Tax Adjustments by Levying Body**

<b>Tax Adjustments under Sections 357 of the <u>Municipal Act, 2001</u></b>	
City	\$1,067.47
Region	\$2,114.81
Education	\$1,425.27
<b>Total</b>	<b>\$4,607.55</b>

**Figure 2 – Tax Adjustments by Reason**

<b>Description</b>	<b>Adjusted Amount</b>	<b>Count</b>
Became Exempt	\$11.72	1
Demolished / Damaged	\$4,012.21	6
Reclassified – Property Tax Class Change	\$481.86	1
Renovation - Unusable, No Service Connections	\$101.76	1
<b>Grand Total</b>	<b>\$4,607.55</b>	<b>9</b>

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The City of Markham annually budgets for property tax adjustments, which come as a result of assessment appeals and from tax adjustments under Section 357/358 of *The Act*. The 2017 property tax adjustment budget is \$663,000 and will be impacted by \$1,067.47 resulting from the Section 357 tax adjustments in this report. The balance of the funds will be used for other tax adjustments in 2017.

**HUMAN RESOURCES CONSIDERATIONS**

Not applicable

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable

**BUSINESS UNITS CONSULTED AND AFFECTED:**

None

**RECOMMENDED BY:**

27/03/2017

X



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Joel Lustig  
Treasurer

X



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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

*Appendix A – Tax Adjustments Detailed List*

**Appendix A**  
**Tax Adjustments Under the Municipal Act, 2001**  
**Tax Adjustments Detailed List**

Tax Appeals: Section 357 - Residential					
Tax year	Application	Roll Number	Property Address	Subsection	Total Amount
2016	4508	1936 020 144 80500	3803 Major Mackenzie Dr E	Damaged by Fire	\$2,168.01
2016	4512	1936 030 231 10106	60 Aksel Rinck Dr	Renovation - Unusable, No Service Connections	\$101.76
2016	4522	1936 020 141 06322	50 Carlton Rd	Demolished – Swimming Pool Filled In	\$110.10
2016	4523	1936 020 116 37500	28 King's Inn Trail	Demolished – Swimming Pool Filled In	\$367.90
2016	4526	1936 010 010 12400	79 Highland Park Blvd	Demolished – House	\$523.86
2016	4529	1936 040 310 03600	26 Gladiator Rd	Demolished – House	\$39.14
2016	4530	1936 030 211 82590	132 Liard Dr	Damaged – House Damaged by Fire	\$803.20
<b>Total</b>				<b>7 Properties</b>	<b>\$4,113.97</b>

Tax Appeals: Section 357 - Non-Residential					
Tax	Application	Roll Number	Property Address	Subsection	Total Amount
2016	4520	1936 010 011 00300	7 Jewell St	Reclassified – Portion of Property Assessment (CVA) Changed from Commercial to Residential	\$481.86
2016	4521	1936 020 152 57368	0 Woodbine Bypass	Became Exempt – City of Markham Property	\$11.72
<b>Total</b>				<b>2 Properties</b>	<b>\$493.58</b>

Total For All Tax Appeals					
Total: Section 357			9 Properties		\$4,607.55
<b>Total</b>			<b>9 Properties</b>		<b>\$4,607.55</b>