



Report to: General Committee

Report Date: October 17, 2016

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;
- 2) And That taxes totalling approximately \$137,582.34 be adjusted under sections 357 and 358 of the *Municipal Act, 2001* of which the city's portion is estimated to be \$22,723.52;
- 3) And That the associated interest be cancelled in proportion to the tax adjustments;
- 4) And That the Treasurer be directed to adjust the Collector's Roll accordingly;
- 5) And 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 *The Act* allow for the reduction, cancellation or refund of taxes:

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 has 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;
 - d.1 person 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

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 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 (October 17, 2016). The notices of hearing for these properties were mailed to affected taxpayers on September 28, 2016.

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, Province (School Board), and Federation of Agricultures 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

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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 it was determined that they are not eligible for relief. There are seven applications that have no recommendation, and as a result have no associated tax adjustment.

Of the \$137,582.34 in total tax adjustments; 63.65% or \$87,571.57 is attributable to three properties, which are detailed below:

1. **1936 020 121 30500 – 4468 Steeles Ave E** – The property is owned by the City of Toronto and was partially rented to a tenant until August 31st, 2012 when the tenant vacated the property. The property was overcharged by error, as the previously tenanted portion of the property is eligible to be exempt. The resulting tax reduction is \$41,470.99. The City share of the tax reduction is \$5,573.33.
2. **1936 030 233 44642 – 1330 Castlemore Ave** – The property began to be used as a place of worship on October 23, 2014. The property is eligible to be exempt from property taxes. The resulting tax reduction is \$31,871.17. The City share of the tax reduction is \$4,331.89.
3. **1936 020 126 76700 – 350 Yorktech Dr** – The property was purchased by York Region on October 9, 2014. The property is eligible to be exempt from property taxes. The resulting tax reduction is \$14,229.41. The City share of the tax reduction is \$1,915.85.

FINANCIAL CONSIDERATIONS:

The City of Markham's portion of taxes for the taxation years between 2013 and 2016 is estimated to be \$22,723.52. The amount of taxes adjusted for the Region of York, the school boards, and the Federation of Agriculture will be reflected on the 2016 payment submissions to these bodies.

Figure 1 - Tax Adjustments by Levying Body

Tax Adjustments under Sections 357 of the <i>Municipal Act, 2001</i>	
City	\$22,723.52
Region	\$45,016.04
Education	\$69,842.79
Total	\$137,582.34

Figure 2 – Tax Adjustments by Reason

Description	Adjusted Amount	Count
Became Exempt	\$74,143.03	14
Demolished	\$8,802.05	10
Reclassified	\$13,166.27	2
Overcharge by Error	\$41,470.99	3
Grand Total	\$137,582.34	29

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 *Municipal Act, 2001*. The 2016 property tax adjustment budget is \$525,000 and will be impacted by \$22,723.52 resulting from the Section 357 tax adjustments in this report. The balance of funds will be used for other tax adjustments in 2016.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

None.

RECOMMENDED BY:

10/5/2016

X 

Joel Lustig
Treasurer

06/10/2016

X 

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	Reason	Total Amount
2015	4352	1936 030 235 08410	0 Major Mackenzie Dr E	Became Exempt – City of Markham property	\$593.65
2015	4446	1936 020 112 31484	86 Brookshire Cir	Demolished – Swimming Pool	\$91.23
2015	4447	1936 020 126 54200	4447 14th Ave	Became Exempt – City of Markham property	\$3,187.65
2015	4452	1936 020 110 02600	1 Framingham Dr	Demolished – Swimming Pool	\$284.86
2015	4454	1936 010 080 73500	3 Ida St	Demolished – House	\$356.81
2015	4458	1936 010 020 42600	48 Proctor Ave	Demolished – House	\$266.19
2015	4472	1936 030 234 26300	0 Furrow St	Became Exempt – City of Markham property	\$1,393.43
2015	4474	1936 010 087 76100	24 Knotty Pine Trail	Demolished – House	\$953.22
2015	4478	1936 030 233 60050	9680 Ninth Line	Became Exempt – Place of Worship	\$4,762.77
2015	4488	1936 020 133 18900	11 Hughson Dr	Demolished – House	\$442.25
2015	4492	1936 030 253 00863	0 Rizal Ave	Became Exempt – City of Markham property	\$2,197.33
2015	4496	1936 020 160 59800	10925 Victoria Square Blvd	Demolished – House	\$3,457.12
2015	4497	1936 020 160 59900	10945 Victoria Square Blvd	Demolished – House	\$2,205.01
2015	4498	1936 020 160 65000	10988 Warden Ave	Became Exempt – Region of York property	\$4,994.25
2015	4499	1936 020 160 65100	10990 Warden Ave	Became Exempt – Region of York property	\$4,086.63
2016	4501	1936 030 213 22900	19 Ravenhill Cres	Demolished – Swimming Pool	\$320.93
2014	4502	1936 030 231 10804	314 Wilfred Murison Ave	Became Exempt – City of Markham property	\$1,045.44
2016	4509	1936 040 271 67900	6 Graham Cres	Demolished - House	\$424.43
2016	4514	1936 020 139 04404	0 Highway 7 E	Became Exempt – City of Markham property	\$12.52
2014	4518	1936 030 222 22955	0 George Martin Dr	Became Exempt – City of Markham property	\$1,144.90
2015	4519	1936 030 222 22955	0 George Martin Dr	Became Exempt – City of Markham property	\$2,039.42
Total				21 Properties	\$34,260.04

Tax Appeals: Section 357 - Non-Residential					
Tax	Application	Roll Number	Property Address	Subsection	Total Amount
2014	4360	1936 030 233 44642	1330 Castlemore Ave	Became Exempt – Place of Worship	\$31,871.17
2015	4448	1936 020 126 49570	3315 14th Ave	Reclassified – Industrial to Commercial Use	\$3,976.42
2015	4462	1936 020 121 30500	4468 Steeles Ave E	Overcharge By Error - City of Toronto property	\$14,111.95
2015	4486	1936 020 126 76700	350 Yorktech Dr	Became Exempt – Region of York	\$14,229.41
2015	4494	1936 040 300 61400	5762 Hwy 7	Became Exempt – Evergreen Hospice (1 unit)	\$2,584.46
2014	4516	1936 030 213 47500	170 Travail Rd	Reclassified – Industrial to Commercial Use	\$9,189.85
Total				6 Properties	\$75,963.26

Tax Appeals: Section 358 - Non-Residential					
Tax	Application	Roll Number	Property Address	Subsection	Total Amount
2013	4460	1936 020 121 30500	4468 Steeles Ave E	Overcharge By Error - City of Toronto property	\$13,546.00
2014	4461	1936 020 121 30500	4468 Steeles Ave E	Overcharge By Error - City of Toronto property	\$13,813.04
Total				2 Properties	\$27,359.04
Total For All Tax Appeals					
Total: Section 357			27 Properties	\$	110,223.30
Total: Section 358			2 Properties	\$	27,359.04
Total			29 Properties	\$	137,582.34