



STAFF REPORT ACTION REQUIRED

Cancellation, Reduction or Refund of Property Taxes – September 2007 Hearing

Date:	August 20, 2007
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2007\Internal Services\rev\gm07023rev (AFS #5466)

SUMMARY

This report deals with applications filed by taxpayers to the Treasurer under sections 357 and 358 of the *Municipal Act, 2001* as continued under section 323 and 325 of the *City of Toronto Act, 2006 (COTA)*. Section 323 permits Council to cancel, reduce or refund taxes in cases where, during the year, a property undergoes changes that may affect its taxes. Examples of such changes are when a property is destroyed by fire or demolished, or it becomes exempt from taxation, or is reclassified due to a change in its use. Under section 325 of the *COTA*, taxpayers can request a cancellation, reduction or refund of taxes when an error in the assessment value is identified which results in an overcharge.

The legislation requires Council to hold a public meeting where the applicants may make submission in support of their position. Council has delegated authority to hold such public meetings to the Government Management Committee.

Revenue Services staff have mailed Notices of Hearing to affected taxpayers and recommend approval of the applications as listed in Appendices A and B of this report.

RECOMMENDATIONS

The Treasurer recommends that:

1. the individual tax appeal applications made pursuant to section 357 of the *Municipal Act, 2001* (as continued under section 323 of the *City of Toronto Act, 2006*) resulting in tax adjustments totalling \$3,415,344.59, including reductions in Business Improvements Area charges and excluding phase-in/capping adjustments, as identified in Appendix A, be approved;

2. the individual tax appeal applications made pursuant to section 358 of the *Municipal Act, 2001* (as continued under section 325 of the *City of Toronto Act, 2006*) resulting in tax adjustments totalling \$101,829.40, including reductions in Business Improvements Area charges and excluding phase-in/capping adjustments, as identified in Appendix B, be approved; and,
3. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

This report recommends that Council cancel, reduce or refund taxes in the amount of \$3,517,173.99 (including reductions in Business Improvement Area charges and excluding phase-in/capping adjustments) as summarized in appendices A and B, attached. The City's share of approximately \$1,594,739.32 will be funded from the 2007 Tax Deficiency Account (Non-Program Budget). The education portion totalling \$1,909,609.49 will be recovered from the province/school boards. The Business Improvement Area (BIA) reductions totalling \$12,825.18 will be funded from the respective BIA provision.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of December 16, and 17, 1998, Council adopted a report authorizing the Administration Committee to hear and make recommendations on tax appeals, other than poverty appeals, pursuant to sections 323 and 325 of the *City of Toronto Act, 2006*. Poverty appeals are heard by the Assessment Review Board as authorized by Council. To view this report on-line, please follow hyperlink:

<http://www.toronto.ca/legdocs/agendas/council/cc/cc981216/sp26rpt/cl035.htm>

Authority to hold such public meetings has been delegated to the Government Management Committee.

ISSUE BACKGROUND

Section 323 of the *COTA* allows Council to cancel, reduce or refund taxes levied in a year for the following reasons:

- (a) property is eligible to be reclassified to a different class;
- (b) property has become vacant land or excess land;
- (c) property has become exempt from taxation;

- (d) property has been razed by fire or demolished;
- (e) mobile unit has been removed;
- (f) taxpayer has been unable to pay taxes due to sickness or extreme poverty;
- (g) taxpayer has been overcharged due to gross or manifest clerical error; or
- (h) property could not be used for at least three months due to repairs or renovations.

Section 325 of the *COTA* allows Council to cancel, reduce or refund taxes relating to errors made on the assessment roll for one or both of the two years preceding the year in which the application is made.

As applications for cancellation, reduction or refund of taxes are received, Revenue Services staff review them and determine eligibility. They then send the applications to the Municipal Property Assessment Corporation (MPAC) to obtain the necessary assessment information. Once the information is received from MPAC, staff calculate the amount of the tax cancellation/reduction, prepare Notices advising the applicant of the amount to be cancelled/reduced, and the time and date of the upcoming meeting before the Government Management Committee.

To facilitate the hearing process and address taxpayer's questions and concerns, Revenue Services staff respond to many telephone calls and meet with taxpayers as necessary.

COMMENTS

Staff recommend that Council cancel/reduce taxes totalling \$3,415,344.59 (including Business Improvement Area charges and excluding phase-in/capping) under section 323 of *COTA* and \$101,829.40 (including Business Improvement Area charges and excluding phase-in/capping) under section 325 of the *COTA*.

Appendices A and B list the 141 applications for tax cancellation or reduction, and provide the property address, roll number, ward number, appeal number, tax year, the reason/type of appeal, the number of days for which relief is being recommended, the total amount of the recommended reduction/cancellation of taxes, and the City, Education and BIA share of the tax cancellation/reduction.

Once Council approves the applications, staff mail Notices of Decision to the applicants and process the tax adjustments accordingly. The applicant has thirty five (35) days from the date the Notice of Decision is mailed to appeal Council's decision to the Assessment Review Board (ARB).

Of the 141 individual applications listed in Appendices A and B, sixteen (16) applications relate to buildings or portion of a building becoming unusable for a portion of the year in which the taxes were levied, forty five (45) are due to properties where the building has been razed or damaged by demolition or fire, twenty eight (28) are due to gross or manifest clerical errors, twenty nine (29) are due to the properties being made exempt at some point during the year and twenty three (23) are due to a change in tax classification.

CONTACTS:

Giuliana Carbone, Director, Revenue Services, (416) 392-8065, Fax (416) 696-3778,
e-mail gcarbone@toronto.ca

SIGNATURE

Cam Weldon
Treasurer

ATTACHMENTS

Appendix A: Council Report - Detailed Hearing – 357, Hearing Number 2007H4
Appendix B: Council Report - Detailed Hearing – 358, Hearing Number 2007H4