

Cancellation, Reduction or Refund of Property of Taxes or Payment in Lieu of Taxes (PILTs) – September 17th, 2024

Date: August 21st, 2024

To: General Government Committee

From: Executive Director, Finance Shared Services

Wards: All

SUMMARY

This report deals with tax appeal applications made to the Treasurer pursuant to Sections 323, 324, and 325 of the *City of Toronto Act, 2006* (COTA). Section 323 permits Council to cancel, reduce or refund taxes in cases when, during the year, a property undergoes changes such as when it is destroyed by fire or demolished, becomes exempt from taxation, or is reclassified due to a change in use. Section 324 permits Council to cancel, reduce or refund all or part of a payment in lieu of taxes for properties that are exempt from taxation in the circumstances described in subsection 323 (1) with necessary modifications. Under Section 325 of the COTA, taxpayers can request a cancellation, reduction, or refund of taxes when an error in the assessment roll is identified which results in an overcharge.

The legislation requires Council to make its decision after holding a public meeting at which the applicants and/or property owners may express any concerns. Council has delegated authority to hear and make final decisions in respect of these matters to the General Government Committee.

Staff have mailed Notices of Hearing to affected taxpayers or property owners advising of the General Government Committee's upcoming meeting and consideration of this staff report.

RECOMMENDATIONS

The Executive Director, Finance Shared Services recommends that:

1. The General Government Committee approve the individual tax appeal applications made pursuant to Section 323 of the *City of Toronto Act, 2006*, resulting in tax reductions (excluding phase-in/capping amounts) in the amounts identified in Appendix A.

2. The General Government Committee approve the individual tax appeal applications made pursuant to Section 325 of the *City of Toronto Act, 2006* resulting in tax reductions (excluding phase-in/capping amounts) in the amounts identified in Appendix B.

3. The General Government Committee approve the individual PILTs appeal applications made pursuant to Section 324 of the *City of Toronto Act, 2006*, resulting in tax reductions (excluding phase-in/capping amounts) in the amounts identified in Appendix C.

FINANCIAL IMPACT

The financial impact of approving the individual tax or PILTs appeal applications (excluding phase-in/capping adjustments), as identified in the attached Appendices A, B and C, is summarized in Table 1 and Table 2 below.

Financial Impacts of Tax and PILT Appeals

Table 1: Tax Appeals Summary

Appendix	No. of Applications	Recommended Tax Reduction Total	City Share	Education Share	BIA
A	225	\$1,948,197	\$995,794	\$910,655	\$41,748
B	15	\$331,683	\$209,494	\$116,597	\$5,592
Total	240	\$2,279,880	\$1,205,288	\$1,027,252	\$47,340

Table 2: PILT Appeals Summary

Appendix	No. of Applications	Recommended PILT Reduction Total	City Share	Education Share	BIA
C	3	\$97,664	\$55,177	\$42,487	\$0
Total	3	\$97,664	\$55,177	\$42,487	\$0

For tax cancellation, reduction or refund, funding for the City's share of \$1,205,288 is available in the 2024 Operating Budget for Non-Program. The education share of \$1,027,252 will be recovered from the province/school boards, and the Business Improvement Area (BIA) reduction of \$47,340 will be funded from the respective BIA provision.

For PILT cancellation, reduction or refund, funding for the City's share of \$55,177 is fully provided for in the 2024 Operating Budget for Non-Program. The education share of \$42,487 will be recovered from the province/school boards. PILT properties are not liable to pay Business Improvement Area (BIA) charges and hence, no BIA reduction is required.

The Chief Financial Officer and Treasurer 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 (now the General Government Committee) to hear and make recommendations on tax appeals, other than appeals related to inability to pay taxes because of sickness or extreme poverty, pursuant to sections 323 and 325 of the City of Toronto Act, 2006 (formerly sections 442 and 443 of the old Municipal Act). Appeals related to sickness or extreme poverty are heard by the Assessment Review Board as delegated by Council. To view this report on-line, please follow the link below:
<http://www.toronto.ca/legdocs/1998/agendas/council/cc/cc981216/sp26rpt/cl035.htm>

At its meeting of August 25, 26, 27 and 28, 2014 Council adopted Item GM32.3: "Amendments to Chapter 767 of the Municipal Code, Taxation, Property Taxes", which delegated authority to the Government Management Committee (now the General Government Committee) to hold meetings at which applicants can make representations to the Committee and to make the final decision with respect to various municipal tax applications, including those made pursuant to section 323 and section 325 of the City of Toronto Act, 2006. To view this report online please follow the link:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.GM32.3>

At its meeting of October 11, and 12, 2023, Council delegated to the General Government Committee the authority to hold meetings at which applicants can make representations to the Committee and to make the final decision with respect to payment in lieu of tax applications under Section 324 of the City of Toronto Act, 2006. To view this report on-line, please follow the link:
<https://www.toronto.ca/legdocs/mmis/2023/gg/bgrd/backgroundfile-239452.pdf>

COMMENTS

Issue Background

Section 323 of the *City of Toronto Act, 2006* (COTA) allows Council to cancel, reduce or refund taxes levied in a year for the following reasons:

- property is eligible to be reclassified to a different class;
- property has become vacant land or excess land;
- property has become exempt from taxation;
- property has been razed/damaged by fire, demolition or otherwise;
- mobile unit has been removed;
- taxpayer has been unable to pay taxes due to sickness or extreme poverty;
- taxpayer has been overcharged due to gross or manifest clerical error; or,
- property could not be used for at least three months due to repairs or renovations.

Section 324 of COTA allows Council to cancel, reduce or refund all or part of a payment in lieu of taxes in the year in respect of which the application is made in the circumstances described in subsection 323 (1) with necessary modifications.

Section 325 of COTA allows Council to cancel, reduce or refund taxes relating to errors made in the preparation of the assessment roll for one or both of the two years preceding the year in which the application is made. The Municipal Property Assessment Corporation (MPAC) must confirm an error in the assessment being appealed for Council to proceed with hearing a section 325 appeal application.

As Revenue Services staff receive tax or PILTs appeal applications, they are reviewed to determine eligibility. Staff then send the eligible applications to MPAC to obtain the related assessment information. Once the information is received from MPAC, the tax or PILT cancellation/reduction amount is calculated. Notices are prepared to advise the applicant of the amount that may be cancelled/reduced, and the time and date of the upcoming meeting before the General Government Committee.

To facilitate the hearing process and address questions and concerns from taxpayers or property owners, Revenue Services staff respond to many telephone calls and meet with them, as necessary, in advance of the public meeting.

Revenue Services staff recommend to cancel/reduce taxes totalling \$1,948,197 (including Business Improvement Area charges and excluding phase-in/capping) under section 323 of COTA, \$331,683 (including Business Improvement Area charges and excluding phase-in/capping) under section 325 of COTA and PILTs totalling \$97,664 (excluding phase-in/capping) (No Business Improvement Area charges levied for PILT properties) under section 324 of COTA.

The attached Appendices A, B, and C list the 243 applications for tax or PILTs 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 or PILTs, the City and Education share of the tax cancellation/reduction and the amount of the BIA reduction.

If the General Government Committee approves the cancellation/reduction of taxes or PILTs as recommended by this report, Notices of Decision will be mailed to taxpayers or property owners. Under section 323(7) and 324 (3) of the Act, an owner may appeal a decision of the General Government Committee to the Assessment Review Board (ARB) within 35 days of the General Government Committee's decision.

Table 3, below, summarizes the 243 applications filed, the section of the COTA they were filed under, the reason for the application, the number of applications for each reason, the tax and PILT reduction breakdown as shared between the City and the province/school boards, the amount of the BIA reduction and the total reduction in taxes and PILT reduction recommended.

Table 3: Detail Summary of Tax or PILT Appeals

COTA Section	Reason for Application	# of Applications	Recommended Tax or PILT Reductions			
			City Share (\$)	Education Share (\$)	BIA (\$)	Total Recommended Reduction (\$)
323	Razed by fire, demolition or otherwise	50	\$123,166	\$172,583	\$15,701	\$311,450
323	Damaged by fire, demolition or otherwise	10	\$20,684	\$13,233	\$0	\$33,917
323	Exemption	5	\$38,575	\$24,842	\$1,145	\$64,562
323	Gross or manifest clerical errors in the preparation of the assessment roll	53	\$339,834	\$274,086	\$15,108	\$629,028
323	Structure Removed	1	\$355	\$106	\$0	\$461
323	Unusable due to repairs or renovations	86	\$273,795	\$157,126	\$3,615	\$434,536
323	Tax class change	20	\$199,384	\$268,679	\$6,180	\$474,243
324 (PILTs)	Exemption	2	\$41,931	\$32,422	\$0	\$74,353
324 (PILTs)	Unusable due to repairs or renovations	1	\$13,246	\$10,065	\$0	\$23,311
325	Gross or manifest clerical errors in the preparation of the assessment roll	15	\$209,494	\$116,597	\$5,592	\$331,683
	Total	243	\$1,260,465	\$1,069,739	\$47,340	\$2,377,544

CONTACT

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SIGNATURE

David Mclsaac
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ATTACHMENTS

Appendix A: Detail Hearing Report – Section 323 of City of Toronto Act, 2006, Hearing 2024H3

Appendix B: Detail Hearing Report – Section 325 of City of Toronto Act, 2006, Hearing 2024H3

Appendix C: Detail Hearing Report – Section 324 of City of Toronto Act, 2006, Hearing 2024H3