COMMITTEE AGENDA

Consolidated as of April 1, 2016

TO	**Corporate Services Committee**
DATE	Monday April 4, 2016
LOCATION	Council Chambers, Guelph City Hall, 1 Carden Street
TIME	2:00 p.m.

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

CONFIRMATION OF MINUTES – March 3, 2016 open meeting minutes

PRESENTATIONS (Items with no accompanying report)

CLOSED MEETING

THAT the Corporate Services Committee now hold a meeting that is closed to the public with respect to:

CS-C-2015.1 Solid Waste Resources 2015 Negative Variance

S. 239 (2) (b) personal matters about an identifiable individual.

CONSENT AGENDA

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Corporate Services Committee Consent Agenda will be approved in one resolution.

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
CS-2016.7 2015 Preliminary Year End Operating Variance Report (Unaudited)			
CS-2016.8 Solid Waste Resources 2015 Negative Variance			

CS-2016.9 2015 Year End Capital Variance Report			
CS-2016.10 2016 Property Tax Policy (report attached)			
CS-2016.11 2015 Year End Investment Performance Report			

Resolution to adopt the balance of the Corporate Services Committee Consent Agenda.

ITEMS EXTRACTED FROM CONSENT AGENDA

Once extracted items are identified, they will be dealt with in the following order:

1) delegations (may include presentations)
2) staff presentations only
3) all others.

STAFF UPDATES AND ANNOUNCEMENTS

ADJOURN

NEXT MEETING – May 2, 2016

CORPORATE SERVICES COMMITTEE
REVISED CONSENT AGENDA

April 4, 2016

Members of the Corporate Services Committee.

SUMMARY OF REPORTS:

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Corporate Services Committee Consent Agenda will be approved in one resolution.

Reports from Administrative Staff

REPORT	DIRECTION
CS-2016.7 2015 Preliminary Year End Operating Variance Report (Unaudited) That report CS-2016-14 entitled "2015 Preliminary Year End Operating Variance Report (Unaudited)" be received for information.	Receive
CS-2016.8 Solid Waste Resources 2015 Negative Variance THAT the report from Infrastructure, Development and Enterprise dated April 4, 2016 entitled "Solid Waste Resources 2015 Negative Variance" be received.	Receive
CS-2016.9 2015 Year End Capital Variance Report That report CS-2016-16 entitled "2015 Year End Capital Variance Report" be received for information.	Receive
CS-2016.10 2016 Property Tax Policy 1. That Report CS-2016.08 entitled '2016 Property Tax Policy' be received for information. 2. That the maximum allowable capping parameters be used for 2016 allowing the City of Guelph to exit the capping program in the shortest time frame available. 3. That the 2016 City of Guelph Property Tax Policies as set out in Schedule 1 be approved.	Approve

4. That the tax policies be incorporated into the tax ratio, tax rate, and capping by-laws and submitted to Council on April 25, 2016.

CS-2016.11 2015 Year End Investment Performance Report Receive

That Report No. CS-2016-15 entitled "2015 Year End Investment Performance Report" be received for information.

attach.

STAFF REPORT

TO	Corporate Services Committee
SERVICE AREA	Corporate Services, Finance
DATE	April 4, 2016
SUBJECT	**2016 Property Tax Policy**
REPORT NUMBER	CS-2016-08

EXECUTIVE SUMMARY

PURPOSE OF REPORT
To recommend the 2016 Property Tax Policy be adopted, and incorporated into tax rates and by-laws for the April 25, 2016 Council meeting which provides sufficient time to prepare the final tax bills and meet the legislative mailing date for the June 30, 2016 instalment.

KEY FINDINGS
Municipal Councils are required to make a number of tax policy decisions and pass the related by-laws annually.

At the March 21, 2016 Council meeting Council set the 2016 tax ratios. The attached tax policy is an administrative consolidation of all applicable previously determined council decisions and calculated tax rates.

Council must also adopt the capping parameters to be used for the multi-residential, commercial and industrial property classes as mandated by the province.

As in previous years, the overall principle for tax policy is to promote and adopt positions that shorten the time frame to achieve full Current Value Assessment (CVA) taxation and thus simplify the tax system. For 2016 new options will be introduced to allow municipalities greater flexibility in moving to CVA taxation sooner. Utilizing all of the capping options to their maximum would provide the City with the necessary tools to move those capped classes closer to CVA taxation. As such properties in the same tax class with the same CVA will pay the same tax. Fair tax policies and a balanced tax ratio form an integral part of the City's strategic goals.

Staff is therefore recommending that Council utilize all new options under the capping program to maximize the transparency of property tax in the business sectors and ensure CVA taxation on all properties as soon as possible.

FINANCIAL IMPLICATIONS
There will be no financial implication related directly with Tax Policy. Tax rates just allocate the set budget over the different tax classes.

There would be no financial implication relating to capping options as the capping impact would be revenue neutral within the broad tax class itself.

ACTION REQUIRED
That the Corporate Services Committee approves the staff recommended 2016 Property Tax Policy and capping parameters as outlined in Report CS-2016-08 2016 Property Tax Policy.

RECOMMENDATION

THAT Report CS-2016-08 entitled 2016 Property Tax Policy be received for information; and

THAT the maximum allowable capping parameters be used for 2016 allowing the City of Guelph to exit the capping program in the shortest time frame available; and

THAT the 2016 City of Guelph Property Tax Policies as set out in Schedule 1 be approved; and

THAT the tax policies be incorporated into the tax ratio, tax rate, and capping by-laws and submitted to Council on April 25, 2016.

BACKGROUND

On December 16, 2015 Council approved a 2016 budget in which $216,442,599 is to be raised from taxation and payment in lieu. This was a 2.99% increase over the 2015 budget.

Municipal Councils are required to make a number of tax policy decisions annually. The *Municipal Act* sets out the parameters to be followed by municipalities when setting property tax policies. These parameters include establishing tax ratios and discounts; use of graduated taxation and optional classes; capping options on multi-residential, commercial and industrial properties; and various tax mitigation measures. Annual tax policy decisions determine how the property tax levy approved in the annual budget will be distributed across the various classes of properties.

On March 21, 2016 Council approved lowering the industrial and multi-residential tax ratios resulting in a tax shift and overall tax increase on the average residential property of 3.72%.

REPORT

The attached 2016 Property Tax Policy (Schedule 1) provides an overview of the tax policy to be approved by City Council with the appropriate background and is broken down into the following sections:

- Staff recommendation by policy area
- Overview/description of the policy
- Policy considerations: factors such as economic impact, equity/fairness and administrative impact

The following summarizes the 2016 tax policy to be approved in this report:

- Establishing 2016, discounts and tax rates based on previously approved tax ratios
- No changes to the optional new multi-residential property class
- Revised low-income seniors and low-income disabled tax relief program
- Continuing the current charitable tax rebate program
- Setting the 2016 capping parameters utilizing the new options to bring all taxation to CVA tax as soon as possible
- No recommendations for graduated commercial/industrial tax rates or additional optional property classes or municipal tax reduction

Mandatory Capping Parameters

Province wide there is a mandatory capping program introduced in 1998 to mitigate assessment related property tax changes on multi-residential, commercial and industrial properties. This program required that Council limit the assessment related tax increases by a mandatory cap of up to 5% of the previous year’s current value assessment (CVA) taxes. Since 1998, the legislation has changed numerous times providing municipalities with additional, optional capping parameters to assist them to move towards current value assessment much quicker. CVA tax is transparent, equitable and easier to explain to business owners.

As in previous years, the overall principle for tax policy is to promote and adopt positions that shorten the time frame to achieve full Current Value Assessment (CVA) taxation and thus simplify the tax system. For 2016 the province is introducing new options to allow municipalities greater flexibility in moving to CVA taxation sooner. Utilizing all of the capping options to their maximum would provide the City with the necessary tools to move those capped classes closer to CVA taxation. As such properties in the same tax class with the same CVA will pay the same tax. Fair tax policies and a balanced tax ratio form an integral part of the City’s strategic goals.

Council must pass a by-law indicating the parameters they wish to implement for each taxation year.

As in previous years, the overall principle for tax policy is to promote and adopt positions that shorten the time frame to achieve full CVA taxation and that simplify the complexities of the tax system.

The by-laws for approval of 2016 tax policies and tax rates are set for the April 25, 2016 Council meeting to allow sufficient time to prepare the final tax bills and mail within the legislative time frame for the June 30, 2016 instalment.

CORPORATE STRATEGIC PLAN
2.2 Deliver public services better
2.3 Ensure accountability, transparency & engagement
3.2 Be economically viable, resilient, diverse and attractive for business

DEPARTMENTAL CONSULTATION
Communications

FINANCIAL IMPLICATIONS

There will be no financial implication related directly with Tax Policy. Tax rates just allocate the set budget over the different tax classes.

There would be no financial implication relating to capping options as the capping impact would be revenue neutral within the broad tax class itself.

COMMUNICATIONS
N/A

ATTACHMENTS
ATT-1 Schedule 1: - 2016 Property Tax Policy

Report Author
James Krauter
Manager of Taxation and Revenue

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Mark Amorosi

__________________________ __________________________

Recommended By	Approved By
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Schedule 1 to Report CS-2016-08 dated April 4, 2016

CORPORATION OF THE CITY OF GUELPH

2016 PROPERTY TAX POLICY

Prepared by
Corporate Services / Finance
Taxation and Revenue

TABLE OF CONTENTS

INTRODUCTION

The *Municipal Act* sets out the parameters to be followed by municipalities when setting property tax policies. These parameters include: Establishing tax ratios and discounts; Graduated taxation and optional classes; Capping options on multi-residential, commercial and industrial properties; Levy restrictions which prevents municipalities from passing on levy increases to capped classes which have tax ratios in excess of provincial averages.

Annual tax policy decisions establish the level of taxation for the various property classes. This policy provides an overview of the tax policy decisions by Guelph City Council for the 2016 taxation year.

Each policy area is broken down into the following sections:

- Staff recommendation
- Overview / description of the policy
- Analysis and/or additional background information
- Policy considerations: in order to provide a basis for evaluating each policy decision, staff has considered factors such as economic impact, equity/fairness, and administrative impact.

In accordance with Section 308(4) of the *Municipal Act, 2001* tax ratios must be established each year. A by-law must be passed in the year to establish the municipality's tax ratios for that year.

2016 CITY OF GUELPH PROPERTY TAX POLICIES
SUMMARY OF RECOMMENDATIONS

POLICY	STAFF RECOMMENDATION
Tax Class Discounts and Tax Rates	THAT the 2016 City tax rates be approved as set out in Appendix 1; and THAT staff be directed to prepare the necessary tax rating by-laws.
Optional New Multi-Residential Property Class	THAT the New Multi-residential property class continue as per By-law (2002)-16852 Refer to Appendix 2.
Mandatory Capping	THAT the following parameters be established for the purposes of calculating the 2016 capping and clawback rates in accordance with the revisions to Municipal Act: 1.Cap limit of 10% of 2015 annualized taxes or limit tax increase to 10% of 2015 CVA taxes, whichever is greater 2. Move capped/clawbacked properties to CVA tax if the capped taxes/clawback taxes are within a maximum of $500 of CVA taxes without creating a shortfall 3. Exclude properties previously at CVA tax 4. Exclude properties that cross CVA tax in the year 5. Set a tax level of 100% of CVA tax for new construction & new to class business properties (multi-res, commercial & industrial) 6. Opt in to any program to exit or phase-out of the capping program. THAT staff be directed to prepare the necessary by-law.
Tax relief for low-income seniors and persons with disabilities	THAT the tax relief program for low-income seniors and low-income persons with disabilities be continued as adopted by By-law (2015)-19988. Refer to Appendix 3.
Tax relief for charities and other similar organizations	THAT the current tax relief program for charities be continued for the 2016 taxation year in accordance with By-law (2002)- 16851. Refer to Appendix 4.

TAX RATIOS, CLASS DISCOUNTS and TAX RATES

STAFF RECOMMENDATION

THAT the 2016 City tax rates be approved as set out in Appendix 1; and

THAT staff be directed to prepare the necessary tax ratio and tax rating by-laws.

COUNCIL APPROVED March 21, 2016 Guelph City Council Meeting

CS-2016.6 Tax Ratios - 2016
1. That Report CS-2016-05 entitled "Tax Ratios – 2016" be received for information.
2. That the 2016 Tax Ratios be set as follows:
a) That the multi-residential ratio be reduced from 2.0399 to 1.9979;
b) That the industrial tax ratio be reduced from 2.3111 to 2.2048;
c) That all other class ratios and vacancy discounts remain the same as 2015.
3. That staff prepare the 2016 Tax Policy Report, tax rates and the tax by-laws using these ratios

OVERVIEW / DESCRIPTION

- Legislative reference : *Municipal Act 2001 Section 308*
- Most significant tax policy decision is that of tax ratios
- Tax ratios show how the tax rate for a property class compares with the residential rate. If a property class has a ratio of 2, then it is taxed at twice the rate of the residential class
- Municipalities can set different tax ratios for different classes of property
- Transition ratios were calculated initially in 1998 by the Province and reflected the level of taxation by class at that time
- Tax ratios must be approved annually by City Council. The issue is whether the tax ratios for each class should be changed
- Changing ratios shifts the relative burden of property taxes between property classes
- The City's ability to adjust tax ratios and redistribute the tax burden between property classes is limited by the "ranges of fairness" established by the Province (see Appendix 1 attached) which help protect property classes that are taxed at higher rates
- If the ratio for a property class is outside the "range of fairness" a municipality can either maintain the existing ratio or move towards the "range of fairness" but may not move further from the fairness range unless revenue neutral ratios are adopted
- If a tax ratio is above the provincial threshold average a levy increase cannot be passed on to that class. However, since 2004 the province has allowed municipalities to pass along up to 50% of a levy increase to those restricted classes (classes which have ratios in excess of the threshold)

- The City of Guelph ratios are currently below the provincial threshold and therefore are not levy restricted
- The Municipal Act also sets out the provisions for taxing farmland pending development which are as follows:
    1. On registration of the plan of subdivision, property assessment changes from being based on farm use to zoned use and a tax rate of between 25% and 75% of the relevant rate will apply. Guelph is currently at the maximum of 75%
    2. When a building permit is issued the tax rate may change from 25% to 100% of the rate that would apply to the property's zoned use. Guelph currently charges the maximum of 100%.

POLICY CONSIDERATIONS

Economic impact:

- Any adjustment to the tax ratios involves shifting the tax burden to the other property classes. A tax ratio change would result in a shift of taxation onto the residential class and increase the municipal taxes paid by the residential taxpayer.
- The range of fairness and levy restriction rules are a clear indication that the province wishes to see taxes on commercial, industrial and multi-residential properties reduced and that portion shifted onto residential properties. The fact that the low end of the fairness ranges for commercial/industrial classes is below the residential tax ratio indicates the former government felt the property taxes for businesses should be less than property taxes for residential properties.
- The farmland awaiting development properties are taxed at the maximum allowable rate with discounts of 25% for subclass 1 and 0% for subclass 2

Equity/fairness:

- Higher tax ratios could be perceived as discriminatory by multi-residential, commercial and industrial property owners who may feel that they are overtaxed relative to residential properties
- The disparity between the commercial and industrial tax ratios is difficult to justify
- Non residential and multi-residential properties have historically been taxed at higher rates in most municipalities across the province
- Multi-residential properties are assessed on a different basis than residential properties and most often will attract a lesser amount of assessment per unit
- Non residential properties pay property taxes using pre-tax income which is not the case for residential property owners and therefore supports the concept of differential tax rates

Administrative impact:

None

GRADUATED COMMERCIAL / INDUSTRIAL TAX RATES
STAFF RECOMMENDATION Not recommended for 2016

OVERVIEW / DESCRIPTION

- Legislative reference: *Municipal Act 2001 Section 314*
- Municipality establishes bands of assessment and then taxes the portion of each commercial/industrial property's assessed value within each band at a different rate – the rate applied to the lower band(s) will be the lower rate
- Banding must apply to all commercial/industrial properties
- Either two or three bands of assessment are allowed for this purpose
- Must be self-financing within the class – i.e. no tax impact on other property classes
- The intention of this policy would be to benefit small businesses in lower-valued commercial/industrial properties

SAMPLE GRADUATED COMMERCIAL TAX SCENARIO

Class	Band 1 $0 to $1,000,000 of CVA	Band 2 $1,000,001 to $2,500,000 of CVA	Band 3 Greater than $2,500,000 of CVA
Commercial occupied	50% of full commercial rate	75% of full commercial rate	Full commercial rates

SAMPLE TAX BILL CALCULATION
Commercial occupied CVA of $5,000,000, full tax rate = 3%

	Assessment	Tax rate	Taxes
Band 1	$1,000,000	1.5%	$15,000
Band 2	$1,500,000	2.25%	$33,750
Band 3	$2,500,000	3%	$75,000

POLICY CONSIDERATIONS

Economic impact:

- Tax reduction for lower valued properties
- Tax increase for higher valued properties

Equity/fairness:

- Could be perceived as moving away from “fairness”, as each commercial/industrial property would have a different effective tax rate
- Higher valued commercial/industrial property owners would subsidize lower valued properties by paying a higher effective tax rate
- Graduated tax rates would in some cases adversely affect smaller tenants, since graduation applies to the entire property
- Difficult to target assistance for specific types of properties or geographic areas
- Results in competitive advantages/disadvantages
- Designed for the commercial/industrial property classes. These classes already receive preferential treatment relative to tax ratios and the continued capping of tax increases.
- Another level of complexity that has no real benefit.

Administrative impact:

- Minor impact on layout of tax bill for commercial/industrial properties
- Can become very confusing when layered with the capping parameter options

OPTIONAL PROPERTY CLASSES / NEW MULTI-RESIDENTAIL CLASS

STAFF RECOMMENDATION:

THAT the City of Guelph only adopt the optional New Multi-residential property class and continue as per By-law (2002)-16852 Refer to Appendix 2.

OVERVIEW / DESCRIPTION

- Legislative reference: *Municipal Act 2001 Section 308 and O.Reg 282/98*
- Council may by by-law establish new property classes for shopping centers, office buildings, parking lots, large industrial properties and new multi-residential properties

DETAILS

1. Shopping centers: rentable area of a shopping Centre (at least three units) that exceeds 25,000 square feet – the first 25,000 square feet remains in the commercial class
2. Office buildings: rental area of an office building that exceeds 25,000 square feet – the first 25,000 square feet remains in the commercial class
3. Parking Lots: entire assessment of such properties is included in this class
4. Large industrial properties: buildings in excess of 125,000 square feet – entire assessment is included in this class
5. New multi-residential applies to new multi-residential construction (7 or more rental units) or the conversion from a non-residential use pursuant to a building permit issued after the date on which the by-law adopting the new class of property was approved. This allows for new multi-residential properties to be taxed at a lower rate for a thirty five year period

POLICY CONSIDERATIONS

Economic impact:

- Establishing separate classes of commercial and industrial property will result in some properties subsidizing others, as the tax rates for these classes would be different from the main class. For example, establishing a separate class for shopping centers would result in different tax rate for shopping centers than for all other commercial properties
- The New Multi-Residential tax class may assist in promoting an adequate supply of affordable rental housing units by attracting new developments.
- The New Multi-Residential tax class may assist with infill and higher density requirements within the City

Equity / fairness:

- Use of separate classes could be seen as discriminatory and moving away from fairness, and contrary to the basic premise of reassessment
- Lends support to often raised arguments that the tax ratio for multi-residential class should not be significantly different than that of the residential class on the basis that tenants do not consume more services than homeowners nor are they better able to pay the taxes.

Administrative impact:

- Adopting an optional class requires a by-law to be prepared and notification to the Municipal Property Assessment Corporation
- Minimal staff time and costs

MANDATORY CAPPING/OPTIONS

STAFF RECOMMENDATION:

THAT the following parameters be established for the purposes of calculating the 2016 capping and clawback rates in accordance with the revision to the Municipal Act:

1. Cap limit of 10% of 2015 annualized taxes or limit tax increase to 10% of 2015 CVA taxes, whichever is greater
2. Move capped/clawbacked properties to CVA tax if the capped taxes/clawback taxes are within a maximum of $500 of CVA taxes without creating a shortfall
3. Exclude properties previously at CVA tax
4. Exclude properties that cross CVA tax in the year
5. Set a tax level of 100% of CVA tax for new construction & new to class business properties (multi-res, commercial & industrial)
6. Opt in to any program to exit or phase-out of the capping program.

THAT staff be directed to prepare the necessary by-law.

OVERVIEW / DESCRIPTION

- Legislative reference: *Municipal Act 2001 Part IX*
- Council must limit the assessment related tax increases on multi-residential, commercial and industrial properties
- Council must decide how to finance the cap, which can be done by capping decreases as well as, by using general revenues or reserves, or a combination of the two.
- Shortfalls cannot be shared with the school boards
- The Province will provide increased flexibility for municipalities commencing in 2016, with the following options available:
  - Increasing the cap to 10%, or selecting 10% of CVA tax whichever is higher
  - If an increasing/decreasing property is within $500 of CVA taxation, then it may be billed the full amount
  - Allowing an Exit or phase-out of the capping program.
  - Exclude properties previously at CVA tax or exclude properties that cross CVA tax. If significant reassessment increases occur on a property this option will eliminate the capping protection amount which would otherwise be subsidized by all properties within that class experiencing a reassessment decrease (clawback)
  - New construction is taxed at 100% of CVA tax

2016 CAPPING PARAMETERS	MULTI-	COMMERCIAL	INDUSTRIAL
ANNUALIZED TAX LIMIT	10.00%	10.00%	10.00%
PRIOR YEAR CVA TAX LIMIT	10.00%	10.00%	10.00%
CVA TAX THRESHOLD – INCREASERS	500	500	500
CVA TAX THRESHOLD – DECREASERS	500	500	500
EXCLUDE PROPERTIES PREVIOUSLY AT CVA TAX	Yes	Yes	Yes
EXCLUDE PROPERTIES THAT GO FROM CAPPED TO CLAWED BACK	Yes	Yes	Yes
EXCLUDE PROPERTIES THAT GO FROM CLAWED BACK TO CAPPED	Yes	Yes	Yes

POLICY CONSIDERATIONS

Economic impact:

- The mandatory capping (without any minimum $ amount) means that some properties will not reach their full taxation levels for many, many years, if ever
- Shortfalls cannot be shared with school boards; therefore 100% responsibility of the Municipality
- Mandatory capping enables the City to move capped classes closer to CVA taxation more quickly resulting in greater stability and predictability in property taxation
- Having properties at or close to their CVA taxes can reduce the tax capping impacts resulting from reassessment
- The best method to avoid capping shortfalls requires the use of the highest allowable percentage for capped tax increases

Equity/fairness:

- Funding the cap through means other than capping decreases results in either a long term drain on reserve balances (as the cap is now indefinite) or subsidization of tax increases by other classes
- Adopting these capping options is perceived to be fair and equitable to taxpayers because properties in the same class with the same CVA should pay the same tax.

Administrative Impact:

- Considerable staff time, software provided Provincially through OPTA

MUNICIPAL TAX REDUCTION

STAFF RECOMMENDATION:

Not recommended for 2016

OVERVIEW / DESCRIPTION

- Legislative reference: *Municipal Act 2001 Section 362*
- Permits the City to reduce the taxes of a property which is subject to capping limitations by the amount that would otherwise have been a capping adjustment
- This reduction would be applied as a tax rate reduction and not an after the fact rebate
- Has limited usefulness – essentially a means of removing a property requiring a large capping adjustment from the capping calculation in order to make the capping work
- Cost of the program is not shared with the school boards

POLICY CONSIDERATIONS

Economic impact:

- This can be a very costly tool to the City's operating budget to fund the total cost of the tax reduction since the province has excluded school boards from participating in this policy

Equity / fairness:

- Provides specific preferential treatment to an individual property or properties, and therefore goes against the overriding principle of fairness
- If used as a tool to eliminate properties from paying more than CVA tax, it does allow municipalities to fund all remaining capped properties from the general levy

Administrative impact:

- Additional staff time to administer

TAX RELIEF FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

STAFF RECOMMENDATION :

THAT the tax relief program for low-income seniors and low-income persons with disabilities be continued as adopted by By-law (2015)-19988. Refer to Appendix 3.

OVERVIEW / DESCRIPTION

- Legislative reference: *Municipal Act 2001 Section 319*
- Upper tier and single tier municipalities **MUST** provide a program of tax relief for the purposes of "relieving financial hardship" caused by tax increases related to reassessment
- Relief can be in the form of a deferral or cancellation of tax increases
- The tax increase to be deferred or cancelled is calculated as the difference between the current year's taxes levied and the previous year's taxes levied on a property (subject to provincial regulation)
- The by-law also applies to tax increases for education purposes
- The amount deferred or cancelled is withheld from amounts levied for school board purposes
- A tax certificate must show any deferrals and the priority lien status of real property taxes in accordance with Section 349 of the Municipal Act
- The intent of this policy is to provide a mechanism to assist those least able to pay a significant increase in taxes
- The program was updated after review in 2015

POLICY CONSIDERATIONS

Economic impact:

- Taxes are deferred and recovered when the property is sold or the eligible applicant ceases to be eligible
- Interest may not be charged on deferred taxes
- Each year the potential deferral must be paid for by other taxpayers. This results in a levy increase to fund the shortfall

Equity/fairness:

- Cancellation of taxes does result in some minor taxpayer subsidization, and effectively reduces the province's obligation under the Property Tax Credit program

Administrative impact:

- Additional staff time to administer the rebates

CURRENT TAX RELIEF FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

GENERAL PARAMETERS

- Tax relief is in the form of a deferral of taxes
- The amount eligible for deferral is the total increase given that the increase is greater than or equal to $200 annually. No tax relief applies if the amount of the tax increase is less than $200.
- Eligibility is as set out below

ELIGIBILITY CRITERIA (for receipt of property tax relief):

A) LOW-INCOME SENIORS

- Means a person who on December 31st of the year of application has attained the age of 65 years and is in receipt of benefits under *Guaranteed Income supplement (GIS)* program or has attained the age of 65 years and is in receipt of benefits under the *Guaranteed Annual Income* system *(GAINS*) program for Ontario Senior Citizens.

B) LOW-INCOME DISABLED PERSONS

- Means a person who is in receipt of benefits under the *Ontario Disability Support Program (ODSP)* or in receipt or in receipt of benefits under the *Guaranteed Annual Income System (GAINS) for the Disabled* and be eligible to claim a disability amount as defined under the *Income Tax Act*.

OTHER PROVISIONS

- To qualify for tax assistance, applicants must have been owners of real property within the City for a period of one (or more) year(s) preceding the application.
- Tax assistance is only allowed on one principal residence of the qualified individual or the qualifying spouse.
- Application for tax deferral must be made annually to the City to establish eligibility or continued eligibility. Applications must include documentation in support thereof to establish that the applicant is an eligible person and that the property with respect which the application is made is eligible property. Applications must be submitted to the City on or before the last day of December in the year for which the application applies on a form prescribed by the City for this purpose.
- Tax relief applies to current taxes only and is only deferred after payment in full is received for any current or past year amounts payable.
- Applicant is responsible to refund any overpayment of a tax rebate granted if property assessment is reduced by the Assessment Review Board or Municipal Property Assessment Corporation
- For properties that are jointly held or co-owned by persons other than spouses, both or all co-owners must qualify under applicable eligibility criteria in order to receive tax relief.
- Tax relief begins in the month in which the low income senior attains the age of 65 or in which the low income disabled person becomes disabled

TAX REBATES FOR CHARITIES

STAFF RECOMMENDATION :

THAT the current tax relief program for charities be continued for the 2016 taxation year in accordance with By-law (2002)- 16851. Refer to Appendix 4.

OVERVIEW / DESCRIPTION

- Legislative reference: *Municipal Act 2001 Section 361*
- The original intent of the program was to address certain tax impacts relating to the elimination of the Business Occupancy Tax (BOT) – registered charities that previously did not pay the BOT on leased commercial/industrial properties were put in a position of paying a higher (blended) rate on such properties
- All municipalities must have a rebate program in place
- An eligible charity is a registered charity as defined in subsection 248(1) of the Income Tax Act (Canada) that has a registration number issued by the Canada Customs and Revenue Agency
- A property is eligible if it is in one of the commercial or industrial property classes within the meaning of subsection 308(1) of the Municipal Act

Program requirements include:

- The amount of rebate must be at least 40% of tax paid
- One half of the rebate must be paid within 60 days of receipt of the application and the balance paid within 120 days of receipt of the application
- Applications for a rebate must be made between January 1 of the taxation year and the last day of February of the following taxation year
- The program must permit the eligible charity to make application based on an estimate of the taxes payable
- The program must provide for final adjustments to be made after the taxes have been set

Program options include:

- Other similar organizations may also be provided with rebates
- Rebates may be provided to properties in classes other than the commercial and industrial classes
- The rebate % can vary for different charities or other similar organizations and can be up to 100% of taxes paid
- Cost of the rebate is shared between City and school boards
- The organization receiving the rebate shall also be provided with a written statement showing the proportion of costs shared by the school boards
- Any overpayment of rebated amount to be refunded by the Charity if property assessment is reduced by the Assessment Review Board (ARB) or Municipal Property Assessment Corporation (MPAC)

POLICY CONSIDERATIONS

Economic impact:

- This by-law provides relief for organizations which were previously exempt from paying the Business Occupancy Tax - results in similar tax treatment before and after reform

Equity/fairness:

- The cost of rebates is built in to the City budget

Administrative impact:

- Results in some additional staff time to administer the rebates

CURRENT TAX RELIEF PROVISIONS FOR REGISTERED CHARITIES

The City's by-law includes all mandated provisions as well as the following optional provisions:

- Rebates set at 40% of taxes paid for Registered Charitable organizations, such as but not limited to, Family & Children Service, Canadian Mental Health, Second Chance, St. John's Ambulance, Salvation Army, etc.
- Rebate set at 100% for those properties that are used and occupied as a memorial home, clubhouse or athletic grounds by those organizations whose persons served in the armed forces of Her Majesty or Her Majesty's allies in any war (i.e.- Legion, Army & Navy)
- In 2015 the City processed approximately 43 applications for a total dollar amount of $223,616.40 of which the City's share was $127,985.47.

APPENDIX 1

Appendix 1

2016 CITY OF GUELPH - TAX RATIOS, DISCOUNTS AND RATES

PROPERTY CLASS	GUELPH INITIAL 1998 RATIOS	PROVINCIAL THRESHOLD RATIOS	PROVINCIL RANGE of FAIRNESS Low Limit RATIOS	High Limit RATIOS	GUELPH 2015 TAX RATIOS	APPROVED GUELPH 2016 TAX RATIOS	TAX RATE REDUCTIONS 2016	TAX RATES 2016	HEALTH UNIT 2016	TOTAL TAX RATES 2016
Residential	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000		1.033753%	0.019315%	1.053067%
Residential - Farmland 1	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	25%	0.775314%	0.014486%	0.789800%
Residential - Farmland 4	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000		1.033753%	0.019315%	1.053067%
New Multi-residential	1.000000	1.000000	1.000000	1.100000	1.000000	1.000000		1.033753%	0.019315%	1.053067%
Multi-residential	3.089700	2.740000	1.000000	1.100000	2.039900	1.997900		2.065334%	0.038589%	2.103923%
Multi-residential - Farmland 1	1.000000	1.000000	1.000000	1.100000	1.000000	1.000000	25%	0.775314%	0.014486%	0.789800%
Multi-residential - Farmland 4	3.089700	2.740000	1.000000	1.100000	2.039900	1.997900		2.065334%	0.038589%	2.103923%
Commercial	1.840000	1.980000	0.600000	1.100000	1.840000	1.840000		1.902105%	0.035539%	1.937644%
Commercial - Farmland 1	1.000000	1.000000	0.600000	1.100000	1.000000	1.000000	25%	0.775314%	0.014486%	0.789800%
Commercial - Farmland 4	1.840000	1.980000	0.600000	1.100000	1.840000	1.840000		1.902105%	0.035539%	1.937644%
Commercial - Excess Land	1.840000	1.980000	0.600000	1.100000	1.840000	1.840000	30%	1.331473%	0.024877%	1.356351%
Commercial - Vacant Land	1.840000	1.980000	0.600000	1.100000	1.840000	1.840000	30%	1.331473%	0.024877%	1.356351%
Commercial- New Constr-Full	1.840000	1.980000	0.600000	1.100000	1.840000	1.840000		1.902105%	0.035539%	1.937644%
Commercial-New Constr-excess	1.840000	1.980000	0.600000	1.100000	1.840000	1.840000	30%	1.331473%	0.024877%	1.356351%
Industrial	3.271100	2.630000	0.600000	1.100000	2.311100	2.204800		2.279218%	0.042585%	2.321803%
Industrial - Farmland 1	1.000000	1.000000	0.600000	1.100000	1.000000	1.000000	25%	0.775314%	0.014486%	0.789800%
Industrial - Farmland 4	3.271100	2.630000	0.600000	1.100000	2.311100	2.204800		2.279218%	0.042585%	2.321803%
Industrial - Excess Land	3.271100	2.630000	0.600000	1.100000	2.311100	2.204800	35%	1.481491%	0.027680%	1.509172%
Industrial - Vacant land	3.271100	2.630000	0.600000	1.100000	2.311100	2.204800	35%	1.481491%	0.027680%	1.509172%
Industrial - New Constr-Full	3.271100	2.630000	0.600000	1.100000	2.311100	2.204800		2.279218%	0.042585%	2.321803%
Industrial- New Constr-Excess	3.271100	2.630000	0.600000	1.100000	2.311100	2.204800	35%	1.481491%	0.027680%	1.509172%
Pipelines	1.917500	1.917500	0.600000	0.700000	1.917500	1.917500		1.982220%	0.037036%	2.019257%
Farmlands	0.250000	0.250000	0.000000	0.250000	0.250000	0.250000		0.258438%	0.004829%	0.263267%
Managed Forests	0.250000	0.250000	0.250000	0.250000	0.250000	0.250000		0.258438%	0.004829%	0.263267%

THE CORPORATION OF THE CITY OF GUELPH

By-law Number (2002) - 16852

A by-law to amend By-Law (1998)-15832, being a by-law to establish a separate property class for new multi-residential properties.

WHEREAS By-law (1998)-15832 provides for the establishment of a separate property class for new multi-residential properties;

AND WHEREAS, it is deemed desirable that property in the new multi-residential class be taxed at the lower residential/farm rate for the first 35 years.

NOW THEREFORE the Council of the Corporation of the City of Guelph enacts as follows:

1. That Section 2 of By-Law (1998)-15832 be amended by deleting the words "for the first eight years" and inserting the words "for the first thirty five years"

PASSED this 6th day of May, 2002

KAREN FARBRIDGE-MAYOR

LOIS GILES - CITY CLERK

THE CORPORATION OF THE CITY OF GUELPH

By-law Number (2015) – 19988

A by-law to provide for deferrals of tax increases on property in the residential property class for low-income seniors and low-income persons with disabilities and to repeal By-law Number (2005)-17727.

WHEREAS the Council of the Corporation of the City of Guelph, pursuant to Section 319 of the *Municipal Act, 2001, S.O.2001, c.25*, as amended, shall pass a by-law providing for deferrals or cancellation of, or other relief in respect of, all or part of a tax increase on property in the residential property class for low-income seniors and low-income persons with disabilities;

AND WHEREAS By-law Number (2005)-17727 was passed May 2nd, 2005 being a by-law to provide for deferrals of tax increases on property in the residential property class for low-income seniors and low-income persons with disabilities;

AND WHEREAS Council deems it necessary and expedient to pass the subject by-law to provide for deferrals of tax increases on property in the residential property class for low-income seniors and low-income persons with disabilities and to repeal By-law Number (2005)-17727;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF GUELPH ENACTS AS FOLLOWS:

1. In this by-law:

   a) *"Eligible amount"* means the total tax increase related to assessment increase over the previous year which is equal to or greater than $200 annually.

   b) *"Eligible person"* means a low-income person with disabilities or a low-income senior or the spouse of such eligible person.

   c) *"Low-income person with disabilities"* means a person who is in receipt of benefits under the *Ontario Disability Support Program (ODSP)* or in receipt of benefits under the *Guaranteed Annual Income System (GAINS)* for the Disabled and be eligible to claim a disability amount as defined under the *Income Tax Act*.

   d) *"Low-income senior"* means a person who on December 31st of the year of application has attained the age of 65 years and is in receipt of benefits under the *Guaranteed Income Supplement (GIS)* program or has attained the age of 65 years and is in receipt of benefits under the *Guaranteed Annual Income System (GAINS)* program for Ontario Senior Citizens.

2. Tax Relief granted pursuant to this by-law shall be in the form of a deferral of the annual eligible amount provided that:

   a) Either the owner or spouse of the owner has been assessed as the owner of, and has occupied the property for a period of one or more years preceding the date of application.

b) For properties which are jointly held or co-owned by a person other than spouses, all co-owners must qualify under applicable eligibility criteria in order to receive tax relief.

c) Both the owner and the owners spouse must be an Eligible Person.

3. Deferred amounts shall continue until the property is sold or until the eligible applicant ceases to be eligible, at which time the total deferred amounts become a debt payable to the Corporation of the City of Guelph.

4. Tax relief amounts provided pursuant to this by-law are not transferable to the estates of deceased owners.

5. The amount of tax relief granted pursuant to this by-law shall represent a lien against the property. The cost to register the lien may also be deferred under this program.

6. Tax relief is only allowed on one principal residence of the qualified individual or the qualifying spouse.

7. Application for tax relief must be made annually to the City to establish eligibility or continued eligibility. Applications must include documentation in support thereof to establish that the applicant is an eligible person and that the property with respect which the application is made is eligible property. Applications must be submitted to the City on or before the last day December in the year for which the application applies, on a form prescribed by the City for this purpose.

8. Tax relief applies to current taxes only and are only deferred after payment in full is received for any current or past year amounts payable.

9. That By-law Number (2005)-17727 is here by repealed.

10. This by-law shall come into force and take place immediately.

PASSED this TWENTY-THIRD day of NOVEMBER, 2015.

CAM GUTHRIE - MAYOR

STEPHEN O'BRIEN - CITY CLERK

APPENDIX 4

THE CORPORATION OF THE CITY OF GUELPH

By-law Number (2002) - 16851

A By-law to provide for relief from taxes for charitable organizations and to repeal by-law number (1998)-15834.

WHEREAS Section 442.1 of the *Municipal Act* as amended provides that every municipality shall have a tax rebate program for eligible charities for the purpose of giving them relief from taxes on eligible property they occupy;

THEREFORE THE CORPORATION OF THE CITY OF GUELPH ENACTS AS FOLLOWS:

1. In this by-law, eligible charity means a registered charity as defined in subsection 248(1) of the *Income Tax Act (Canada)* that has a registered number issued by the Canada Customs and Revenue Agency.

2. A property is eligible if it is in one of the commercial classes or industrial classes, within the meaning of subsection 363(20) of the *Municipal Act* as amended.

3. A property is eligible if it is actually used and occupied as a memorial home, clubhouse or athletic grounds by those organizations whose persons served in the armed forces of *Her Majesty* or *Her Majesty's* allies in any war.

4. The rebate shall be 40% of the taxes payable by the eligible charity on the eligible property it occupies for those properties in one of the commercial or industrial classes.

5. The rebate shall be 100% of the taxes payable by those organizations whose persons served in the armed forces on the eligible property it occupies .

6. An eligible charity shall make application to the municipality each year for which a rebate of taxes is requested, such application to be made on the prescribed form after January 1 of the year and no later than the last day of February of the following year.

7. This By-law shall come into force and take effect immediately.

8. By-law Number (1998) -15834 is hereby repealed.

PASSED this 6th day of May, 2002.

KAREN FARBRIDGE-MAYOR

LOIS A GILES-CITY CLERK