

COMMITTEE OF THE WHOLE – APRIL 10, 2001

BILL 140 - CANCELLATION, REDUCTION OR REFUND OF TAXES CONSIDERED “UNDULY BURDENSOME”

Recommendation

The Director of Finance and the City Clerk, in consultation with the Property Tax Manager recommends:

That should the City receive any applications for the cancellation, reduction or refund of taxes under Section 442.6 of the *Municipal Act*, the applicant be referred to the appropriate local office of the Community Services and Housing Department of the Regional Municipality of York.

Background

Bill 140, the *Continued Protection for Property Taxpayers Act*, has introduced a new section, 442.6, to the *Municipal Act*. This new section provides lower tier municipalities with the authority to pass a bylaw to cancel, reduce or refund property taxes considered to be unduly burdensome (a financial hardship) to the taxpayer.

The legislation requires that the municipal by-law must contain a definition of “unduly burdensome”. The Technical Sub-Committee of the York Area Treasurers met with a representative of the Region of York’s Community Services and Housing Division to explore this issue of determining financial hardship.

This Regional department administers the Ontario Works Program (formerly the General Welfare Assistance program). Community Services explained that their assistance program contains a “shelter cost” component, which for a homeowner includes mortgage, insurance, utilities and property taxes. The Community Services representative noted that a resident finding their property taxes to be a financial hardship could mostly likely benefit from other areas of assistance. Local municipalities are not empowered to, under this legislation, nor trained in, the gathering of the personal and financial data necessary to make an accurate determination of a resident’s financial position.

If the local municipality passes a by-law under this legislation, the Province of Ontario would share in the reduction of the education portion of any taxes adjusted. The legislation gives the Region of York the option to pass a bylaw to share in the reduction of their portion. Should they choose not to share in the reduction, the City would be responsible for the Regional share (approximately 45%) as well.

Conclusion

The Regional Community Services staff are in the best position to determine a state of financial hardship and provide the appropriate assistance, therefore staff recommend that any applicants applying under Section 442.6 of the *Municipal Act*, be referred to the appropriate local office of the Community Services and Housing Division of the Regional Municipality of York.

Respectfully submitted,

Barry E. Jackson, CGA
Director of Finance

John D. Leach
City Clerk