

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	May 27, 2021
<b>Subject / Report No:</b>	FR-CC-16-21
<b>Title:</b>	By-Law 5112-21 A By-Law to Provide for the Cancellation of Tax Increases for the Purpose of Relieving Financial Hardship
<b>Prepared by:</b>	Mary Lou Spicer
<b>Reviewed by:</b>	Kim Wingrove, Michael Letourneau
<b>Lower Tier(s) Affected:</b>	All
<b>Status:</b>	Adopted as presented to County Council CC47-21; Endorsed by County Council CC49-21

## Recommendation

1. **That Report FR-CC-16-21 regarding By-Law 5112-21 A By-Law to Provide for the Cancellation of Tax Increases for the Purposes of Relieving Financial Hardship be received and;**
2. **That By-Law 5112-21 be adopted as presented on May 13, 2021.**

## Executive Summary

Report FR-CW-09-21 Tax Relief for Low-Income Seniors and Persons with Disabilities was presented to Committee of the Whole on March 25, 2021, adopted as presented through resolution CW64-12 and endorsed by County Council CC34-21 on April 8, 2021. It directed staff to bring forward a by-law to implement the tax relief program described in the report.

By-Law 5112-21 A By-law to Provide for the Cancellation of Tax Increases for the Purposes of Relieving Financial Hardship was presented to County Council on May 13, 2021. It was deferred by resolution CC43-21 pending a review of a revision of the wording of its section 13.

Finance staff reviewed the proposed revision with the assistance of both the consultant who guided the development of the tax relief program and Legal Services Staff. Staff recommend that the by-law be adopted as presented, without revision to section 13.

## Background and Discussion

On May 13, 2021 County Council deferred consideration of the proposed By-law 5112-21. The proposed By-law was to be enacted by the County under the provisions of section 319 of the Municipal Act, 2001, as part of the tax relief program recommended under staff report FR-CW-

09-21 Tax Relief for Low-Income Seniors and Persons, which was adopted by resolution CW64-12 of Committee of the Whole on March 25, 2021 and by resolution CC34-21 of County Council on April 8, 2021.

Section 319 of the Municipal Act states that all upper and single-tier municipalities must maintain a by-law to provide financial relief to low-income seniors and low-income persons with disabilities to offset property tax increases. The proposed By-law provides relief for eligible persons in those groups by cancelling certain portions of tax increases they face. The tax increases are calculated on the basis of all taxes to be paid by the taxpayer: lower-tier, upper-tier, and education.

The purpose of the deferral was to consider the wording of section 13 of the proposed by-law, which discusses how the taxes cancelled are apportioned among the upper- and lower-tier municipalities and school boards.

Apportionment of taxes under a section 319 tax-relief by-law is governed by section 319(6). Section 13 of the proposed By-law was included to assist in implementing the provisions of section 319(6); it reads as follows:

*“Any taxes cancelled under this by-law shall be shared by all levying bodies in the same proportion as those levying bodies share in the taxes levied against the subject property.”*

The proposed by-law was developed in consultation with Peter Frise, Municipal Tax Equity Consultants Inc. and with Legal Services staff.

Following the deferral of the proposed By-law, Finance staff reviewed with Mr. Frise and Legal Services staff potential variations of the wording for Section 13 to align the wording of Section 13 with the wording of Section 353(3) of the Municipal Act, 2001. Section 353(3) applies to various scenarios where a lower-tier municipality must recoup from their upper-tier municipality and school boards their proportional share of taxes that have been cancelled, reduced, refunded, or written off, but which have already been paid to those bodies.

In this review, it was identified that any taxes for a property cancelled under a Section 319 tax relief by-law represent a cancellation of a portion of all taxes, not one levy or another. The proportional share of the write-off for each body is equal to the proportional share of the taxes as originally imposed.

This is not necessarily the case under other sections that Section 353 of the Act applies to. The language in section 353 is broad enough to account for a variety of circumstances and refers to the “proportional share of the unpaid taxes that are subsequently cancelled, reduced, refunded or written off”. It sets out how amounts that are written off should be shared or charged back to various levying bodies and applies to tax reductions that may be made under a number of diverse sections.

One such example is where a levying body’s share of taxes written off may not match its share of taxes levied because a correction must be made to a single levy. For example, if a correction was being made under Section 357 because a local Special Area Rate was incorrectly applied to a property, only the Special Area Levy would be written off and the reduction would not be shared with the school board or upper-tier. By contrast, section 319(6) requires that tax increase relief be applied proportionally across all taxes applicable to the property.

Mr. Frise and Legal Services staff both recommend that the wording of Section 13 of proposed by-law 5112-21 remain as it was originally presented to County Council, since it represents a clearer description of the requirements of Section 319.

## Legal and Legislated Requirements

Section 319 of the *Municipal Act, 2001* states that all upper-tier municipalities must enact a by-law, to provide financial relief to low-income seniors and low-income persons with disabilities. Since lower-tier municipalities are responsible for tax collection, they are required to implement this by-law.

Section 319(6) requires that where tax relief is granted in respect of a given property, the taxes to be paid in respect of that property by the lower-tier municipality to its upper-tier municipality and applicable school board be reduced in the same proportion which they make up the total taxes imposed on that property.

Section 353(3) requires that a lower-tier municipality charge back to its upper-tier municipality and school boards their share of taxes which have been already been paid to them but have been subsequently cancelled, reduced, refunded or written off.

## Financial and Resource Implications

Changing the wording of Section 13 of the proposed by-law will not change how tax relief is required under the *Municipal Act, 2001* to be apportioned among the taxing bodies.

It is unknown how many individuals meet the criteria set out in the proposed by-law.

## Relevant Consultation

- Internal CAO Kim Wingrove, Director of Legal Services – County Solicitor, Michael Letourneau
- External Peter Frise, Municipal Tax Equity Consultants Inc.

## Appendices and Attachments

[FR-CW-09-21 Tax Relief for Low-Income Seniors and Persons with Disabilities](#)