

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	July 25, 2019
<b>Subject / Report No:</b>	FR-CW-21-19
<b>Title:</b>	Allocation of MPAC Property Assessment Services and Support Costs
<b>Prepared by:</b>	Kevin Wepler, Director of Corporate Services
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	All
<b>Status:</b>	Recommendation adopted by Committee of the Whole as presented as per Resolution <i>CW160-19</i> ; Endorsed by County Council on August 8, 2019 as per Resolution <i>CC63-19</i> .

## Recommendation

1. **That Report FR-CW-21-19 regarding the Allocation of the Municipal Property Assessment Corporation's (MPAC) Property Assessment Services and Support Costs be received and the cost of MPAC's services continue to be considered part of the County's General Levy and apportioned across the County based on the distribution of weighted assessment.**

## Executive Summary

This report provides background information and a general overview of the Provincial policy context surrounding MPAC's payments for services and the apportionment of upper-tier levy amounts and special services.

## Background and Discussion

A notice of motion presented on June 13, 2019 requested that the County of Grey recover the cost of the MPAC services as a "special service" under 326 (2) (b) of the Municipal Act, and the lower tier municipalities be billed in that manner with each lower tier municipality being billed the actual amount they would have been billed if MPAC billed them directly under the legislated MPAC formula.

Committee of the Whole on June 27, 2019 moved that the Notice of Motion provided on June 13, 2019 be deferred pending a staff report.

This report provides County Council with a general overview of the Provincial policy context surrounding MPAC’s annual funding requirements and the apportionment of upper-tier levy amounts and special services.

## MPAC Property Assessment Services and Support Costs

Under the *Municipal Property Assessment Corporation Act*, MPAC’s annual funding requirements are apportioned to each municipality, other than a lower-tier municipality, using a formula that reflects the proportionate relationship of an individual municipality’s or taxing authority’s assessed values and total property counts as compared to all of Ontario. These two indicators are averaged to reflect a 50% weighting for total assessed value and a 50% weighting for total number of properties.

The amount to be paid for a taxation year is calculated using the formula,

$$\frac{(A + B) \times C}{2}$$

In which,

“A” is the proportion that the total assessment on all property in the municipality bears to the total assessment of all property in Ontario.

“B” is the proportion that the total number of properties set out in assessment rolls in the municipality bears to the total number of properties set out in all assessment rolls returned to all municipalities in Ontario plus the total number of properties in the assessment roll returned to the Minister for territory without municipal organization, and

“C” is the amount that the Corporation considers necessary to pay for its operations during the taxation year.

For 2019 MPAC has calculated the County of Grey’s share of MPAC’s property assessment services and support costs as follows:

	<b>County of Grey</b>	<b>Province</b>	<b>Municipality’s Share</b>
<b>2019 Assessment Value (A)</b>	\$18,405,361,335	\$2,778,262,902,362	0.6625%
<b>2019 Property Count (B)</b>	57,754	5,293,723	1.0910%
<b>MPAC Cost Recovery (C)</b>	\$210,911,338.18		
<b>Average of (A) and (B)</b>	0.8767%		
<b>Municipality’s Share of Levy</b>	\$1,849,130.91		

The County's share of MPAC's levy of \$1,849,130.91 is included in the County's 2019 general levy calculation and apportioned by weighted assessment. This results in the apportionment of the MPAC's levy as follows:

Municipality	2019 Allocation of County Levy	2019 Share of County Levy	Apportionment of MPAC's Levy by Weighted Assessment
Township of Chatsworth	\$3,017,390	5.27%	\$97,509
Township of Georgian Bluffs	\$6,154,233	10.76%	\$198,878
Municipality of Grey Highlands	\$6,782,857	11.85%	\$219,192
Town of Hanover	\$2,853,806	4.99%	\$92,223
Municipality of Meaford	\$6,480,562	11.33%	\$209,424
City of Owen Sound	\$7,944,814	13.88%	\$256,742
Township of Southgate	\$3,3258,045	5.69%	\$105,286
The Town of The Blue Mountains	\$15,019,825	26.25%	\$485,376
Municipality of West Grey	\$5,709,362	9.98%	\$184,502
<b>Total</b>	<b>\$57,220,894</b>	<b>100.00%</b>	<b>\$1,849,131</b>

The following table has been provided to illustrate the allocation of MPAC's levy if this amount was to be apportioned based on MPAC's formula, if billed directly to the local municipalities, and not apportioned by weighted assessment as part of the County's general levy:

Municipality	Apportionment by Weighted Assessment	MPAC Formula	Difference
Township of Chatsworth	\$97,509	\$127,335	\$29,826
Township of Georgian Bluffs	\$198,878	\$209,171	\$10,293
Municipality of Grey Highlands	\$219,192	\$236,483	\$17,291
Town of Hanover	\$92,223	\$92,710	\$488
Municipality of Meaford	\$209,424	\$214,432	\$5,009
City of Owen Sound	\$256,742	\$246,877	(\$9,865)
Township of Southgate	\$105,286	\$134,516	\$29,230
The Town of The Blue Mountains	\$485,376	\$361,105	(\$124,271)
Municipality of West Grey	\$184,502	\$226,501	\$41,999
<b>Total</b>	<b>\$1,849,131</b>	<b>\$1,849,131</b>	<b>\$0</b>

## General Levy

Section 289 and 311 of the *Municipal Act* contains specific direction as to how the upper-tier levy shall be apportioned or allocated to the local municipalities.

First, the general levy is defined as the amount the upper-tier municipality decided to raise in its budget for the year under section 289 on all rateable property in the upper-tier municipality.

Second, subsection 311 (3) states that the upper-tier must set rates, which will be applied in each local municipality on all property assessable for upper-tier purposes.

The implication of these two provisions is that the rates will be calculated and therefore the taxes distributed across the County based on the distribution of assessment. This is further supported by the restrictions set out in that section, which state:

1. The rates must be set so that, when they are levied on the applicable assessment rateable for upper-tier purposes, an amount equal to the general upper-tier levy or special upper-tier levy, as the case may be, is raised.
2. The rates on the different classes of property must be in the same proportion to each other as the tax ratios established under section 308 for the property classes are to each other.
3. The rate for each class of property must be the same for each lower-tier municipality.

## Special Service or Special Upper-Tier Levy/Rates

Special upper-tier levies, or special area rates, may be used to raise additional amounts from specific groups of properties that receive a different type, or level of service than others. For example, if the upper-tier provided roadside waste collection to only 4 of 9 local municipalities, the upper-tier municipality could choose to remove the associated cost from its general levy estimate and instead include it as a separate levy estimate within the budget process. The tax rates to raise this amount would only be levied within the geographical area(s) where the service is provided.

By-laws re special services is found under Section 326 of the *Municipal Act*, which prescribes the core requirements:

326. (1) A municipality may by by-law,

- (a) identify a special service;
- (b) determine which of the costs, including capital costs, debenture charges, charges for depreciation or a reserve fund, of the municipality are related to that special service;
- (c) designate the area of the municipality in which the residents and property owners receive or will receive an additional benefit from the special service that is not received or will not be received in other areas of the municipality;
- (d) determine the portion and set out the method of determining the portion of costs determined in clause (b) which represent the additional costs to the municipality of providing the additional benefit in the area designated in clause (c);

- (e) determine whether all or a specified portion of the additional costs determined in clause (d) shall be raised under subsection (4).

To further clarify that special area rates cannot be arbitrary or general amounts that the municipality simply wants to apportion differently, section 326 includes two definitions that help with the interpretation of the section

“benefit” means a direct or indirect benefit that is currently available or will be available in the future (‘avantage”)

“special service” means a service or activity of a municipality or a local board of the municipality that is,

- (a) not being provided or undertaken generally throughout the municipality, or
- (b) being provided or undertaken at different levels or in a different manner in different parts of the municipality. (“special service”).

It is staff’s interpretation that a special area rate or a special service should not be used for the allocation of MPAC’s property assessment services and support costs, as this service is available to all residents and property owners and is generally available or provided across the County.

The affairs of the Municipal Property Assessment Corporation are managed by its board of directors. The board of directors are appointed by the Minister. If a different method for MPAC’s payments for services is wanted, the *Municipal Property Assessment Corporation Act*, under Section 12 (3), details the process for (the MPAC board) establishing by by-law a different method for calculating the amount to be paid for a taxation year, where:

- (a) the by-law is approved by at least two-thirds of the directors (MPAC board of directors); and
- (b) the Minister approves of the method of calculating the amount.

## Legal and Legislated Requirements

Section 12 of the *Municipal Property Assessment Corporation Act*, details MPAC’s amounts to be paid for in a taxation year and the calculation formula.

Section 289 and 311 of the *Municipal Act* contains direction as to how the upper-tier levy shall be allocated to local municipalities.

Section 326 of the *Municipal Act* prescribes how Special Services are to be defined and the core requirements.

## Financial and Resource Implications

The County's 2019 annual budget has been developed based upon allocating MPAC's service costs as part of the County's general levy to the local municipalities based on weighted assessment. The recommendation contained in this report would not have any impact on the current 2019 budget year.

## Relevant Consultation

- Internal – Chief Administrative Officer and Director of Legal Services
- External (list)

## Appendices and Attachments

[Municipal Property Assessment Corporation Act, 1997, S.O. 1997, c. 43 Sched. G](#)

[Municipal Act, 2001, S.O. 2001, c. 25](#)

[MPAC 2019 Municipal Levy](#)