Report FR-CS-10-14

To: Chair and Members, Corporate Services Committee
From: Kevin Weppler, Director of Finance
Meeting Date: December 10, 2013
Subject: Grey Bruce Health Unit – Property Tax Mitigation
Status: Recommendation endorsed by Committee as presented per Resolution CS07-14 December 10, 2013; Endorsed by County Council January 9, 2014 per Resolution CC13-14;

Recommendation(s)

WHEREAS the Council of the Corporation of the City of Owen Sound by means of By-Law 2012-210 did designate property located at 101 17th St East, Owen Sound, known as the Grey Bruce Health Unit, as a Municipal Capital Facility as permitted pursuant to Subsection 110(1) of the Municipal Act, 2001 and Ontario Regulation 603/06;

AND WHEREAS the Council of the Corporation of the City of Owen Sound by means of By-Law 2012-211 did exempt the Municipal Capital Facility located at 101 17th St East, Owen Sound, known as the Grey Bruce Health Unit from all taxes levied for municipal and school purposes pursuant to Subsection 110(6) of the Municipal Act, 2001 and Ontario Regulation 603/06;

AND WHEREAS the County of Grey on March 5, 2013 supported and endorsed said designation and exemption;

AND WHEREAS the Municipal Property Assessment Corporation has returned Omitted Assessments for the 2011 and 2012 taxation years as per legislation;

AND WHEREAS authority to grant a rebate program rests with the upper tier municipality under Section 361 of the Municipal Act, SO 2001, as amended;

NOW THEREFORE IT BE RESOLVED that Report FR-CS-10-14 regarding the Grey Bruce Health Unit – Property Tax Mitigation be received;
AND THAT the necessary By-law be drafted to establish a 100% Tax Rebate Program for the Purposes of Providing Relief from Taxes on the Eligible Property used and occupied by the Grey Bruce Health Unit to mitigate all property taxes for the 2011 and 2012 years as per legislation;

AND FURTHER THAT the Grey Bruce Health Unit be credited, through the direct adjustment of property taxes on the Grey Bruce Health Unit’s property tax account, for the 2011-2012 taxation years;

AND FURTHER THAT the rebate be calculated and given by the City of Owen Sound in accordance with Section 361(6) of the Municipal Act, 2001;

AND FURTHER THAT the rebate be shared by the City of Owen Sound, the County of Grey and the applicable local school boards as authorized under Section 361(7) of the Municipal Act, 2001;

AND FINALLY THAT according to the County’s Procedural By-Law 4821-13, Section 24.14 b), that the Corporate Services Committee hereby authorizes that these actions contained in Report FR-CS-10-14, proceed prior to Council’s approval, as these actions are of a time-sensitive matter.

Background

The County of Grey on March 5, 2013 endorsed and supported the City of Owen Sound By-Law’s 2012-210 and 2012-211 in order to designate and exempt the Municipal Capital Facility located at 101 17th Street East, Owen Sound, known as the Grey Bruce Health Unit from all taxes levied for municipal and school purposes pursuant to subsection 110(1) and 110(6) of the Municipal Act, 2001, and Ontario Regulation 603/06.

The Municipal Property Assessment Corporation (MPAC) has reviewed the details surrounding the ownership, leases and occupancy of this property. In October 2013, MPAC provided further information related to the exemption of taxation as a Municipal Capital Facility for the Grey Bruce Health Unit. MPAC has determined that an agreement between the City of Owen and Sound and the Grey Bruce Health Unit would be required for exemption from all taxes levied for municipal and school purposes as a municipal capital facility for the 2013 and future taxation years.

MPAC also indicated that based on legislation that MPAC would be required to enter omitted assessments on this property for the taxation years 2011 and 2012.
While progress has been made towards exempting any portion of the building designated as a municipal capital facility from taxes levied for municipal and school purposes, additional work is required.

In order to complete the requirement for exempting this property from taxation for 2013 and future years (except for any area that is occupied exclusively by a tenant other than the Grey Bruce Health Unit), an agreement between the City and the Grey Bruce Health Unit as per the City’s By-Law 2012-211 needs to be finalized.

As it is the legislative responsibility of the upper tier to pass by-laws relating to tax policy decisions, and in order to mitigate the taxation for the 2011 and 2012 taxation years, it is being recommended that a by-law be drafted by the County to establish a 100% tax rebate program for the purposes of providing relief from taxes on the eligible property used and occupied by the Grey Bruce Health Unit, utilizing Section 361 (4) of the Municipal Act, with respect to providing rebates for organizations that are similar to eligible charities or similar organizations.

Financial / Staffing / Legal / Information Technology

Considerations

As the designation of any property as a municipal capital facility cannot be made retroactively, the designation of the property as a municipal capital facility is only effective for the 2013 taxation year and forward. Those taxation liabilities that fall with the three year retroactive timeframe from the date of the assessment by MPAC being the retroactive limitation period as set out in the Assessment Act.

In order to mitigate the taxation for the 2011 and 2012 taxation years, a 100% tax rebate program is being recommended. Without a rebate program, the retroactive tax payments that would be required are estimated to be an annual expense of approximately $60,000. The County of Grey and the County of Bruce are responsible for any funding shortfalls related to the operations of the Health Unit and therefore if retroactive taxation expenditures are realized, additional funding may be required.

Link to Strategic Goals / Priorities

To ensure that Council’s goals of financial sustainability and public accountability are maintained.

Respectfully submitted by,