

THE MUNICIPALITY OF LAMBTON SHORES

Report TR 10-2025

Council Meeting Date: February 25, 2025

TO: Mayor Cook and Members of Council

FROM: Rebecca Clothier, Director of Financial Services

RE: Delegation of Authority for Property Tax Adjustments

RECOMMENDATION:

THAT Report TR 10-2025 regarding Delegation of Authority for Property Tax Adjustments be received, and

THAT staff be directed to prepare a by-law delegating authority to the Director of Financial Services, or their designate, to adjust property taxes pursuant to Sections 357, 358 and 359 of the Municipal Act, 2001, S.O. 2001, c.25

THAT staff develop a policy and procedure to guide the administration of these applications, ensuring consistency, transparency, and adherence to legislative requirements.

SUMMARY

This report outlines the current process for tax adjustments under Sections 357, 358, and 359 of the Municipal Act, 2001, S.O. 2001, c. 25 (the "Municipal Act") and seeks Council's approval to delegate authority for processing these applications to municipal staff.

Tax adjustment applications are submitted by property owners and reviewed by the Municipal Property Assessment Corporation (MPAC) before staff calculate the applicable adjustment. While Council has final approval authority, adjustments are determined based on legislated criteria and MPAC data, with staff recommendations consistently reflecting these parameters. To enhance efficiency and streamline the process, staff recommend formalizing approval at the administrative level, ensuring timely and consistent application of the regulations.

The proposed delegation of authority to the Director of Financial Services aligns with best practices and aims to streamline operations, improve service delivery, and reduce administrative delays while maintaining property owners' appeal rights. Many municipalities have adopted similar delegation models, demonstrating increased efficiency and responsiveness.

If approved, a Delegation of Authority By-law will be prepared for adoption, allowing staff to process tax adjustments directly while ensuring continued compliance with the Municipal Act. If Council opts to retain its current role, the existing process will remain unchanged.

BACKGROUND

The Municipal Act provides municipalities with the authority to adjust the taxation roll under specific circumstances that do not constitute a change in property assessment. These tax adjustment provisions include the following:

1. Section 357 – Cancellation, Reduction, or Refund of Taxes

Under this section, a municipality may cancel, reduce, or refund all or a portion of the taxes levied for the year in which an application is made. Applications under Section 357 may be submitted for reasons including:

- A change in tax classification due to a change in property use (e.g., a property previously assessed as commercial for a home business reverts to a residential classification).
- Land becoming exempt from taxation (e.g., property acquired by a municipality for public use).
- The demolition or destruction of a building due to fire or other causes.
- An applicant's inability to pay taxes due to sickness or extreme financial hardship.
- The removal of a mobile unit from the property.
- An overcharge resulting from a clerical or factual error.
- Non-residential property undergoing repairs or renovations that prevent normal use for at least three months.

2. Section 358 – Tax Adjustments for Previous Years

This provision allows municipalities to cancel, reduce, or refund taxes levied in one or both of the two years preceding the application year. Adjustments under Section 358 are permitted when an overcharge is caused by a clerical or factual error in the preparation of the assessment roll but do not include errors in judgment related to property assessment.

3. Section 359 – Tax Increases Due to Undercharges

Under this section, a municipality may impose an additional tax charge to correct a significant clerical or factual error in the assessment roll that resulted in an undercharge. Similar to Section 358, this provision does not apply to errors in judgment made in the assessment process.

It is important to distinguish these tax adjustment provisions from assessment changes under the Assessment Act, R.S.O. 1990, c. A.31 (Assessment Act). Property owners who disagree with their assessed values may file:

- A request for reconsideration with the Municipal Property Assessment Corporation (MPAC) (Section 39.1).

- An appeal with the Assessment Review Board (Section 40).

Process for Tax Adjustment Applications

Tax adjustment applications are submitted to the municipality by property owners or their authorized agents throughout the year. Upon receipt, applications are forwarded to MPAC for review. MPAC assesses the application and provides relevant assessment data, which municipal staff use to calculate the applicable tax adjustment.

Once the adjustment is determined, municipal staff notify the property owner at least 14 days in advance of the Council meeting where the application will be considered. In accordance with the Municipal Act, applicants have the right to present their case to Council. Final decisions on tax adjustment applications under Sections 357, 358, and 359 rest with Council, and property owners are informed of the decision within 14 days.

Property owners who disagree with Council's decision on a Section 357 or 359 application may appeal to the Assessment Review Board (ARB) within 35 days of the decision. However, decisions under Section 358 are final and not subject to appeal.

Proposal for Delegation of Authority

This report seeks Council's approval to delegate its authority to municipal staff for processing tax adjustments under Sections 357, 358, and 359 of the Municipal Act, with the exception of Section 357(1)(d.1) (applications for tax relief due to sickness or extreme poverty), which has already been delegated to the Assessment Review Board under Lambton Shores By-law 19-2015.

It should be noted that Section 354 of the Municipal Act allows for the write-off of taxes when the taxes are deemed uncollectible. Staff are not proposing that these adjustments be included in the delegation of authority as they do not occur frequently, and they are not as time sensitive as the other adjustment tend to be. These adjustments will continue to come to Council for approval.

Rationale for Delegation

Council's role in this process is primarily procedural, serving as the final approval step for staff recommendations. Given that staff are required to apply legislated criteria and use MPAC-provided assessment data, decisions are largely formulaic, leaving little room for discretionary judgment. To improve efficiency and maintain consistency, staff recommend formalizing administrative approval, ensuring timely processing while continuing to uphold legislative requirements.

The proposed delegation of authority to the Director of Financial Services aligns with municipal best practices and offers several key benefits:

- Improved Operational Efficiency – Streamlines the tax adjustment process, reducing the administrative burden on Council and ensuring timely resolution of applications.
- Enhanced Customer Service – Accelerates processing times, particularly in cases where property owners experience financial or structural hardships (e.g., fire-damaged properties).
- Preserved Appeal Rights – Property owners retain the right to:
 - Appeal decisions on Sections 357 and 359 to the Assessment Review Board.
 - Seek clarification or dispute calculations directly with municipal staff.

Under delegated authority, municipal staff will continue to notify applicants of decisions and provide opportunities for discussion, ensuring compliance with the Municipal Act. Where disputes cannot be resolved administratively, the Assessment Review Board will remain the final avenue for appeal.

A survey of comparable municipalities indicates that many have already delegated tax adjustment authority to municipal staff.

ALTERNATIVES TO CONSIDER

Should Council endorse this recommendation, an amendment to the existing Delegation of Authority By-law will be presented for adoption.

If Council opts to retain its decision-making authority, the current process of presenting applications for Council approval will remain unchanged.

RECOMMENDED ACTIONS

1. That Council approve the delegation of authority to municipal staff for processing tax adjustments under Sections 357, 358, and 359 of the Municipal Act, 2001, with the exception of applications under Section 357(1)(d.1), which remain under the jurisdiction of the Assessment Review Board.
2. That staff be directed to prepare an amendment to the existing Delegation of Authority By-law for Council's approval.
3. That staff be directed to develop a policy and procedure to guide the administration of these applications, ensuring consistency, transparency, and adherence to legislative requirements.

FINANCIAL IMPACT

There is no additional financial impact on receiving this report.

CONSULTATION

Julie Wiseman, Deputy Treasurer