

THE MUNICIPALITY OF LAMBTON SHORES

Report TR 32-2023

Council Meeting Date: December 19, 2023

TO: Mayor Cook and Members of Council
FROM: Janet Ferguson, Director of Financial Services
RE: 2023 Supplemental Tax Billings and Write offs

RECOMMENDATION:

THAT Report TR 32-2023 regarding the 2023 Supplemental Tax Billings and Write offs be approved.

SUMMARY

This report advises Council of the assessment processes for supplemental tax billings and property tax write-offs received throughout the year and provides the net taxation impact for Lambton Shores.

BACKGROUND

Property Tax Supplemental Tax Billings

Throughout the year, the Assessment Act allows a Municipality to issue a supplementary tax bill for properties that have additional assessment not included in the annual assessment roll. These supplemental tax billings deal with omissions and additions to the roll.

Throughout the year Municipal Staff advise the Municipal Property Assessment Corporation (MPAC) of any changes affecting assessment through the Planning or Building Department such as zoning, building permits, final inspections/occupancy permits, and construction or expansion of existing premises. MPAC then prepares any assessment value changes and produces a Supplementary and Omitted Assessment roll, which translates into additional tax dollars for the Municipality.

Depending on the situation for the change, Section 33 or Section 34 of the Assessment Act would apply. Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the roll. The provision allows for taxation in the current year, plus a maximum of the two (2) preceding years. For example, if a new residence was built and completed in the previous year and the MPAC did not have it entered on the returned roll for 2023; a supplemental tax billing would be issued as an "Omitted Assessment". Section 34 of the Assessment Act allows for taxation of assessment that has increased in value or has been added after the return of the last revised roll. These taxes apply to the current year only.

The following chart shows the dollar value of supplemental or omitted tax billings that the Municipality issued in 2023 along with the explanation for the change.

SUPPLEMENTALS ISSUED IN 2023				
TAX DOLLARS DISTRIBUTED ACCORDINGLY				
REASONING	MUNICIPAL	COUNTY	EDUCATION	TOTAL
Omitted Assessment	189,708.32	172,751.78	130,955.87	493,415.97
PRAN- Correct Factual Information	144.09	131.94	43.61	319.64
Special Amended Notice	1,239.42	1,134.95	407.19	2,781.56
Severance / Consolidation	22,456.62	20,552.50	8,678.11	51,687.23
Supplementary	106,449.99	97,421.39	51,141.08	255,012.46
TIA - Farm Tax Class	33,917.95	30,942.42	11,183.15	76,043.52
TIA - Managed Forest	487.32	446.24	144.74	1,078.30
	354,403.71	323,381.22	202,553.75	880,338.68

Adjustment to Taxes (Write-offs)

Various sections of the Assessment Act and the Municipal Act allow adjustments to taxes, which result in a write-off to the taxes originally levied to a tax account.

Section 39.1 of the Assessment Act allows the owner of a property to request the MPAC to reconsider the assessment of their property. Section 40 of the Assessment Act allows the owner to appeal of the property assessment to the Assessment Review Board.

Section 357 of the Municipal Act allows for the cancellation, reduction, refund of taxes for properties for various reasons. Several examples are: buildings were destroyed by fire; demolition of buildings; a tax class change, a property changed from residential to farm.

Section 361.1 of the Municipal Act allows for a tax rebate program for the purposes of providing relief from taxes on property owned and occupied by eligible charities. This program is legislated by the Municipal Act and requires the upper tier and single tier Municipalities to pass a by-law. This rebate program is administered by the lower tier. The County of Lambton passed the necessary bylaw and also chose to extend this program to include “similar organizations”, for property owners such as Health Services and Foundations. The amount of the rebate is 40% of the annualized taxes, plus 40% of any B.I.A. charges which may be applicable to the property.

The following chart shows the dollar value of write-offs for the year 2023 along with the explanation for the change.

TAX DOLLARS DISTRIBUTED ACCORDINGLY REASONING	WRITE OFFS ISSUED IN 2023			TOTAL
	MUNICIPAL	COUNTY	EDUCATION	
Charitable Rebate	4,159.59	2,714.59	3,112.39	9,986.57
MOS - Request for Reconsideration	3,779.74	3,451.67	1,129.14	8,360.55
Omitted Assessment	2,234.64	2,023.62	673.09	4,931.35
PRAN - Correct Factual Information	11,423.14	10,460.23	5,341.01	27,224.38
Section 357 - Demo / Razed by Fire	347.59	318.30	103.24	769.13
Section 357 - Gross or Manifest Error	794.84	719.63	241.74	1,756.21
Special Amended Notice	6,536.76	5,985.74	1,970.01	14,492.51
Severance / Consolidation	22,477.75	20,571.92	8,695.99	51,745.66
Supplemental	3,809.15	3,488.09	2,382.18	9,679.42
TIA - Managed Forest	2,778.64	2,544.43	825.28	6,148.35
TIA - Conservation Land	5,103.79	4,673.60	1,515.97	11,293.36
TIA - Farm Tax Class	144,826.37	132,157.02	43,333.14	320,316.53
	208,272.00	189,108.84	69,323.18	466,704.02

ALTERNATIVES TO CONSIDER

None

RECOMMENDED ACTIONS

That report TR 32-2023 regarding the 2023 Supplemental Tax Billing and Write-off process and values be approved.

FINANCIAL IMPACT

The supplemental taxation amount of \$354,403.71 is higher than the budgeted amount of \$160,000.

The write-off amount of \$208,272.00 is higher than the write-off budgeted amount of \$190,000.

The actual net tax increase for 2023 in Lambton Shores was \$146,131.71 and will be reflected in the 2023 year to date financial statements.

CONSULTATION

Julie Wiseman, Deputy Treasurer