

**CITY WIDE
IMPLICATIONS****CITY OF HAMILTON****CORPORATE SERVICES**
Taxation Division

Report to: Chair and Members Audit and Administration Committee	Submitted by: Joseph L. Rinaldo General Manager Finance and Corporate Services
Date: December 8, 2006	Prepared by: Larry Friday 2425

SUBJECT: City of Hamilton Taxation Policies (FCS07011) (City Wide)

RECOMMENDATION:

That the City of Hamilton Taxation Policies referred to in Appendix "A" to Report FCS07011 be approved.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

Prior to amalgamation in 2001, a number of taxation policies were approved by the Transition Board in 2000, on Report TB0103. Appendix "A" to FCS07011 adjusts some of those policies already approved and contains additional policies for Council approval.

BACKGROUND:

The Tax Department, every year, has numerous requests for such items as penalty interest write-offs, Tax write-offs, deferral of tax payments and late acceptance of vacancy and charitable rebate applications. In many cases, there are valid reasons for acceptance of such requests, but there has never been a formal policy for which Tax Department staff could be guided by. There are also additional policies not covered by the Transition Board approved policies for which we now request Council approval.

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In order to be fair and equitable to all taxpayers it is essential to have clearly defined guidelines for staff to follow. While the *Municipal Act* provides the relevant legislation for all Ontario Municipal Tax Departments to follow, the Act is silent on exceptions to the rule. In review of policies and procedures with other municipalities in Ontario, there is a wide discrepancy in how each jurisdiction treats its’ taxpayers and even in how they interpret the governing legislation.

ANALYSIS/RATIONALE:

A formal Tax Policy will assist staff in ensuring that the public is treated fairly and consistently. The policies approved are to be incorporated into a Tax Policies and Procedures Manual to assist staff in dealing with taxpayer requests. Through various discussions with other Ontario Municipalities, we believe that the policies recommended are fair and equitable to all.

The majority of the policies recommended are to the benefit of the taxpayer. In all cases of adjustments to taxpayer accounts, they are due to mistakes by third parties, or by one-time errors or omissions by taxpayers with good payment history. If an error has been made by staff, the Tax Department policy has always been to fix any consequences of that error.

The policy on the use of bailiffs is necessary on tenanted federally owned property as a means to protect City tax dollars by seizing a firm’s assets that refuses to pay City taxes. For the most part this policy would be used on federally owned tenanted properties for which we do not have the authority to sell the property. As the properties are occupied by a tenant, the Federal Government has passed the onus on to municipalities to collect property taxes. There is also a possible need to use bailiffs where a company is operating on suspected contaminated land, for which we may decide to seize assets before the property is three years in arrears, as the value of the land may be less than taxes owing. Use of bailiffs would only be used as a last resort in an effort to collect taxes.

ALTERNATIVES FOR CONSIDERATION:

Council has the authority to change, adjust or remove any policy currently approved or now seeking approval.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Penalty and Interest write-offs and late acceptance of various applications, on average, cost the City less than \$10,000 per year for these one-time considerations.

Larger errors are more infrequent and on average amount to less than \$100,000 per year. Examples of such are, assessment errors that are over two years old for such things as duplicate accounts set-up, values or assessment classes not challenged, etc.

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In all cases, there are valid reason needed and proper approvals for allowing such adjustments.

POLICIES AFFECTING PROPOSAL:

Transition Board report TB0103 (December 14, 2000);
Sections 33 and 34 of the *Assessment Act* for Supplementary and Omitted Assessments;
Section 349 (1) of the *Municipal Act*, 2001 for the use of Bailiffs;
Section 361 of the *Municipal Act*, 2001 for Charitable and Not-for-Profit Rebate Program;
Section 364 of the *Municipal Act*, 2001 for the Vacant Business Tax Rebate Program.

RELEVANT CONSULTATION:

Association of Municipal Tax Collectors of Ontario (AMTCO).
Vailtech Tax System User Group.

CITY STRATEGIC COMMITMENT:

By evaluating the “**Triple Bottom Line**”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☒ Yes ☐ No

Clearly defined taxation policies are in place for the public to see.

Environmental Well-Being is enhanced. ☐ Yes ☒ No

Economic Well-Being is enhanced. ☐ Yes ☒ No

Does the option you are recommending create value across all three bottom lines?

☐ Yes ☒ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

☐ Yes ☒ No