

# Corporate Policies

SECTION: Finance and Insurance		POLICY 13.12.0
SUBJECT: <b>Tax Policy and Assessment</b>		
EFFECTIVE: June 1, 2007	REPLACES: n/a	PAGE: 1 of 13
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## POLICY STATEMENT:

To establish a policy that guides City assessment review activities to help ensure stability and accuracy of the assessment base.

## PURPOSE:

To ensure that all properties within the City of Brampton are assessed fairly within the legislative framework provided by the provincial government to generate appropriate tax revenues.

To provide guidance for staff in the administration of their responsibilities.

To actively monitor the product of the Municipal Property Assessment Corporation (MPAC) and ensure that municipal interests are achieved.

## SCOPE:

The scope of this document is intended to cover the responsibilities of the assessment review area.

## PROCEDURES:

- A. Assessment Review Board Appeals
- B. Assessment Roll Analysis and Audit
- C. Vacancy Rebates
- D. Tax Appeal Applications
- E. Building Permits
- F. Supplementary / Omitted Assessment Review
- G. Review of Request for Reconsiderations
- H. Tax Classification Maintenance
- I. Lower-Tier Municipal Tax Policy Responsibilities
- J. Monitor Levy Growth

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## A. Assessment Review Board Appeals

### 1. City-Initiated Appeals

City Staff may launch appeals on behalf of the municipality in the following cases:

- a) Plans of Subdivision that are registered in the year preceding the taxation year that have not been assessed as individual lots by the Municipal Property Assessment Corporation (MPAC) before the Assessment Roll close for the current taxation year.
- b) Properties that have incorrect tax classifications that would result in a higher tax rate for the taxation year if the correct tax classification is applied.
- c) The Current Value Assessment (CVA) of a property is too low due to incorrect factual information.
- d) MPAC has indicated that an error in assessment cannot be resolved through a Request for Reconsideration, Minutes of Settlement at the ARB, or cannot be added through supplementary or omitted assessment.

The final date to file an appeal with the Assessment Review Board (ARB) with respect to a taxation year is March 31 following the return of the assessment Roll for the taxation year unless otherwise prescribed by the Minister of Finance. City staff will compile the final list of appeals for the Treasurer's review. Staff will prepare the report and subsequent by-law for Council approval of City initiated appeals before the end of March each year.

### 2. Non-complex Appeals

A City staff member will be present as necessary to assist the ARB chairperson, the appellant, and MPAC at ARB hearings and teleconferences. The City representative will record decisions of the ARB for each property under appeal. Once official documents are mailed by the ARB, City staff will review the document for accuracy. Incorrectly released decisions will be sent back to the ARB for comments and/or correction. City staff will

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provide a copy of all validated decisions to tax billing for tax account adjustments. City staff will forward the original copy of validated ARB decisions to the City Clerk for filing purposes as mandated by the *Assessment Act*.

### 3. Complex Appeals

The Assessment Act sets out the parameters by which a party can launch an appeal of any assessment to the (ARB). In complex appeals, the ARB procedural requirements include the filing of 'Statement of Issues' by the appellant. MPAC and the municipality (if it intends to participate) are required to file 'Response Statements' that address the appellants concerns. City staff will undertake to review all 'Statement of Issues' forwarded by appellants and MPAC's 'Responses'. Staff will maintain separate files for each on a yearly basis. If the reduction sought could result in significant tax reductions or be precedent setting, City staff will consult with MPAC regarding their position. In the event that the City's position differs from MPAC, the City may be required to participate in the proceedings. These cases could require the utilization of outside assistance where appropriate. Costs would be charged to the non-departmental budget for defence of the assessment base and future supplementary taxes. In all other cases City staff will follow the same direction as in non-complex appeals.

## B. **Assessment Roll Analysis and Audit**

The annual assessment Roll is legislated to return on the second Tuesday following December 1st. MPAC provides the City with the Market Change Profile (MCP) data file that details the previous and current assessment for each property in the municipality. The final data file is usually delivered by mid December after the final Roll close. In re-assessment years, a preliminary file is provided in mid to late November. City staff will utilize this file to analyze and report on the following:

- 1) Calculate the notional tax rates that would produce the same tax levy as the previous assessment base.

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- 2) Identify and describe by percentage and in dollars, any resulting tax shifts caused by the re-assessment in each of the following property classes:
  - a. Residential
  - b. Multi-Residential
  - c. Commercial
  - d. Industrial
  - e. Pipe Line
  - f. Farm
  - g. Managed Forest
  
- 3) Identify and describe the average CVA change for each of the following:
  - a. Residential, Commercial, and Industrial in the City of Brampton
  - b. Residential, Commercial, and Industrial for each Ward in the City of Brampton
  - c. Single family detached, semi-detached, townhouses, and residential condominiums.
  
- 4) Identify by percentage and provide maps for the average CVA changes that fall in prescribed ranges for residential, commercial, and industrial properties.
  
- 5) Provide a data file to Economic Development that details the CVA change for commercial/industrial properties with the highest assessed value.
  
- 6) Ad-hoc reports as requested by management or Council. This may include random reviews of high profile properties or properties with significant value that have recently sold in the open market.

During both re-assessment and non re-assessment years, City Staff will utilize the final Roll provided in December to audit the following:

- 1) Ensure City initiated appeals completed by the ARB in the previous year have been carried over to the new assessment roll.

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- 2) Lots and Blocks in new Plans of Subdivision have the correct assessment, classification and zoning.
- 3) Review internal inventory files to ensure data update requests have been actioned by MPAC.
- 4) Review the Payment-in-Lieu of Taxation (PILTs) properties for classification, CVA and ownership.
- 5) Calculate the percentage CVA change for each property in the file and individually review those with a significant variation from the category averages. New properties and properties that received supplementary assessments during the previous taxation year will be filtered out of the analysis.
- 6) Identify assessment base growth figures for use in budgeting and fiscal planning.

## C) Vacancy Rebates

1. Municipal staff is guided by legislation under the Municipal Act.

The City will acknowledge receipt of each application by letter to the applicant. City staff will conduct a preliminary review of the application to ensure the following evidentiary requirements are met:

- a. A sketch of the vacant area included with the application.
- b. A copy of the expired lease and the current lease (if applicable). The lease agreement should include pages that identify the premises, the commencement and ending of the term, and signature page where both owner and tenant have signed.

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- c. If this information is not available, the owner may be required to submit a notarized statement or an affidavit confirming the vacant area and timeframe.
- d. Documentation that the property was offered for lease within the vacancy period (Applicable to commercial properties only).
- e. The square footage and description (i.e. unit/suite number) of the vacant area.
- f. The total square footage of the building where the vacant portion is located.
- g. When an agent is representing the owner, written authorization of such from the owner.
- h. Name of applicant and signature
- i. The City may also conduct random site inspections as a secondary verification on select applications such as:
  - a. Applications that result in rebates over \$50,000.
  - b. Where it is necessary to confirm delineation of vacant area.
  - c. Where insufficient or unclear evidence has been provided.

In the event of missing information, staff will contact applicants via telephone or through the mail. If the applicant fails to supply the requested information, the application may be denied.

2. Applications that are deemed eligible will be forwarded to MPAC to determine the assessed value of the vacant area. Those deemed ineligible will be sent a 'Notice of Rejection' by mail. Unsuccessful applicants may appeal the decision to the Assessment Review Board within the legislated time frame (120 days).

Once MPAC returns the applications, City staff will review the values determined by the assessor. Upon validation, staff will enter the finalized information and the completed application will be forwarded to Tax Billing for processing. Upon

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determination of the amount of the rebate, the municipality will advise the applicant via a 'Notice of Determination' by mail.

As stated in the *Municipal Act*, taxes are a special lien on the land. Unlike personal debts, tax liens on real estate "run with the land"; that is, a property owner becomes responsible for payment even if the tax obligation was incurred by a prior owner. As such, the same principle should apply to rebating taxes.

Refunds will be credited to the property account when that account is in arrears. For all other accounts, refunds will be issued to the current owner of the property unless directed otherwise, in writing, by the current owner.

In the event that applications have not been processed within 120 days of receipt of a complete application, the rebate will include interest as per legislation. The amount of interest is the same rate of interest that applies under the *Education Act*.

In the event of assessment appeals and tax appeals that are completed after a vacancy rebate has been processed, City staff will produce a re-calculation application to send to MPAC. MPAC will advise if the original CVA recommendation(s) require adjustment. Where adjustments result in a lower rebate, the difference will be charged back to the current owner. Adjustments that result in a credit will be applied to the property account when that account is in arrears. For all other accounts, refunds will be issued to the current owner of the property unless directed otherwise, in writing, by the current owner.

## D. Tax Appeal Applications

Municipal staff is guided by legislation under the *Municipal Act*.

The City will acknowledge receipt of each application by letter to applicant. City staff will conduct a preliminary review of the application to ensure eligibility requirements are met. This review may include any or all of the following:

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- 1) Ensure the application is filed within the legislated timeframes.
  - i. Cancellation, reduction, refund of taxes - On or before February 28 of the year following the year for which the application applies.
  - ii. Overcharges - Between March 1<sup>st</sup> and December 31<sup>st</sup> of a year for one or both of the two years preceding the year in which the application is made.
- 2) Name and signature of the applicant is provided.
- 3) As legislated, verify the applicant is the owner of the land or is another person who:
  - i. Has an interest in the land as shown on the records of the appropriate land registry office.
  - ii. Is a tenant, occupant, or other person in possession of the land.
  - iii. Is the spouse of the owner or other person described in i. or ii.
- 4) Any documentation necessary to validate the application such as:
  - i. Land Transfer Tax Affidavits (LTTA's)
  - ii. Letter of explanation including effective dates
- 5) If an agent is representing the owner, then written authorization of such from the owner must be submitted.

Upon confirmation that the application is valid, staff will send it to MPAC if a value recommendation is required. All valid applications for 'Overcharges' will be forwarded to MPAC as they are required by legislation to confirm the error in the assessment referred to in the application.

Completed applications will be entered into the tax system for processing and approval.



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Upon approval, staff will forward the application to Tax Billing. A report will be prepared for Council review by Tax Billing staff. A minimum of three reports will be prepared each year. The applicants will be notified by mail of the Council date and the staff recommendation. Upon Council approval, the tax accounts will be adjusted and notice will be sent to the applicant. Refunds will be credited to the property account when that account is in arrears. For all other accounts, refunds will be issued to the current owner of the property unless directed otherwise, in writing, by the current owner.

City staff will monitor outstanding applications and inform MPAC when applications have not been returned after 60 days.

City staff will also file tax appeal applications for City owned properties where the tax status is incorrect.

## E. Building Permits

- 1) Assessment Review staff will convert monthly building permit and occupancy files provided by the Building Division into MPAC's format. Staff will endeavour to add assessment roll numbers to each record on the file where possible. On a monthly basis or as soon as practical, staff will forward the monthly files to MPAC via e-mail.
- 2) Staff will maintain electronic copies of monthly files sent to MPAC for monitoring purposes.
- 3) Staff will maintain on an annual basis, a separate file of significant commercial/industrial construction as provided by Economic Development. The file will be updated monthly and staff will monitor to ensure applicable supplementary assessment is processed by MPAC.

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## F. Supplementary and Omitted Assessment Review

- 1) Assessment Review staff will monitor internal inventory files to ensure requests for supplemental assessment have been processed by MPAC.
- 2) Utilizing information provided by Realty Services and/or Legal Services, staff will ensure exempt to taxable supplementary assessments are issued by MPAC when previously exempt properties are sold or leased to taxable entities.
- 3) Assessment Review staff will assist Tax Billing as necessary to ensure supplementary assessments are correct.
- 4) Staff will conduct periodic site inspections to identify completed new construction and when required, will request MPAC to assess the new construction for the supplementary Rolls.

## G. Review of Requests for Reconsiderations (RFR)

RFR's are challenges to the assessment of a property filed by a property owner to MPAC. If the assessor determines that a change to the assessed value or tax classification is required, they will propose the change to the owner through 'Minutes of Settlement' (MoS). If the owner agrees with the decision of the assessor and signs the MoS, MPAC will forward a copy to the municipality. City staff will conduct a review of each as per the following:

- 1) Ensure that written reasons for the reduction accompany MoS when the assessment is reduced by greater than 5% or \$50,000.
- 2) In the absence of a written explanation, contact MPAC for clarification.
- 3) Maintain an inventory of completed applications on a yearly basis.
- 4) Conduct a sales analysis when there is a significant reduction to the CVA.

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- 5) Confirm properties that gain exempt status are in legal use. In the event they are not, staff will notify by-law enforcement.
- 6) Provide a copy of each MoS to Tax Billing for tax account adjustments.
- 7) In the event that staff disagrees with the MoS
  - i. Contact the assessor to discuss reasons for the reduction
  - ii. If necessary, the City will file an 'Objection to the Agreement' with the ARB. This objection constitutes an appeal to the ARB with the City as the appellant. A report will be provided for Council approval prior to filing the 'Objection'.

## H. Tax Classification Maintenance

- 1) Upon the return of each new assessment Roll, MPAC provides the City with a Market Change Profile (MCP) data file that details the assessment for every property in the municipality. City staff will use this file to identify industrial properties classed entirely as commercial. With assistance from MPAC and Economic Development, properties will be reviewed to ensure they are accurately classified. Where classifications are incorrect, staff will request MPAC to correct via a supplementary assessment notice.
- 2) City staff will review zoning changes provided by the City's Planning Dept. If applicable, staff will forward a copy of the zoning change to MPAC and request a year-end update change to their assessment data. Staff will maintain an inventory of all requests and monitor for the changes to the assessment roll.
- 3) City staff will check pre-servicing agreements provided by the City's Legal Dept and topsoil removal permits provided by the City's Public Works Dept. The assessments will be reviewed and where necessary, City staff will request MPAC to issue a supplementary assessment. Staff will maintain an inventory of all requests and monitor for the changes.

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- 4) In consultation with Realty Services, City staff will monitor City owned properties with tenants to determine if taxable assessment is applicable. Staff will inform MPAC when necessary and provide a copy of the lease. Staff will maintain an inventory of supplementary requests and monitor for changes.

## I. Lower-Tier Municipal Tax Policy Responsibilities

City Staff will participate with area municipalities as part of the Regional Tax Policy Team.

### 1) Delegation of Tax Ratio Setting

In January of each year, the Team will review the legislated option of delegating the setting of tax ratios to the lower tier municipality. Upon consent, City staff will prepare a report before February 28 for Council to pass a resolution to accept the Region's delegation by-law.

### 2) Establishment of Tax Ratios

When delegation is accepted, City staff will prepare a report and subsequent by-law before April 30 of each year establishing the tax ratios for each class of property.

### 3) Capping Parameters

Staff will participate with the Regional Tax Policy Team to examine capping options as provided by provincial legislation. Upon consensus, regional staff will prepare a Council report and by-law before April 30 each year. City staff will provide an information report to City Council.

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#### 4) Ontario Property Tax Analysis (OPTA)

City staff will conduct a review of the capping detail provided by OPTA to ensure the data used is in concurrence with the City's tax system. Errors identified will be communicated to OPTA for correction.

#### **K. Monitor Levy Growth**

- 1) On a monthly basis, staff will utilize information provided by MPAC to calculate the year to date assessment and tax levy growth for use in the annual budget preparation process.
- 2) Staff will monitor building permit data to ensure proper supplementary assessments are issued by MPAC.

#### **ACCOUNTABILITY:**

Director of Revenue or Supervisor, Tax Policy and Assessment is authorized to implement and/or modify any procedures as necessary to comply with this policy.

#### **ADMINISTRATION:**

Supervisor, Tax Policy and Assessment will be responsible for keeping this policy up to date.

#### **CONTACT:**

Finance