



The Corporation of the Township of Huron-Kinloss

Staff Report

Report Title: Request to Review Tax Change

Date: Jun. 3, 2024

Report Number: TRE-2024-06-35

Department: Treasury

File Number: C11 TRE24

Prepared By: Christine Heinisch, Manager of Financial Services/Treasurer and Jodi MacArthur, Chief Administrative Officer

Attachments: Correspondence, Farm Program Feature Sheet

Recommendation:

THAT Township of Huron-Kinloss Committee of the Whole hereby receives for information Report TRE-2024-06-35 prepared by Christine Heinisch, Manager of Financial Services/Treasurer and Jodi MacArthur, Chief Administrative Officer.

Background:

On May 22, 2024, Council received a delegation regarding a tax assessment change from farm to residential. A property owner has requested that the Township write-off the outstanding taxes plus penalty and interest that has accrued resulting from this change. Following the delegation Staff were directed to bring back a report for consideration.

Discussion/Analysis/Overview:

The Farm Property Class Tax Rate Program is administered by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and now delegated to Agri Corp. The attached feature sheet outlines the current program requirements, which have not changed significantly since 2008-2009.

A change in ownership on the subject lands in 2008, prompted an inquiry from the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) to confirm that the property was still eligible for the Farm Property Class Taxation Program. According to OMAFRA, the forms were not returned, and the lands reverted to the residential tax rate for the 2009 taxation year.

After speaking with OMAFRA in December 2009, the qualifying forms were filed and the lands were reclassified for 2010 and beyond, but without the application for 2009, OMAFRA did not provide direction to the Municipal Property Assessment Corporation (MPAC) to change the classification for 2009.

Municipal staff were contacted several times and have made several attempts to assist the owner in resolving through the available channels and explained the findings in each instance, as evidenced by the attached correspondence.

The difference between the taxes at residential rate compared to the farm tax rate for the 2009 taxation year was approximately \$2,900.00. The owner has withheld payment of the outstanding taxes and interest has accrued.

We are aware of other properties where this type of situation has occurred, and the property owner takes responsibility to pay all amounts levied by the due date. If a decision is made to change the tax class, they would receive a credit that can be applied to future tax installments or refunded.

Disputes relating to the farm property class are addressed in [Ontario Regulation 282/98](#). This regulation does not provide any decision-making authority to a municipality in a request for reconsideration.

Section 358(1) of the *Municipal Act, S.O 2001*, that deals with overcharges states:

Upon application to the treasurer of a local municipality made in accordance with this section, the local municipality may cancel, reduce or refund all or part of the taxes levied on land,

- (a) In one or both of the two years preceding the year in which the application is made for any overcharge caused by a gross or manifest error in the preparation of the assessment roll that is clerical or factual in nature, including the transposition of figures, a typographical error or similar errors, but not an error in judgment in assessing the property; or*
- (b) In the year or years in respect of which an assessment is made under section 33 or 34 of the Assessment Act for any overcharge caused by a gross or manifest error in the preparation of the assessment that is clerical or factual in nature, including the transposition of figures, a typographical error or similar errors, but not an error in judgment in assessing the property.*

Staff does not deem that the intent of this section is to address taxes that have been levied due to disqualification from the Farm Property Class Tax Rate Program. We are also not aware of any other municipalities that have applied this section for this purpose.

Unless otherwise directed by Council, interest will continue to be applied until the outstanding balance is paid in full and staff will pursue the collection of the outstanding balance in accordance with legislation and current Township policies and procedures.

Financial Impacts:

The total amount outstanding including penalty and interest is approximately \$14,000.00.

Performance Measurement:

Not Applicable

Strategic Area:

- Embrace a thriving rural lifestyle
- Prepare for Inclusive Growth
- Enhance Municipal Service Delivery
- Ensure Financial Stability

Strategic Goal: Commit to financial health and sustainability

Respectfully Submitted By:

Christine Heinish, Manager of Financial Services/Treasurer

Report Approved By:

Jodi MacArthur, Chief Administrative Officer