

City of Mississauga
Corporate Report



<p>Date: February 3, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files: PO13 MEA</p>
<p>From: Raj Sheth, P.Eng, Acting Commissioner of Corporate Services</p>	<p>Meeting date: March 8, 2023</p>

Subject

Removal of the Municipal Capital Facility designation under By-law 0434-2004 for Unit A001003 of 6677 Meadowvale Town Centre Circle, Tax Roll # 21-05-04-0-098-56920-0000

Recommendation

1. That a by-law be enacted to amend By-law 0434-2004, being "A By-law to provide for Municipal Capital Facilities", in order to remove the municipal capital facilities designation for property tax purposes for certain premises comprising an area of approximately 1,839.39 square meters (19,799 square feet) (the "Leased Premises") as outlined in the corporate report and appendix dated February 3, 2023 from the Acting Commissioner of Corporate Services entitled "Removal of the Municipal Capital Facility designation under By-law 0434-2004 for Unit A001003 of 6677 Meadowvale Town Centre Circle, Tax Roll # 21-05-04-0-098-56920-0000".
2. That the Clerk be directed to notify the Minister of Education, Municipal Property Assessment Corporation, the Regional Municipality of Peel and the secretary of any school board which includes the land exempted, of the enactment of the By-law.
3. That all necessary by-laws be enacted.

Executive Summary

- By a commercial lease dated September 6, 2001, the City of Mississauga (the "City") as the tenant acquired use of the Leased Premises from First Capital (Meadowvale) Corporation (the "Landlord") consisting of approximately 1,839.39 square meters (19,799 square feet) of space in the commercial building located at 6677 Meadowvale Town Centre Circle, to be used as a public library.
- By-law 0434-2004 provides a comprehensive list of City leased or licensed facilities that City Council has exempted from property taxes by designating such facilities as Municipal Capital Facilities.

- The Leased Premises were designated as Municipal Capital Facilities under By-law 0434-2004, carried out through amending By-law 0459-2007. By designating the Leased Premises as municipal capital facilities, the City was not required to pay property taxes as part of the monthly rent payable under the lease agreement.
- The City surrendered possession of the Leased Premises to the Landlord on September 30, 2016.
- By removing the Municipal Capital Facility designation from the Leased Premises, those office spaces will revert to being taxable for municipal and school purposes.

Background

By way of delegated authority under By-law 0605-2001, the City entered into the Lease Agreement with the Landlord dated September 6, 2001 to occupy Unit A001003 for a period of ten (10) years and twenty-one (21) days commencing on March 11, 2002 (the “Lease Agreement”). The parties subsequently extended the term of the Lease Agreement to expire on September 30, 2016.

Property that is owned and occupied by the City is exempt from taxation pursuant to section 3(9) of the Assessment Act, RSO 1990, c A.31. However, this exemption does not flow through automatically where the City leases or licenses space for municipal purposes from a person or corporation that is subject to taxation.

Section 110 of the Municipal Act, 2001, SO 2001, c 25, permits the council of a municipality to exempt from taxation for municipal and school purposes leased or licensed lands on which municipal capital facilities are or will be located. Municipal capital facilities are defined by the O. Reg. 603/06, as amended by O. Reg. 151/16 to include, among other things, facilities used for the general administration of the municipality. Once a property is designated as a Municipal Capital Facility, the Municipal Property Assessment Corporation (MPAC) is notified and then change the classification for the property or portion of the property to exempt.

The Leased Premises were designated as a Municipal Capital Facility under By-law 0434-2004, as amended. In order to have the Leased Premises revert back to being taxable, a new amending by-law must be enacted removing the Municipal Capital Facility designation to be effective on October 1, 2016 (the day after the Lease Agreement expired).

Comments

When a property no longer qualifies being designated as a municipal capital facility, it is important to amend By-law 0434-2004, being “A By-law to provide for Municipal Capital Facilities”, so that the Municipal Property Assessment Corporation (MPAC) is then provided with the required information to adjust the classification for the property back to taxable and remove the exemption from taxation for municipal and school purposes. The Leased Premises was

surrendered to the Landlord in 2016 and therefore it is appropriate to amend By-law 0434-2004 to remove the Leased Premises from the list of designated municipal capital facilities.

Financial Impact

The removal of the Municipal Capital Facilities designation and returning the leased space to taxable results in in-year tax adjustments through supplementary/omitted taxes for the current and two prior years as applicable. MPAC reverted the exempted portion of the property to taxable and issued tax adjustments for 2016 and 2017, when the lease termination was forwarded to MPAC in 2017, therefore there is no additional financial impact as a result of the removal of MCF designation for this property through amended bylaw.

Conclusion

It is necessary to amend By-law 0434-2004 in order to remove the Leased Premises from the list of designated municipal capital facilities. This amendment will enable MPAC to correct the classification from exempt for municipal and school taxation.

Attachments

Appendix 1: The Leased Premises – The Tax Exempt Portion of 6677 Meadowvale Town Centre Circle, Tax Roll # 21-05-04-0-098-56920-0000



Raj Sheth, P.Eng, Acting Commissioner of Corporate Services

Prepared by: Jackie Murchland, Supervisor, Realty Services