

City of Mississauga Corporate Report



Date: April 18, 2023 To: Chair and Members of General Committee	Originator's files:
From: Shari Lichterman, CPA, CMA, Acting City Manager and Chief Administrative Officer	Meeting date: May 10, 2023

Subject

New Corporate Policies - Assessment Management Policies

Recommendation

That the draft Corporate Policies - Assessment Base Management and Assessment Appeal and Tax Adjustment Application Management contained in the appendices to the report dated, April 18, 2023, from the Acting City Manager and Chief Administrative Officer entitled "New Corporate Policies - Assessment Management Policies" be approved.

Executive Summary

- Staff have prepared two new Finance policies
 - Assessment Base Management
 - Assessment Appeal and Tax Adjustment Application Management
- The policies provide definitions, legislative authority and guidance to maintain a healthy assessment base as well as outline roles and responsibilities of City staff.
- Staff have developed these policies to outline the strategies to establish greater equity, fairness and transparency of the assessment base.
- The policies also include the framework for assessment stabilization ensuring measures are in place to mitigate undue erosion of the assessment base and to monitor/track assessment growth.
- Both policies support the work of the Assessment Review unit within the Revenue and Taxation section of the Finance division and ensure compliance with the Rules and Procedures of the Assessment Review Board.

Background

More than 50% of the revenue required for municipal services is funded through the collection of the municipal property tax levy. Property taxes are calculated by multiplying the property's

assessment value by the tax rate. The residential tax rate is calculated by dividing the total municipal levy by the City's total assessment base. The stability of the assessment base is an integral part in ensuring that the City is able to collect the tax levy revenue to support municipal services.

The two new Corporate Policies, Assessment Base Management and Assessment Appeal and Tax Adjustment Application Management, provide the framework to manage the health of the assessment base resulting in fiscal stability.

The primary objective of each policy is to ensure that the assessment roll is complete, accurate, predictable and stable.

There are four components to Ontario's Assessment System, each having a distinct role and interest in the assessment process and achievement of goals. They are:

1. The Municipal Property Assessment Corporation (MPAC)
2. Municipalities
3. The Assessment Review Board (ARB), and
4. The property tax payer

MPAC classifies and assesses the value of all properties in Ontario in compliance with the Assessment Act and provincial regulations and provides this information to the City for taxation purposes.

Municipalities determine revenue requirements, set municipal tax rates and collect property taxes to pay for municipal services. As the annual tax rate calculation is dependent on the value of the City's total assessment it is critical that properties are assessed and classified correctly. Property tax revenue is paramount to the economic health of municipal government.

The ARB is an independent tribunal that receives and hears appeals related to property assessment valuation and classifications.

Disputes arising from MPAC's property valuation and classification could be subject to an appeal. The City is a statutory party to all appeals filed with the ARB pursuant to the *Assessment Act* and the *Municipal Act*. However, the City does not need to participate in each appeal.

There are certain circumstances where it is appropriate and prudent for the City to participate in an appeal process in order to protect the City's assessment and revenue base. The new policies provide a framework for when it is appropriate for the City to participate in an appeal. Regardless of the City's participation, the City is required to process the decisions of the ARB.

Comments

The new policies have been developed to provide direction, guidance and legislation compliance to City staff. The policies are designed to establish and maintain equity and to stabilize the value of the assessment base.

Policies:

The key highlights proposed for each policy are summarized below:

1. Assessment Base Management
 - a. Assessment Review Staff shall monitor City owned/ leased property in order to ensure correct property classification and fair assessment.
 - b. Annual review of the City's assessment roll for value and property classification inequities, irregularities and correction of factual information is necessary in order to achieve a predictable, stable and steady revenue stream.
 - c. MPAC is responsible for municipal assessment growth through supplementary and omitted assessments. Staff assist with this growth by providing MPAC with building permit information and ensuring the timely capture of new assessment.
2. Assessment Appeal and Tax Adjustment Application Management
 - a. This policy applies to all applicable Assessment Act and Municipal Act appeals and provides the framework for appeal participation and legislative processing.
 - b. Assessment Review staff track and monitor appeals filed with the ARB to determine level of participation.
 - c. Staff actively conduct ongoing property review and research in order to identify inequities.
 - d. Staff may initiate appeals upon Council approval where necessary to protect the assessment base.
 - e. The policy also outlines the handling tax adjustment applications.

Engagement and Consultation

The project team is comprised of relevant departmental staff from Geomatics, Planning and Building, Legal and Realty Services. Staff from each of the respective departments contributed to each of the policies as applicable. Staff also conducted research, which included external engagement and benchmarking of other Ontario Municipalities.

Financial Impact

There is no financial impact as a result of this report.

Conclusion

Establishing the Assessment Base Management and Assessment Appeal and Tax Adjustment Application Management policies ensures that there is a strategy on how to equitably manage the assessment base, inclusive of the treatment of appeals, compliance with legislation while providing guidance and direction to staff and management.

Attachments

Appendix 1: Assessment Base Management policy

Appendix 2: Assessment Appeal and Tax Adjustment Application Management policy



Shari Lichterman, CPA, CMA, Acting City Manager and Chief Administrative Officer

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