


TO: GENERAL COMMITTEE


SUBJECT: 2014 PROPERTY TAX CLAWBACK RATES

WARD: ALL

PREPARED BY AND KEY CONTACT: R. MCDUGALL, REVENUE AND TAXATION SUPERVISOR (ext 4791)

SUBMITTED BY: D. MCKINNON, DIRECTOR OF FINANCE 

COMMISSIONER APPROVAL: R. J. FORWARD, MBA, M.Sc., P. Eng.
GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the 2014 property tax clawback percentages for properties in the commercial, industrial and multi-residential properties be established as follows:
 - a) Multi-residential 13.1037%
 - b) Commercial 36.3347%
 - c) Industrial 100.00%
2. That the City Clerk be authorized to prepare all necessary by-laws to establish the 2014 clawback percentages.

PURPOSE & BACKGROUND

3. The purpose of this report is to seek Council approval for the 2014 property tax clawback percentages for properties that are in the commercial, industrial and multi-residential tax classes as required under Sec 330(1) of the Municipal Act.
4. The capping parameters were approved by General Committee motion 14-G-109 (Staff Report FIN002-14) and indicated that the capping program would be funded by clawing back decreases from within the affected property tax classes.
5. The clawback rates could not be established at the same time as the other capping parameters as the tax ratios needed to be established by Council prior to calculating these clawback rates.

ANALYSIS

6. Since the introduction of the capping program, Council has maintained a policy of withholding the equivalent amount of available tax decreases, by property class, to a maximum of 100% in order to fund the cost of properties that are entitled to capping protection. This means that properties that have a tax reduction contribute a portion of their decrease to limit tax increases on other properties in the same tax class.

7. The table below indicates the clawback rates required for 2014, the percentage of the tax decrease that property owners with decreasing taxes will retain and the amount of capping protection required by class. Properties in the Commercial Class that have a tax reduction will contribute 63.6653% of their decrease in order to limit the tax increases on all other properties in the commercial class. The legislation permits the City to limit the tax decreases by limiting the tax increases, within the individual classes to remain revenue neutral.

Description	Multi-		
	Residential	Commercial	Industrial
Decrease Clawed Back	13.1037%	36.3347%	100.0000%
Decrease Retained	86.8963%	63.6653%	0.0000%
Total	100%	100%	100%
Capping Protection Required	-1,306	-84,423	-184,704
Tax Decreases Withheld to Provide Capping Protection	1,427	84,423	178,205
Net Class Impact	121	0	-6,499

8. The table above indicates that the recommended clawback rate will result in a minor surplus of \$121. This has been generated as a result of the \$250 CVA threshold the City has adopted to move properties to the CVA level of taxes more quickly. Given the lack of materiality, this amount will simply be captured as a capping adjustment along with changes resulting from assessment appeals, vacancy rebates and supplementary billings.

ENVIRONMENTAL MATTERS

9. There are no environmental matters relating to the approval of the 2014 property tax clawback percentages.

ALTERNATIVES

10. There are no alternatives available for consideration by General Committee as no other combination of clawback rates will result in capping protection being funded within each capped class.

FINANCIAL

11. The industrial class will have a shortfall of \$6,499 as there were insufficient clawback adjustments to provide capping protection for this property class. This means that there are not sufficient decreasing properties to fund the caps on the increasing properties. This shortfall is shared with the school boards and is anticipated to be offset by in-year capping adjustments related to assessment appeals and supplementary taxes that will occur throughout the year.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

12. This is an operational matter that has no direct relationship to the City of Barrie's Strategic Priorities.