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**TO:** GENERAL COMMITTEE

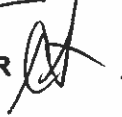
**SUBJECT:** 2016 PROPERTY TAX CLAWBACK RATES

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** R. MCDOUGALL, REVENUE AND TAXATION SUPERVISOR, EXT. 4791

**SUBMITTED BY:** C. MILLAR, DIRECTOR OF FINANCE AND TREASURER 

**GENERAL MANAGER APPROVAL:** P. ELLIOTT-SPENCER, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES 

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

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**RECOMMENDED MOTION**

1. That the 2016 property tax clawback percentages for properties in the Commercial, Industrial and Multi-residential properties be established as follows:
  - a) Multi-residential 7.5166%
  - b) Commercial 25.7566%
  - c) Industrial 100.00%
2. That Council authorize the amendment to By-law 2016-044 Tax Capping Parameters for 2016 to establish the aforesaid 2016 clawback percentages.

**PURPOSE & BACKGROUND**

3. The purpose of this report is to seek Council approval for the 2016 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, 2001*.
4. The capping parameters were approved by General Committee motion 16-G-078 (Staff Report FIN003-16), which 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 approved 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 2016, 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 74.2434% 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                                 | 7.5166%           | 25.7566%   | 100.0000%  |
| Decrease Retained                                    | 92.4834%          | 74.2434%   | 0.0000%    |
| Total  | 100%              | 100%       | 100%       |
| Capping Protection Required                          | -\$378            | -\$50,064  | -\$142,815 |
| Tax Decreases Withheld to Provide Capping Protection | \$378             | \$50,064   | \$140,471  |
| Net Class Impact                                     | 0                 | 0          | -\$2,344   |

#### **ENVIRONMENTAL MATTERS**

8. There are no environmental matters relating to the approval of the 2016 property tax clawback percentages.

#### **ALTERNATIVES**

9. 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**

10. The industrial class will have a shortfall of \$2,344 as there were insufficient clawback adjustments to provide capping protection for this property class. This means that there are not enough decreasing properties to fund the caps on the increasing properties. This shortfall 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 2014-2018 STRATEGIC PLAN**

11. This is an operational matter that is not specifically related to the goals identified in the 2014-2018 Strategic Plan.