



The Corporation of the Township of King Report to Council

From: Finance
Report Number: FIN-2025-06
Date: Monday, March 17, 2025
Title: **2024 Tax Adjustments and Supplementary Taxes**

Recommendation

1. That Council receive Report FIN-2025-06 for information.

1. Report Highlights

- The Township's share of Tax Adjustments processed in 2024 was \$130,753.
- The Township's share of Supplementary Taxes processed in 2024 was \$844,131.
- The year-end impact of the Township's Tax Adjustments and Supplementary Taxes is an overall favourable variance of \$453,378 or 174% over budget.

2. Purpose

The purpose of this report is to present the Tax Adjustment and Supplementary Tax activity in 2024.

3. Background

Tax Adjustments

Annually adjustments are made to previous tax bills (for both the current and prior years) due to changes made to assessed values. These changes in assessment values result from:

Minutes of Settlement (MOS) which result from a property owner contacting Municipal Property Assessment Corporation (MPAC) to discuss and agree upon an assessment for a current year. This is enabled through section 39.1 of *Assessment Act, 1990*.

Assessment Review Board Decisions: If the property owner does not agree with MPAC's recommended assessment change, the property owner has an opportunity to appeal their assessment to the Board for a fee. This is enabled through section 40 of *Assessment Act*.

Post Roll Assessment Notices (PRAN): These amended notices are sent out to property owners through the course of the year from MPAC with amended assessments. The reason for these amendments is due to a farm class or exempt class being removed or missed by MPAC and the Post Roll Assessment Notices correct the errors.

Classification errors, clerical errors, exempt properties building demolitions and fires:

This type of adjustment generally relates to demolition or destruction by fire of buildings thereby resulting in a change in assessment class to exempt or reduction in assessment value.

For 2024, the primary types of adjustments were classified as follows:

- Conservation Land Tax Incentive Approval Program (TIA)
- Section 357/358 (i.e. Exempt, Destructions, Gross or manifest error, etc.)
- Post Roll Assessment Notices and Advisory Notice Adjustments (PRAN)

In accordance with MPAC procedures relating to assessment valuations, the property owner has a right to seek validation of the assessment value determined by MPAC through a Request for Reconsideration process. This process requires that MPAC re-examine the assessment value for purposes of ensuring accuracy, fairness and overall equity with those properties identified as comparable properties.

With respect to the Township's practice of processing tax adjustments as they are received and subsequently reported to Council each year, this report satisfies the annual reporting requirements for the 2024 assessment year. **Schedule "A"** attached hereto contains details of the 2024 Tax Adjustments.

In total, 36 properties experienced an adjustment to the assessed value. Total adjustment to the Township, Region of York and Boards of Educations was \$526,110 of which the Township's share of adjustments was \$130,753.

Supplementary Taxes

In addition to the Township's regular property tax billing procedures, which are based on assessment roll data provided by the MPAC as of December of the prior year, municipalities also receive supplementary assessment data from MPAC over the course of the current year as a result of:

- assessment details omitted from the annual return of the assessment roll, and
- assessment on new construction or renovations received after issuance of the annual return of the assessment roll.

Revenue derived from supplementary property taxes often vary from year to year depending on factors such as duration to construct new buildings, timing of occupancy and the availability of MPAC resources to complete the assessment valuation process.

In accordance with annual property taxation billing procedures, King prepares supplementary tax billings as received and reports to Council annually on the related billed amounts. For the 2024 taxation year, supplementary tax billing amounts can relate to the taxation years 2024, 2023 and 2022 depending on the effective date of the change in assessment.

Schedule “B” attached contains details of Supplementary Tax Billing for 2024. In total, there were eight supplementary taxation reports produced by MPAC. Total supplementary taxes levied (including respective shares for Township, York Region and Boards of Education) was \$2,136,943, of which, \$844,131 related to the Township’s share of total supplementary tax billings.

Distribution of the Township’s share of 2024 supplementary taxes by taxation year were as follows:

- 69% relating to assessment changes effective 2024;
- 25% relating to assessment changes effective 2023, and
- 6% relating to assessment changes effective 2022.

4. Analysis

Adjustments made to the tax roll throughout the year and the additional revenue generated by supplementary tax billing have budget implications for the Township as well as the Region, and four Education boards. Once year end totals are finalized, staff either provide payment (or invoice receivables) from the Region and the Education Boards for their share of the adjustments and supplementary tax billing.

As staff complete the preparation of the consolidated financial statements for the year ended December 31, 2024, the analysis contained within this report will be incorporated into the end of year overall variance analysis for 2024 operating results.

5. Financial Considerations

The net financial impact of 2024 Supplementary Taxes and Tax Adjustments is as follows:

- The 2024 Budget & Business Plan included a \$140,000 line item for Tax Adjustments. Actual tax adjustments totaled \$130,753. resulting in a \$9,247 favourable variance. The variance was an improvement over the \$127,642 unfavourable variance experienced in 2023 as the Township has less properties under tax assessment appeal.

- The 2024 Budget & Business Plan projected Supplementary Tax Billings of \$400,000. Actual supplementary tax billings were \$844,131 resulting in a favourable variance of \$444,131. This is mainly due additional homes in the Via Moto development and a change in use in the area of Jane & King from farmland to industrial tax class on the property.

6. Alignment to Strategic Plan

The positive variance derived from the Tax Adjustments and Supplementary Taxes will contribute to the overall year-end position. Year-end surpluses are generally transferred to a reserve and used for contingency or to fund capital projects and programs.

This report is in alignment with the CSP's Priority Area(s), and/or associated Objective(s) and/or Key Results(s):

Priority Area: Service Excellence

Objective: Develop asset-funding strategies that ensure long-term fiscal sustainability.

Key Result: Not Applicable.

7. Conclusion

The 2024 Tax Adjustments herein were made in accordance with regulations authorized through provincial legislation and/ or Township practices. The net impact of the tax adjustments is a favourable variance of \$453,378.

8. Attachments

Schedule A: 2024 Rebate Summary

Schedule B: 2024 Supplementary Tax Summary

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