

The Corporation of the City of Kawartha Lakes

By-Law 2018-

A By-law to Specify the Capping and Threshold Parameters for 2018 in the City of Kawartha Lakes

Recitals

1. *Subsection 329.1(1) 1, Municipal Act, 2001 as amended*, allows municipalities to pass a by-law to increase the cap on Annualized taxes from 5% to a maximum of 10%. The OPTA program will allow the selection of any percentage between 5% and 10% up to two decimal places.
2. *Subsection 329.1(1) 2, Municipal Act, 2001 as amended*, allows municipalities to pass a by-law, which allows the cap to be calculated with reference to the previous year's CVA tax. The municipality can specify the amount of the cap on the CVA tax, from 0% to a maximum of 10%. The OPTA program will allow the selection of any percentage between 0.01% and 10%, and uses two decimal places.
3. *Subsection 329.1(1) 3, Municipal Act, 2001 as amended*, allows municipalities to pass a by-law to move capped properties whose 2016 Revised Taxes fall within \$500 (or a lower specified amount) of the current year's CVA tax. The OPTA program will allow the selection of a threshold amount between \$1 and \$500, by one-dollar increments.
4. *Subsection 329.1(1) 4, Municipal Act, 2001 as amended*, allows municipalities to pass a by-law to move clawed-back properties whose 2016 Revised Taxes fall within \$500 (or a lower specified amount) of the current year's CVA tax. The OPTA program will allow the selection of a threshold amount from \$1 to a maximum of \$500, by one-dollar increments.
5. *Subsection 8.0.2 (2), O.Reg. 160/09 made under the Municipal Act, 2001 as amended*, allows municipalities to pass a by-law to exempt properties from capping and clawback calculations if the taxes for the property in the previous year were equal to its uncapped taxes for that year; or if the taxes for the property in the previous year were lower than the property's uncapped taxes for that year, but if capping and clawback provisions were applied, the tax decrease for the property would be limited, or if the tax decrease for the property in the previous year was limited but in the current year, the property's taxes would be equal to its uncapped taxes, or a tax increase for the property would be limited.
6. *Subsection 8.3 (1), O.Reg. 102/16 made under the Municipal Act, 2001, S.O. 2001, c.25, as amended*, allows municipalities to pass a by-law to phase out capping for properties in the commercial classes, industrial classes or the multi-residential classes over a 4 year period if the taxes for each property in the class were equal to or greater than 50 per cent of the uncapped taxes for the property for the taxation year, as shown on the final tax bill for the taxation year for the property.

(May 16, 2017 By-law 2017-111)

7. Subsection 9, O.Reg. 131/17 made under the Municipal Act, 2001, S.O. 2001, C.25, as amended, allows municipalities to exclude reassessment related increases from the capping program.

(May 16, 2017 By-law 2017-111)

Accordingly, the Council of The Corporation of the City of Kawartha Lakes enacts this By-law 2018- .

Section 1.00: Definitions and Interpretation

1.01 Definitions: In this by-law,

“Act” means the *Municipal Act, 2001, S.O. 2001, c. 25.*, as amended;

“annualized tax limit” means the percentage increase, selected by the municipality, that is applied to limit a tax increase based on the previous year’s Annualized Taxes;

“annualized taxes” means taxes, including any supplementary taxes or assessment or tax reductions, calculated as if due and payable for the entire year, even though the adjustments may have been only for a part of the year;

“City”, “City of Kawartha Lakes” or “Kawartha Lakes” means The Corporation of the City of Kawartha Lakes and includes its entire geographic area;

“clawed back properties” refers to properties whose 2018 CVA taxes are lower than the 2017 Annualized Taxes and are therefore subject to a claw back to fund the cap on protected properties. These properties have a tax level of greater than 1;

“commercial classes” means the commercial property class and the property classes each of which is a property class that a municipality may opt to have apply under the regulations under the *Assessment Act* and that contains property that, if the municipality did not opt to have the property class apply, would be in the commercial property class;

“Corporate Services Manager - Revenue and Taxation” means the person within the administration of the City which fulfills the function of the Tax Collector and his or her delegate(s), as required by the *Municipal Act, 2001* or, in the event of organizational changes, another person designated by Council;

“CVA Tax – Moved between Increaser and Decreaser” refers to the "Cross CVA" option which allows municipalities to exclude from the capping program those properties that would move from being capped in the 2017 tax year to being clawed back in 2018 or from being clawed back in 2017 to being capped in 2018 as a result of changes to the CVA tax caused by the 2017 reassessment. With this option, taxes for these properties are based on CVA taxes for the 2018 tax year, despite any

changes resulting from the reassessment that would otherwise prompt the property to change its tax status.

“CVA Tax - Previously CVA Tax” refers to the "Stay at CVA" Option which allows municipalities to exclude from the capping program those properties that were taxed based on their CVA in the 2017 tax year. With this option, taxes for these properties continue to be based on their CVA for the 2018 tax year, despite any changes resulting from the reassessment that would otherwise prompt the property to be capped.

“CVA tax threshold for decreasing properties” indicates the dollar decrease, within a range of \$1 to \$500 that a municipality may set for the purpose of moving properties that are subject to a claw back, to current year CVA taxes. If the difference between the CVA taxes and Annualized Taxes falls within the threshold dollar amount set by the municipality, the property is taxed at its CVA taxes, which are less than the Annualized taxes.

“CVA tax threshold for protected properties” indicates the dollar increase, within a range of \$1 to \$500 that a municipality may set for the purpose of moving properties that are subject to capping, to current year CVA taxes. If the difference between the CVA taxes and the Annualized Taxes falls within the threshold dollar amount set by the municipality, the property is taxed at its CVA taxes and is no longer protected by capping.

“CVA” means Current Value Assessment.

“industrial classes” means the industrial property class prescribed under the *Assessment Act* and the property classes each of which is a property class that a municipality may opt to have apply under the regulations under the *Assessment Act* and that contains property that, if the municipality did not opt to have the property class apply, would be in the industrial property class;

“multi-residential classes” means the multi-residential property class prescribed under the *Assessment Act* and the property classes each of which is a property class that a municipality may opt to have apply under the regulations under the *Assessment Act* and that contains property that, if the municipality did not opt to have the property class apply, would be in the multi-residential property class.

“prior year CVA tax limit” indicates the percentage increase, within a range of 0% - 10%, that a municipality may choose to limit a tax increase based on the previous year’s CVA taxes.

“protected properties” refers to properties whose 2018 CVA taxes are higher than the 2017 Annualized Taxes and are therefore subject to a cap on the property taxes. These properties have a tax level of less than 1.

1.02 Interpretation Rules:

- (a) The Schedules attached to this by-law form part of the by-law, and are enforceable as such.
- (b) The words “include” and “including” are not to be read as limiting the meaning of a word or term to the phrases or descriptions that follow.

- 1.03 **Statutes:** References to laws in this by-law are meant to refer to the statutes, as amended from time to time, that are applicable within the Province of Ontario.
- 1.04 **Severability:** If a court or tribunal of competent jurisdiction declares any portion of this by-law to be illegal or unenforceable, that portion of this by-law shall be considered to be severed from the balance of the by-law, which shall continue to operate in full force and effect.

Section 2.00: 2018 Capping and Threshold Parameters

- 2.01 **Annualized Tax Limit:** Annualized Tax Limit, based on the previous year's Annualized Taxes is 10.00% for properties within the commercial, industrial or multi-residential property classes.
- 2.02 **Prior Year's Current Value Assessment (CVA) Limit:** The prior year's CVA limit is 10% for properties within the commercial, industrial or multi-residential property classes.
- 2.03 **Current Value Assessment Tax Threshold for Protected Properties:**
If a property within the commercial, industrial or multi-residential property is receiving capping protection and the protection is \$500 or less, it will not be receiving capping protection for 2018.
- 2.04 **Current Value Assessment Tax Threshold for Decreasing Properties:**
If a property within the commercial, industrial or multi-residential property is funding capping protection in an amount of less than or equal to \$500, it will be moved to CVA taxes for 2018, and not subject to a claw back for 2018.
- 2.05 **Current Value Assessment Level Taxes:**
- a) If property taxes for a property within the commercial, industrial or multi-residential property class(es) were based on CVA taxes in 2017, it will be excluded from capping calculations and will be subject to CVA taxes for 2018.
 - b) If a property moves from being capped in the 2017 tax year to being clawed back in 2018 or from being clawed back in 2017 to being capped in 2018 as a result of changes to the CVA tax caused by the 2017 reassessment, the property is to be excluded from capping calculations
- 2.06 **Phase Out of Capping:**
If taxes for each property in the commercial, industrial or multi-residential property class were equal to or greater than 50 percent of the uncapped taxes for the property for the taxation year 2016 as shown on the final tax bill for the property, beginning with the 2017 taxation year the capping program will be phased out over a 4 year period.

(May 16, 2017 By-law 2017-111)

2.07 **Reassessment Increases:**

Beginning in 2017 reassessment increases will not be included in the capping calculation.

(May 16, 2017 By-law 2017-111)

Section 3.00: Administration and Effective Date

3.01 **Administration of the By-law:** The Corporate Services Manager-Revenue and Taxation is responsible for the administration of this by-law.

3.02 **Effective Date:** This By-law shall come into force on the date it is finally passed.

By-law read a first, second and third time, and finally passed, this 24 day of April, 2018.

Andy Letham, Mayor

Cathie Ritchie, City Clerk