
District of Lantzville

REPORT TO COUNCIL

Regular Council Agenda Item
May 8, 2017

File: 1980-20-6

Q:\DISTRICT OF LANTZVILLE\Reports to Council\2017\2017 05 08 Parcel Tax Refund
Program.docx

AUTHOR: Lynda Sowerby, Deputy Director of Financial Services

SUBJECT: Parcel Tax Refund Program on Manufactured Homes

RECOMMENDATION

THAT Council request an order from the Ministry of Community, Sport, and Cultural Development permitting the refund of parcel taxes, related penalties and accrued interest under section 781 of the *Local Government Act*, and;

THAT Council approve the Parcel Tax Refund Program and approve a refund of \$37,062.30 in Parcel Taxes that were incorrectly levied on certain manufactured home owners for the period 2003-2016, plus refund related penalties in the amount of \$366.93 and pay interest on overpayment of taxes as prescribed by the Lieutenant Governor in Council under *Section 239 of the Community Charter*.

ALTERNATIVES

- 1) That Council provide staff with further direction on the Parcel Tax Refund Program.

ATTACHMENT(S)

- 1) Parcel Tax Refund Program

PURPOSE

To apprise council that the development of the Parcel Tax Refund Program has been finalized, and that the property owners will be able to request refunds once Ministry approval has been obtained.

BACKGROUND

A report was brought to Council at the In Camera Regular Council Meeting on September 12, 2016. Council was advised that Mobile Home owners inadvertently had parcel taxes levied on their tax statements for the period 2003-2016.

- From 2007 – 2012 the District applied the Regional Parks and Trails Parcel Tax to manufactured homes. Legislation does not provide for the application of a parcel tax to a manufactured home situated in a manufactured home park, where the “parcel” is owned by a third party and as such, no legal authority exists to apply this levy.
- From 2003 – 2016 the District applied the Recycling Parcel Tax to manufactured homes. Legislation does not provide for the application of a parcel tax to a manufactured home situated in a manufactured home park, where the “parcel” is owned by a third party and as such, no legal authority exists to apply this levy.
- From 2007 – 2015 a Sanitary Sewer LAS Phase 1 Parcel Tax was applied on certain manufactured homes. Legislation does not provide for the application of a parcel tax to a manufactured home situated in a manufactured home park, where the “parcel” is owned by a third party and as such, no legal authority exists to apply this levy.

Council has directed staff to carry out the following motion, IC-16-40;

THAT Council refund the affected manufactured home owners all parcel taxes collected since 2003; AND THAT Council authorizes staff to release public information, when available, that the District will be refunding owners of Manufactured homes improperly collected Parcel Taxes; AND THAT Council directs staff to implement recommendations outlined within the Fulton and Company LLP document dated September 2, 2016 regarding Refund of Parcel Taxes Imposed on Manufactured Homes.

On October 16, 2016, a media release on the District website was posted, advising of the development of a Parcel Tax on Manufactured Homes Refund Program. A legal review of the Parcel Tax Refund Program has been undertaken. The Manufactured Home Folios impacted have been identified, and the amount incorrectly levied each year has been calculated.

The Ministry advises that Council should adopt a resolution requesting an order from the Ministry of Community, Sport and Cultural Development permitting the refund of parcel taxes and accrued interest under s.781 of the *Local Government Act*:

The minister may confer on a local government further powers to manage and dispose of assets, including taxation revenue, that the minister considers necessary or advisable.

DISCUSSION

Immediately following acceptance of the Parcel Tax Refund Program by Council, staff will:

- 1) Request an order from the Ministry of Community, Sport and Cultural Development permitting the refund of parcel taxes.

Upon authorization from the Ministry permitting the refunds, staff will:

- 2) Post Public notice of the refund program.
- 3) Provide written notice to current manufactured home owners to advise of the refund program.
- 4) Process refund applications as they are received, confirm eligibility, and issue a refund with interest.
- 5) Completion of the majority of refunds by December 31, 2017

FINANCIAL IMPLICATIONS

The refunds and interest to December 31, 2016 will be funded from general operations surplus and sewer operations surplus for the 2016 fiscal year. Interest on overpayment of taxes is paid at the prescribed rate under Section 239 of the *Community Charter*.

Cost of the Parcel Tax Refund Program:

Recycling Parcel Tax	\$ 7,185.90
Regional Parks & Trails Parcel Tax	4,529.40
LAS Sanitary Sewer Phase 1 Parcel Tax	<u>25,347.00</u>
	37,062.30
Penalty refund	366.93
Interest earnings to Dec 31, 2016 ¹	<u>2,088.01</u>
Cost of Parcel Tax Refund Program to Dec. 31, 2016	<u>\$ 39,517.24</u>

¹ Interest will continue to accrue until the refund is paid to the impacted owner; and will be funded from general surplus in the fiscal year that it is earned. The prescribed rate for the first two quarters of 2017 has been established at 0.70%. Accrued interest, January 1 – May 31, 2017, is an additional \$66.05.

COMMUNICATION STRATEGY

Advertisement of Parcel Tax Refund Program

- District Website
- District’s Facebook and Twitter Accounts
- Newspaper advertisements
- Letters to current impacted taxpayers

STRATEGIC PLAN ALIGNMENT

N/A

SUMMARY

The District has historically applied various parcel taxes against manufactured homes. Local Governments are only authorized to levy parcel taxes against each parcel owner. The District cannot collect parcel taxes from owners of manufactured homes situated in a manufactured home park, where the “parcel” is owned by a third party. Upon recognition of this error, the District has developed a Refund Program, identified the impacted folios and determined the amount to be refunded. The District will receive and process applications for refund as soon as Ministry authorization is received, with intent of completion by December 2017.

Respectfully submitted,

Lynda Sowerby
 Deputy Director of Financial Services

Chief Administrative Officer		Director of Financial Services		Director of Public Works		Director of Corporate Administration	
------------------------------------	--	--------------------------------------	--	-----------------------------	--	--	--