



**ADMINISTRATION & FINANCE DIVISION
TREASURY REPORT 2019**

TO: Mayor Caul & Members of Council
FROM: Dawn Galusha, Treasurer
DATE: March 1, 2019
SUBJECT: Vacancy Rebates and Vacant and Excess Land Subclasses

The Municipal Act, 2001 provides for rebates to vacant business units. In 2017, the legislation changed so that Municipalities now have broad flexibility to modify the vacancy rebate and reduction programs to meet local circumstances, while considering the impact of such changes on the business community. The June 2017 Vacancy Rebate and Reduction Programs Update is also provided in order to demonstrate to Council the varying changes made by Municipalities in order to meet their local circumstances.

At that time, Council passed a resolution to reduce the value of the industrial vacant unit rebate from 35% to 30% to align with the rebate for commercial properties. Property owners who are eligible for a rebate must apply to their local municipality for each year that a building, or a portion of a building, is vacant. In reviewing the vacancy rebates applied for in 2018, the total Municipal tax impact is \$245,110. Therefore a 5% change in both the Commercial and Industrial vacancy rebates equates to approximately \$40,850. This reduction in rebate would be a direct impact on the Municipal tax rates as this would reduce the amount that we need to collect from the tax payers. For 2019 we have budgeted \$226,140 as an expense for the vacancy rebates.

In addition, there is a reduction factor for vacant and excess land subclasses for commercial and industrial classes of properties. With the change in legislation, there is also an opportunity to changes the reduction factors. Please see the Tax Ratio Analysis sheet which highlights these subclasses. Using the Staring Ratios, the potential increase to the Commercial properties with Excess and Vacant land is \$24,896, and Industrial is \$21,284. This would translate to a reduction to the other property classes because we are still looking to collect the same amount of Municipal tax dollars.