



Staff Report

Finance – Budgets & Accounting

Report To: COW_Finance_Admin_Fire_Community_Services
Meeting Date: April 8, 2024
Report Number: FAF.24.028
Title: Resort Condominium Tax Classification
Prepared by: Sam Dinsmore, Acting Director of Finance / Treasurer

A. Recommendations

THAT Council receive Staff Report FAF.24.028, entitled "Resort Condominium Tax Classification";

AND THAT Council directs the Mayor to invite the Municipal Property Assessment Corporation (MPAC) to a future meeting of Council to present on the Resort Condominium Tax Classification.

B. Overview

This report is in response to direction received from Council regarding the Resort Condominium Tax Classification.

C. Background

At the January 29, 2024 Council meeting, Council passed the following resolution after a deputation (Attachment #1) from a Town resident:

THAT Council of the Town of The Blue Mountains received for information the deputation of Rick Tipping, Resident, Re: Resort Condominium Tax Classification;

AND THAT Council direct staff to provide a report to Council in response to the details included in Mr. Tipping's deputation, including the potential differences in the tax classification.

D. Analysis

In 2005, *Ontario Regulation 282/98 (O. Reg 282/98)* was amended to add the resort property tax class under section 14.2. The County of Grey passed by-law 4229-05 to adopt the resort tax class and subsequently, the Town passed by-law 2005-69 to add the optional tax class.

O. Reg 282.98 (14.2) lists the criteria for the resort condominium tax class as follows.

(2) The resort condominium property class shall include land in respect of which all of the following criteria are satisfied:

1. The land is a unit or proposed unit in a condominium.
2. The unit is self-contained and furnished and is operated or managed in a manner to provide transient living accommodation for a fee or charge for minimum periods of less than 30 days.
3. The unit is located in a local municipality with a population of 10,000 or less, as reported by Statistics Canada in the most recent official census.
4. The unit is located within the boundaries of a resort which is operated year-round and which contains, or is adjacent to, a downhill ski complex and an 18-hole golf course.
5. A special Act requires the owner of the unit to be a member of a non-profit corporation without share capital that is established or continued by the special Act. One of the corporation's objects is the maintenance and management of the resort land for which, pursuant to the special Act and the corporation's by-laws, the corporation has responsibility. Under the special Act, the corporation has the power to pass by-laws controlling the use of that resort land. O. Reg. 211/05, s. 1.

This legislation is very specific to the Town of The Blue Mountains and is the only municipality to have properties that fall into the resort condominium tax class within the province.

Staff have had several conversations with MPAC regarding this specific optional property class and what will happen if both the Town and the County opt out and remove this class. At this time staff feel that it is important for MPAC to come to Council and make a presentation so that Council and the public can get a better understanding of the implications of this property class and other similar property classes.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

F. Environmental Impacts

N/A

G. Financial Impacts

There is no financial impact on the Town as the tax levy will continue to be set by Council and funded by the various property tax classes through the tax ratios (as set by the County).

H. In Consultation With

Amy Moore, Manager of Revenue

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Sam Dinsmore, Acting Director of Finance/Treasurer, directorfit@thebluemountains.ca.

J. Attached

1. Deputation from January 29, 2024

Respectfully submitted,

Sam Dinsmore
Acting Director of Finance / Treasurer

For more information, please contact:
Sam Dinsmore, Acting Director of Finance / Treasurer
directorfit@thebluemountains.ca
519-599-3131 extension 274

Report Approval Details

Document Title:	FAF.24.028 Resort Condominium Tax Classification.docx
Attachments:	- FAF.24.028 Attachment 1.pdf
Final Approval Date:	Mar 28, 2024

This report and all of its attachments were approved and signed as outlined below:

Sam Dinsmore - Mar 26, 2024 - 11:38 AM

Shawn Everitt - Mar 28, 2024 - 3:18 PM

January 8, 2024

Rick Tipping


The Town of the Blue Mountains
 Thornbury, ON

Re: Resort Condominium Tax Classification - for Council's Consideration

Attn: Mayor Matrosovs, Deputy Bordignon and Councillors

May 2005, the Ontario government amended the Ontario Assessment Act O.Reg. 282/89 by adding O.Reg 211/05 Sec.14.2 "Resort Condominium Tax Class" (*attachment 1*). Aside from the extremely specific qualifying criteria subsection 14.2(3) requires the municipality to pass a bylaw recognizing this tax class. It also permits the municipality to pass a bylaw at any time to eliminate this tax class.

August 2005, the Council approved bylaw 2005-69 (*attachment 2*) recognizing this tax class. The bylaw recognizes those qualifying commercial properties as residential for property taxation purposes. It is difficult to comprehend how duly elected officials could pass such a detrimental bylaw that would negatively impact the Town's revenues.

November 2023, Council advised via email (*attachment 3*) that in May 2018, the Province passed O.Reg. 384/18 revoking subsection 14.2(3). The sender also advised this was outside Town Council's control.

For the past eighteen years, this tax inequity has been ignored by successive Councils to the financial detriment of the community, County and school board. Realizing the numerous financial stressors for the Town and the proposed tax increases being currently considered, this financial loss restricts the Town's ability and effectiveness to serve the community. This additional revenue could be directed towards incentives to attract doctors, nurses. It could also fund start-up businesses that would diversify our economy. The additional revenue could fund annual winter sidewalk snow clearing in the Craighleith/Village. How can Council discuss significant tax increases affecting all residents and ignore the financial loss this tax class represents? Madam Mayor, how do respond to those commercial property owners who continually support our community but do not enjoy the financial benefit of this tax class?

January 2024 after several weeks, the Ministry of Finance responded to my inquiry regarding my concerns with the elimination of subsection 14.2(3) (*attachment 4*). The Ministry explained that due to a 2010 amendment subsection 14.2(3) was redundant and the elimination of this subsection was merely housekeeping. Most importantly, the Ministry confirmed the Municipality retains the authority to pass a new bylaw eliminating bylaw 2005-69.

Section 224 of the Municipal Act - It is the role of council,
(a) to represent the public and to consider the well-being and interests of the municipality;
d.1) to ensure the accountability and transparency of the operations of the municipality
including the activities of the senior management of the municipality;
(e) to maintain the financial integrity of the municipality; and

From the 2024 Budget

Mission

The Town of The Blue Mountains Council will support our diverse community by managing change through innovative leadership, fiscal responsibility, and commitment to excellence.

The Town is committed to doing the best and doing the right things for the community and is constantly looking to improve services and enhance practices of striving towards municipal service excellence.

Madam Mayor, realizing 2024 budget deliberations are progressing, the passing of a bylaw to eliminate this class should be an imperative. This is your opportunity to lead Council and demonstrate strong decisive leadership and immediately direct staff to bring forward the appropriate bylaw to eliminate this inequitable tax class. This will demonstrate to all residents that transparency, accountability, integrity and credibility are actionable values.

Respectfully

Rick Tipping

cc: Town Clerk- Ms Corrina Giles

Attachment 1

O. Reg. 211/05: GENERAL

filed May 17, 2005 under *Assessment Act, R.S.O. 1990, c. A.31*



ONTARIO REGULATION 211/05

made under the

ASSESSMENT ACT

Made: May 13, 2005

Filed: May 17, 2005

Printed in The Ontario Gazette: June 4, 2005

AMENDING O. REG. 282/98

(GENERAL)

1. Ontario Regulation 282/98 is amended by adding the following section:

RESORT CONDOMINIUM PROPERTY CLASS

14.2 (1) The resort condominium property class applies within a municipality, the council of which is required to pass a by-law establishing tax ratios under section 308 of the *Municipal Act, 2001*, only if the council has passed a by-law opting to have the resort condominium property class apply within the municipality.

(2) The resort condominium property class shall include land in respect of which all of the following criteria are satisfied:

1. The land is a unit or proposed unit in a condominium.
2. The unit is self-contained and furnished and is operated or managed in a manner to provide transient living accommodation for a fee or charge for minimum periods of less than 30 days.
3. The unit is located in a local municipality with a population of 10,000 or less, as reported by Statistics Canada in the most recent official census.
4. The unit is located within the boundaries of a resort which is operated year-round and which contains, or is adjacent to, a downhill ski complex and an 18-hole golf course.
5. A special Act requires the owner of the unit to be a member of a non-profit corporation without share capital that is established or continued by the special Act. One of the corporation's objects is the maintenance and management of the resort land for which, pursuant to the special Act and the corporation's by-laws, the corporation has responsibility. Under the special Act, the corporation has the power to pass by-laws controlling the use of that resort land.

(3) The council of a municipality that passed a by-law opting to have the resort condominium property class apply may pass a by-law opting to have the class cease to apply; however, the by-law does not apply with respect to a taxation year unless the by-law is passed on or before the last day for passing a by-law opting to have the property class apply for that taxation year.

(4) This section applies with respect to the 2005 and subsequent taxation years.

(5) In this section,

"proposed unit" has the same meaning as in the *Condominium Act, 1998*;

"unit" has the same meaning as in the *Condominium Act, 1998*.

2. Subclause (b) (ii) of the definition of "hotel" in subsection 17 (2) of the Regulation is amended by striking out "for a minimum period of" and substituting "for minimum periods of".

Made by:

GREGORY SORBARA

Minister of Finance

Date made: May 13, 2005.

Attachment 2

CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

BY-LAW NO. 2005-69

Being a By-law to amend By-law No. 2005-44 by adding the optional property class "Resort Condominium"

WHEREAS By-law No. 2005-44, being a by-law to adopt the estimates of all sums required during the year and to establish the tax rates required to raise the 2005 own purpose levy using the 2005 tax ratios, and to further provide for penalty and interest in default of payment thereof, was passed by the Corporation of the Town of The Blue Mountains on May 30, 2005;

AND WHEREAS Ontario Regulation 210/05 made under the Municipal Act, 2001 amended Ontario Regulation 325/01 (Tax Matters – Eligible Property Under Section 364 of the Act) by adding a subsection describing that a building or structure or portion of a building is not prescribed to be an eligible property under section 364 of the Act (vacant unit rebate program for commercial or industrial classes) if it is in the Resort Condominium property class;

AND WHEREAS Ontario Regulation 211/05 made under the Assessment Act amended Ontario Regulation 282/98 (General) by adding a section describing the Resort Condominium property class;

AND WHEREAS Ontario Regulation 212/05 made under the Municipal Act, 2001 amended Ontario Regulation 386/98 (Tax Matters – Allowable Ranges for Tax Ratios) by adding the Resort Condominium property class;

AND WHEREAS Ontario Regulation 466/05 made under the Municipal Act, 2001 amended Ontario Regulation 385/98 (Tax Matters – Transition Ratios and Average Transition Ratios) by setting the transition ratio for 2005 in the County of Grey for the Resort Condominium property class at 1.225218;

AND WHEREAS Ontario Regulation 213/05 made under the Education Act amended Ontario Regulation 400/98 (Tax Matters – Tax Rates for School Purposes) by setting the annual tax rate for the Resort Condominium property class at the same tax rate that is set out for residential property;

AND WHEREAS Ontario Regulation 214/05 made under the Municipal Act, 2001 amended Ontario Regulation 73/03 (Tax Matters – Special Tax Rates and Limits, 2003 and Later Years) by stating that property in the Resort Condominium property class is exempt from the application of Part IX of the Act (Limitation on Taxes for Certain Property Classes) (tax capping);

AND WHEREAS the Council of the County of Grey has enacted By-Law No. 4229-05 being a by-law to opt to have the optional Resort Condominium property class apply within the County of Grey effective January 1, 2005;

NOW THEREFORE the Council of the Corporation of the Town of The Blue Mountains hereby enacts as follows:

1. That Schedule "B" to By-law No. 2005-44 be hereby amended by adding the Resort Condominium property class at the Prescribed Transition Tax Ratio of 1.225218 and at the 2005 tax rate of .00491996 for local municipality purposes.
2. If an article of this By-law is for any reason held to be invalid, the remaining articles shall remain in effect until repealed.
3. That this By-law come into force and effect upon final passing hereof.

Read a first and second time this 29th day of August, 2005

Read a third time and finally passed this 29th day of August, 2005.

Ellen Anderson, Mayor

Stephen Keast, Clerk

Attachment 3

From: Jim Torrance <[REDACTED]>
Subject: Fwd: Tax Treatment
Date: September 23, 2023 at 9:27:28 AM EDT
To: "Julie & Rick Tipping" <[REDACTED]>

I followed up with DM Bordinon on the matter, and he provided some insight on the matter. Apparently the tax treatment is determined provincially, not at the municipal level. Unfortunate that it is something the Town can't control.

Jim

----- Forwarded message -----

From: **Peter Bordinon** <pbordinon@thebluemountains.ca>
Date: Fri, Sept 22, 2023, 1:22 p.m.
Subject: RE: fyi
To: Jim Torrance <[REDACTED]>

Hi Jim,

Please see details: it is not town controlled.

The tax class for these properties are set through Ontario Regulation 282/98 which falls under the Assessment Act. There is a detailed list of criteria that must be met and when it is met these properties are charged the residential rate rather than the commercial rate. I believe we are one of the only municipalities in the Province that meets the criteria.

Resort Condominium Property Class

14.2 (1) The resort condominium property class applies within a single-tier or upper-tier municipality only if the council has passed a by-law opting to have the resort condominium property class apply within the municipality. O. Reg. 211/05, s. 1; O. Reg. 384/18, s. 7 (1).

(2) The resort condominium property class shall include land in respect of which all of the following criteria are satisfied:

1. The land is a unit or proposed unit in a condominium.
2. The unit is self-contained and furnished and is operated or managed in a manner to provide transient living accommodation for a fee or charge for minimum periods of less than 30 days.
3. The unit is located in a local municipality with a population of 10,000 or less, as reported by Statistics Canada in the most recent official census.
4. The unit is located within the boundaries of a resort which is operated year-round and which contains, or is adjacent to, a downhill ski complex and an 18-hole golf course.
5. A special Act requires the owner of the unit to be a member of a non-profit corporation without share capital that is established or continued by the special Act. One of the corporation's objects is the maintenance and management of the resort land for which, pursuant to the special Act and the corporation's by-laws, the corporation has responsibility. Under the special Act, the corporation has the power to pass by-laws controlling the use of that resort land. O. Reg. 211/05, s. 1.

(3) Revoked: O. Reg. 384/18, s. 7 (2).


(4) This section applies with respect to the 2005 and subsequent taxation years. O. Reg. 211/05, s. 1.


The main point to make clear to other members of Council and the public is this is outside of Town Council's control.

Peter Bordinon
Deputy Mayor
The Town of the Blue Mountains
32 Mill Street

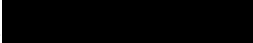
Attachment 4


Ministry of Finance response 880-2023-2051 — Inbox

Communications, Finance (MOF) 

Inbox - Sympatico 1:31 PM 

Ministry of Finance response 880-2023-2051

To: 

Mr. Rick Tipping


Dear Mr. Tipping:

Thank you for your email about an amendment that was made to Ontario Regulation 282/98 (the “regulation”) with regards to the Resort Condominium Property Class.

As you are aware, the Resort Condominium Property Class applies within a municipality only if the municipality’s council passes a by-law opting to have the class apply. Similar by-law requirements are in place with respect to other optional property classes and subclasses under the property tax system.

A former provision of the *Assessment Act*, subsection 2(3.2), contained a specific deadline by which municipalities had to pass a by-law if they wanted to adopt or cease to apply an optional property class for a taxation year. Subsection 14.2(3) of the regulation applied in contemplation of that legislated deadline. However, in 2010, the *Assessment Act* was amended to repeal the express deadline provision from subsection 2(3.2). As such, subsection 14.2(3) of the regulation became redundant as municipalities already have the authority to revoke a by-law. Subsection 14.2(3) of the regulation was subsequently revoked in 2018, as were similar provisions in the regulation that applied to other optional property classes.

Revoking subsection 14.2(3) of the regulation did not change how the Resort Condominium Property Class functions. The removal of subsection 14.2(3) was housekeeping in nature and does not affect the authority of the Town of Blue Mountain over the Resort Condominium Class.

We trust this clarifies your question.

Thank you again for writing.

Ministry of Finance
Correspondence Team