

Type of Decision									
Meeting Date	Friday, March 8, 2013				Report Date	Wednesday, March-06-13			
Decision Required		Yes	X	No	Priority	X	High		Low
Direction		Information Only		X	Type of Meeting	X	Open		Closed
REPORT TITLE									
<b>PIL Properties Report 08/03/13/1202</b>									

**Subject:** Municipal PIL properties.

**BACKGROUND/EXECUTIVE SUMMARY:** Each year the province sends us a list of properties within the municipality for which we receive PILs or Payments in Lieu of Taxes for properties in which the province has an active interest. Obviously, we are not yet at the point where we receive compensation for vacant Crown land, although at various times different municipalities have attempted to lobby the government for that change.

In 2012, Supreme Court of Canada has decided that at a Federal level there should be a correlation between the amount of PILs received and the assessed value of the property. (see attached info) The Province has not yet been challenged on this issue in court (that I am aware of) and states that they do not have an obligation to even pay the PILs although they continue to do so.

The following correlates to the attached list provided recently by MMAH and provides a description of each property for which we receive compensation from the province. We do not receive PILs from the federal government.

1. 010 09510 – Marsh Lake Tower - south of Highway 17 east of Head Township near Laurentian Hills border
2. 015 00600 – Driftwood Provincial Park – North side of Highway 17
3. 015 03750 – Buffer Zone and Stonecliffe Disposal Site – South side of Kenny Road
4. 015 04300 – Former Disposal Site – Stonecliffe – North side of Kenny Road
5. 015 04800 - same
6. 015 04900 - same
7. 015 06000 – Stonecliffe Highway garage – South of Highway 17
8. 015 12750 – Helipad in Stonecliffe – north and end of Logger's Road
9. 020 09090 – Tower sites Bissett – South of Highway 17 near Tower Trail
10. 020 09200- Tower sites Bissett – South of Highway 17 across from Sunrich Lane
11. 020 09650 – Gibson Lake Highway Roadside Park
12. 020 12400 – Grants Creek Provincial Park
13. 025 01100 – Bissett Creek Provincial park
14. 025 12200 – Cotnam Road ??
15. 025 12725 – Deux Rivieres – west of Brent Road ??

**Approved and Recommended by the Clerk**

Melinda Reith,

Municipal Clerk

*Melinda Reith*



Ontario

Ministry of Municipal Affairs and Housing - Municipal Programs Administration System

22-FEB-2013 19:30

Provincial Property - PIL Property/Payment Report  
Payments Processed on: 20-FEB-2013 Year: 2012 Invoice: MP13027315

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MG\_OWNER

4798 Head, Clara & Maria

Property No.	Mfn.	Short Desc	Hold?	RTC	RTQ	Prev/Cur Type	Assessment	Entitlement	Prior Payments	Current Payments	Balance	
1) 000 010 09510	MOI	HEAD CON APT LOT 3 RP 49R3653		C	G	P/P	23,000	267.71	334.64	0.00	(66.93)	
2) 000 015 00600	MNR	HEAD CON APT LOT 19 CON B PT		C	G	P/P	849,000	9,881.93	12,352.41	0.00	(2,470.48)	
3) 000 015 03750	MNR	HEAD CON 11 PT LOT 21 LOT 22 P		R	G	P/P	46,000	295.04	368.80	0.00	(73.76)	
4) 000 015 04300	MNR	HEAD CON 12 PT LOTS 23 24		R	G	P/P	38,500	246.94	308.68	0.00	(61.74)	
5) 000 015 04800	MNR	HEAD CON 12 PT LOT 25		R	G	P/P	14,900	95.57	119.46	0.00	(23.89)	
6) 000 015 04900	MNR	HEAD CON 12 LOT 26		R	G	P/P	16,400	105.19	131.49	0.00	(26.30)	
7) 000 015 06000	MT	HEAD CON 17 PT LOT 34		Y	*	P/P	184,000	2,141.67	0.00	2,141.67	0.00	
8) 000 015 12750	MOI	HEAD CON APT LOT 25 RP49R6396		R	G	P/P	47,500	304.67	380.84	0.00	(76.17)	
9) 000 020 09090	MNR	MARIA CON B PT LOT 66 RP49R730		Y	*	P/P	99,000	1,152.31	0.00	0.00	1,152.31	
10) 000 020 09200	MT	MARIA CON B PT LOT 67 PROPERTY		R	G	P/P	9,800	62.86	78.58	0.00	(15.72)	
11) 000 020 09650	MT	MARIA CON B PT LOT 74 N-01369		R	G	P/P	31,500	202.04	252.55	0.00	(50.51)	
12) 000 020 12400	MNR	GRANTS CREEK PROVINCIAL PARK P		C	G	P/P	1,897,000	22,080.11	27,600.14	0.00	(5,520.03)	
13) 000 025 01100	MNR	BISSETT CREEK PROVINCIAL PARK		C	G	P/P	2,201,000	25,618.52	32,023.15	0.00	(6,404.63)	
14) 000 025 12200	MT	CLARA CON APT LOT 22 PROPERTY		R	G	P/P	9,600	61.57	76.96	0.00	(15.39)	
15) 000 025 12725	MT	CLARA CON APT LOT 26		R	G	P/P	9,100	58.37	72.96	0.00	(14.59)	
<b>Total:</b>							<b>62,574.50</b>	<b>74,100.66</b>	<b>2,141.67</b>	<b>(13,667.83)</b>		
<b>Count:</b>							<b>2</b>	<b>15</b>				

Notes

1. If a property has multiple RTCs or RTQs, the RTC/RTQ displays an ASTERISK.
2. Properties which have interim payments but no longer exist as provincial properties in current year will be marked with an ASTERISK beside the roll number, and the Balance is the refund of the interim payments.
3. Prev/Cur Type is the previous year and current year property tax type of the property. It can be one of (P)il, (T)enant, (B)oth, or (E)xempted.
4. In case you do not receive funds in your bank within ten working days of the date indicated above, please contact the Province's Shared Service Bureau Call Centre at 416-326-9300.

## News Release

### Canada's top court sides with HRM: Citadel Hill payments should reflect assessed value

(Friday, June 15, 2012) – In a decision released this morning, the Supreme Court of Canada ruled in HRM's favour regarding the municipality's long-standing position that Citadel Hill should make payments in lieu of property taxes in accordance with the hill's assessed value.

The decision means a new determination will be made by the Minister of Public Works and Government Services Canada on the value of the historic Citadel in consideration of the assessed value of the site.

"We are extremely pleased that the highest court in the country shares our view that payments in lieu of taxes should be based on a reasonable assessment of Citadel Hill, which occupies a vast parcel of prime land in the heart of our municipality," said Mayor Peter Kelly. "We look forward to an appropriate determination of payment in lieu of taxes."

HRM maintains the Citadel property should make a payment in lieu of taxes based on a value of approximately \$19 million, while the federal government had determined the value of the hill should be set at \$1.55 million.

"This is a big win for our municipality and for every residential and commercial property owner in HRM who has been expected to pay taxes while Citadel Hill has paid an unreasonably low sum," said Mayor Peter Kelly.

The Mayor is pleased that today's decision speaks to the need for fair dealings with municipalities across the country, and agrees with the Supreme Court's position that it is clearly unreasonable that 42 acres in the heart of downtown could have essentially no value for assessment purposes.

The Supreme Court decision also awards legal costs to the municipality which will be calculated and submitted for payment.

"The fact that our legal costs will be covered speaks volumes about the Supreme Court's conviction in its decision," said the Mayor.

The decision can be found at: <http://scc.lexum.org/en/2012/2012scc29/2012scc29.html>

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Contact:

Mayor Peter Kelly  
490-4010



## **Statement by FCM president Karen Leibovici following the Supreme Court's decision on the Payments in Lieu of Taxes Act (PILT Act) (15/06/2012)**

The following statement was released today by Karen Leibovici, President of the Federation of Canadian Municipalities (FCM), following the decision of the Supreme Court of Canada on the Payments in Lieu of Taxes Act (PILT Act):

"Today's Supreme Court unanimous ruling on the Payments in Lieu of Taxes Act (PILT Act) confirms the responsibility of the federal government to compensate municipalities fairly for federal properties within their communities. This ruling signals that the Government of Canada cannot arbitrarily set a value on its properties, and must pay their taxes like any property owner.

Municipal governments stand ready to work with the federal government to improve its Payments in Lieu of Taxes (PILT) system, so that it meets the needs of both federal property owners and the local governments that provide them with critical services.

The court's decision will help cities and communities across the country collect the funds they are fairly owed for the services they provide to federal properties, like fire protection, policing and transportation access.

Fair and predictable PILT revenues are crucial for municipalities to meet their growing list of responsibilities, many of which are downloaded by other orders of governments, while collecting just eight cents of every tax dollar paid by Canadians."

Page Updated: 20/07/2012

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# Ontario

## Legislation

Ontario's Payments in Lieu of Property Taxes program is implemented under the *Municipal Act*, 2001. It is also referred to in several other pieces of legislation including the *Assessment Act*, 1990, the *Electricity Act*, 1998, the *Municipal Tax Assistance Act*, 1990, the *Ontario Water Resources Act*, 1990, and the *Trees Act*, 1990.

The Minister of Finance has the power to make regulations governing the distribution of payment in lieu of taxes received by local municipalities. Currently in force is the *Payment in Lieu of Taxes, Distribution Regulation 382/98*, which establishes a sharing formula between the upper tier and lower tier municipalities for the payments in lieu of taxes.

## Qualified Properties

Crown properties and educational institutes within the municipality are exempt from taxation.

The Ontario Power Generation Inc., Hydro One Inc., municipal electricity utilities, or one of its subsidiaries are also covered under the payments-in-lieu program for the lands they own containing transformer station structures and/or generating station structures.

## Exempt Properties

Legislation does not identify any exempt properties under the payment-in-lieu of property taxes program; however, the Minister of Finance is allowed to establish a regulation defining exempt properties, at the present time, no such regulations exist.

## Grant Calculation

The grant-in-lieu payable to municipalities is equal to the amount that would have been payable if the property had been subject to municipal taxation.

## Amount of Grant

\$567 million was paid out under the program in 2007.

## Timing and Conditions of Payment

Grants in lieu of taxes are paid to a municipality by one of the following corporations:

1. Ontario Power Generation Inc. or one of its subsidiaries.
2. Hydro One Inc. or one of its subsidiaries.
3. Every municipal electricity utilities.

The payments made in lieu of property taxes to the Ontario Power Generation Inc., Hydro One Inc., municipal electricity utilities, or one of its subsidiaries are for the lands they own containing transformer station structures and/or generating station structures.

Lower tier municipalities receive the grant-in-lieu, and are required to share the grant with the upper-tier municipality and applicable school boards. Grant-in-lieu payments are

released in 4 installments, on March 31, June 30, September 30 and December 15 respectively. Lower tier municipalities then distribute a percentage to the upper tier municipality and school boards. The first installment is to the upper-tier municipality and the school board, and must be equal to 25% of the amount that would have been paid under regular taxation of the property for the previous year. The second installment is to the upper-tier municipality and school board, and must be equal to 50% of the amount the local municipality is required to pay for the year, less the amount of the first installment. The third instalment is to the upper-tier municipality and school board and is equal to 25% of the amount the local municipality is required to pay for the year. The final and fourth instalment to the upper-tier municipality and school board must be equal to the balance of the amount the local municipality is required to pay for the year.

### **Appeal Mechanism**

There is no appeal mechanism. However, in the event of a conflict between a regulation and a provision under the Municipal Act, the regulation prevails.

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**NEWS LOCAL**

## City leads 'heads, beds' charge

By Paul Schliesmann, Kingston Whig-Standard  
Wednesday, August 29, 2012 11:26:16 EDT PM



Mark Gerretsen

Finished with diplomacy, Kingston is leading the charge by a group of Ontario municipalities to take the province to court over inadequate grants in lieu of property taxes.

The payments are meant to offset the fact that provincial hospitals, jails, colleges and universities don't pay property taxes to their host communities.

The so-called "heads and beds" rate has been frozen at \$75 a head since 1987.

It began in 1973 at the rate of \$50 a head.

"Up to this point, we have focused on the diplomatic approach," said Kingston mayor Mark Gerretsen. "I think it's fair to say we've exhausted that."

City solicitor Hal Linscott is in the process of finding a law firm to give an opinion on making the municipalities' case.

Mayors from several of the participating cities and towns will hear his report via a teleconference call scheduled for Sept. 19.

"If the legal advice is 'yes, we have a case,' the mayors have to decide if we should take legal action," said Gerretsen. "We have to look at our options."

The solidarity movement came out of the Association of Municipalities of Ontario conference recently held in Ottawa.

At the start of the gathering, Gerretsen booked a room and invited municipal leaders to a brainstorming session.

Among the participants were mayors from London, Guelph, Kitchener, Hamilton, Barrie and eight other municipalities.

Gerretsen said the room was packed and talk soon turned to exploring legal options.

Kingston estimates that it is shortchanged \$3 million to \$6 million a year under the current funding formula while facing enormous fiscal challenges.

At the same time, Gerretsen said, the province expects municipalities to come up with 10-year infrastructure asset plans while "we're dealing with unsustainable funding from the government."

The consensus at the AMO meeting, he said, was that provincial governments of the day reward ridings who have elected their MPPs.

"If you happen to have a red (Liberal) riding, you get funding," said Gerretsen, whose father, John, is MPP for Kingston and the Islands and attorney general for the province.

"That's not always the case," he added, "but politicians tend to support ridings that voted for them."

Gerretsen said increased heads and beds payments would be more "sustainable" for everyone.

He said he was taken by surprise when he walked into the full room at the AMO conference.

"I was very surprised with the interest from municipalities I hadn't heard from before," he said. "We started to have a discussion about what was going on and the mayors in that room felt we were beating our heads against a wall."

Choosing the legal route comes out of two successful municipal challenges — one by the City of Montreal against the Montreal Port Authority in 2010, and another by the City of Halifax against the federal government this year.

In the second case, Ottawa had set the value of the historic Halifax Citadel, in the heart of the city, at just \$10, claiming that it couldn't be developed and, therefore, had no commercial value.

The city claimed it was losing taxes on a piece of land valued close to \$19 million.

The Supreme Court of Canada ruled in June that the federal minister responsible for the citadel must come up with a more appropriate value for the grant in lieu of taxes.

Gerretsen said Kingston's previous AMO representative, Coun. Bill Glover, had argued for a tougher approach against the province since the ruling against the Montreal Port Authority.

He said he learned from the most recent conference that they had "exhausted" any chances of negotiating with the province after talking with an assistant to finance minister Dwight Duncan.

The aide told him the Liberal government wasn't prepared to talk about heads and beds until 2017.

That's when the province will have taken back financial responsibility for certain services that had been "downloaded" to municipalities through the 1990s.

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**KJ\_in\_Kingston**, retired radical reclusive rural raconteur

Leading the charge -- as in Charge It! They waste all the money they have -- back to back double inflation tax hikes -- as far as the eye can see -- now they want to enrich their lawyer buddies to force the province to raise our taxes to give them more! The province is broke -- if they don't stop borrowing more and more every year to operate Ontario, we will be placed into the tank by the rating agencies -- and they won't be able to borrow at all... Dalton can't raise taxes as much as he would dearly