SUBJECT: Municipal Property Tax Exemption for Ronald McDonald House (1510 Main St West, Hamilton) (FCS06091) (City Wide)

RECOMMENDATION:

a) That the Ronald McDonald House, located at 1510 Main Street West, Hamilton, be exempt from municipal property taxes effective June 22, 2006 and the amount of $8,334.02 be written off for 2006.

b) That the City Solicitor & Corporate Counsel be authorized and directed to prepare the necessary by-law, for Council approval, for the purpose of exempting 1510 Main Street West, Hamilton from municipal property taxes.

c) That a copy of report FCS06091 “Municipal Property Tax Exemption for Ronald McDonald House (1510 Main St West, Hamilton)” and corresponding by-law be forwarded to the Municipal Property Assessment Corporation (MPAC), for the purpose of changing the assessment of 1510 Main Street West, Hamilton from taxable to exempt.

Joseph L. Rinaldo, General Manager
Finance and Corporate Services
EXECUTIVE SUMMARY:

Sponsored by Hamilton MPP Judy Marsales, the Board of Directors of Kids Care Oncology Central West Ontario (charitable organization who operates the Ronald McDonald House in Hamilton) applied for special legislation to exempt their land from property taxation. Subsequently, on June 22, 2006, Bill Pr18 – An Act respecting Ronald McDonald House (Hamilton) received Royal Assent (see Attachment 1 to report FCS06091 for copy of Bill Pr18). This Private Bill allows the City of Hamilton Council to pass a by-law exempting the Ronald McDonald House, located at 1510 Main St. West, Hamilton, from municipal property taxes. If City Council passes such a by-law, the specified property would also be exempt from education property taxes. This exemption, from both municipal and education property taxes, will be in affect only if the specified property is occupied and used solely for the purposes of the Ronald McDonald House.

The following table identifies the 2005 and 2006 property taxes for this property.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVA (RT)</td>
<td>816,000</td>
<td>1,022,000</td>
</tr>
<tr>
<td>Municipal Taxes</td>
<td>$11,866</td>
<td>$13,063</td>
</tr>
<tr>
<td>Education Taxes</td>
<td>$2,415</td>
<td>$2,698</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>$14,281</td>
<td>$15,761</td>
</tr>
</tbody>
</table>

As shown above, the municipal property taxes for 1510 Main St. West were $11,866 and $13,063 in 2005 and 2006 respectively. Exempting this property from municipal property taxes would result in lost revenue of approximately an equivalent amount annually.

At the present time, the Ronald McDonald House in Hamilton is the only Ronald McDonald House in Ontario not exempt from property taxes. All other Ronald McDonald Houses in Ontario (Toronto, Ottawa and London) are currently exempt from property taxes. Granting the recommended property tax exemption would result in all Ronald McDonald Houses in Ontario being treated equally with respect to property taxation.

BACKGROUND:

As a result of respective Private Bills passed in the early 1990’s, the City Councils of both the City of Ottawa and the City of Toronto have granted municipal tax exemptions to the properties occupied by the Ronald McDonald House.

In December, 2004, the Ronald McDonald House in Hamilton requested the support of City of Hamilton Ward 1 Councillor in their pursuit of a Private Bill granting them the same tax exemption as their counterparts in Ottawa and Toronto. On May 25, 2005, City of Hamilton Council passed the following resolution;
That the Private Bill of the Kids Care Oncology Central West (operating as Ronald McDonald House) which seeks a municipal tax exemption BE ENDORSED by the City of Hamilton; it being noted that there are no comparable organizations in the City of Hamilton; it being further noted that the said exemption is without precedent.

During this time, the Ronald McDonald House in London was also in the process of pursuing the same exemption. Subsequently, on December 15, 2005, Bill Pr17 received Royal Assent, giving the City of London the authority to grant municipal property tax exempt to the Ronald McDonald House located within its municipality. On February 6, 2006, City of London Council passed the required by-law granting the exemption.

ANALYSIS/RATIONALE:

The Ronald McDonald House, located at 1510 Main St West, Hamilton, is currently coded as “Residential” on the Assessment Roll. As such, the residential tax rate is used in determining its annual property tax liability ($15,761 in 2006).

Similar to Ottawa, Toronto, and more recently, London, the Private Bill gives City Councils the ability to exempt these properties from municipal property taxes. By City Council passing the required by-law, the Municipal Property Assessment Corporation (MPAC) changes the tax property classification of this property from the existing Residential tax class, to “Exempt”. All Ronald McDonald Houses in Ontario would then be treated equally and coded as “exempt” on the Assessment Roll.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

There are no staffing implications. Exempting the Ronald McDonald House, 1510 Main St. West, Hamilton, from municipal property taxes would result in an annual loss in revenue for the City of Hamilton of approximately $13,000. For 2006 the municipal loss will amount to $6,907.28 to be charged to HAMTN 52108 211025. The Public School Board will be charged back $1,426.74.

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT CONSULTATION:

Staff consulted with the Municipal Property Assessment Corporation (MPAC) and other municipalities.
CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

Community Well-Being is enhanced.  ☑ Yes  □ No

Environmental Well-Being is enhanced.  □ Yes  ☑ No

Economic Well-Being is enhanced.  □ Yes  ☑ No

Does the option you are recommending create value across all three bottom lines?  □ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  □ Yes  ☑ No