To: Mayor and Members
Committee of the Whole

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Re: Tax Appeal Settlement - Jackson Square (FCS06071) (City Wide)

Council Direction: N/A

Information: The property known as Jackson Square is comprised of 3 separately identifiable assessed properties. Tax appeals for the years 2001 to 2005 had been filed with the Assessment Review Board (ARB). Staff was advised in late 2005 that the Municipal Property Assessment Corporation (MPAC) and the owners of Jackson Square had come to an agreement on the assessed value for all three properties for all five years. This will result in a reduction of approximately $20,000,000 in commercial assessment on the property, resulting in a significant tax rebate paid back to the property owner for both Municipal and Provincial Education taxes. The total amount due to Jackson Square for the five year period is $5,073,029.76; of which $2,662,990.97 is the City’s share and $2,410,038.79 is the Provincial Education share. The total annualized reduction equates to a loss of approximately $600,000 in annual tax revenues to the City. The City’s share of the refund is to be funded from the Tax Remissions/Write-Off Account for $1,162,990.97 as well as the Allowance for Doubtful Accounts $1,500,000.

When staff were advised that such a large appeal settlement was about to be signed, Mr. Mark Boyak was hired as a consultant to ensure that the assessment reduction that MPAC was agreeing to was reasonable. $1.5 Million was also set aside in the Allowance for Doubtful Accounts in anticipation of the appeal settlement. Upon verification from Mr. Boyak as well as meetings with MPAC staff and representative of the owner, all parties have agreed that the properties were overvalued and an assessment value reduction warranted.

Joseph L. Rinaldo, General Manager, Finance & Corporate Services