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# District of Lantzville

## REPORT TO COUNCIL

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**Regular Council Agenda Item  
May 8, 2017**

File: 1980-20-3

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Program.docx

**AUTHOR:** Lynda Sowerby, Deputy Director of Financial Services

**SUBJECT: Home Owner Grant Refund Program**

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### **RECOMMENDATION**

THAT Council request an order from the Ministry of Community, Sport, and Cultural Development permitting the refund of parcel taxes and accrued interest under section 781 of the *Local Government Act* and;

THAT Council approve the Home Owner Grant Refund Program and approve a refund of \$10,103.31 payable to those home owners impacted by the incorrect application of the Home Owner Grant for the period 2003-2016, plus refund related penalties of \$356.54 and pay interest on overpayment of taxes as prescribed by the Lieutenant Governor in Council under section 239 of the *Community Charter* and;

THAT Council request from the Ministry of Finance – Home Owner Grant Administration Division, payment to the District of Lantzville an amount of \$5,580.24 which is the amount of additional Home Owner Grant that will be refunded to home owners for the years 2010-2016.

### **ALTERNATIVES**

- 1) THAT Council provide staff with further direction on the Home Owner Grant Refund Program.

### **ATTACHMENT(S)**

- 1) Home Owner Grant Refund Program

### **PURPOSE**

To apprise Council that the development of the Home Owner Grant Refund Program has been finalized, and that the property owners will be able to request refunds effective once Ministry approval has been received.

### **BACKGROUND**

A report was brought to Council at the In Camera Regular Council Meeting on October 12, 2016.

Council was advised that the District incorrectly applied the Home Owner Grant (HOG) against certain

properties. The *Home Owner Grant Act* set the rules for the HOG program. The legislation states that:

- *the grant applies to Class 1 (Residential) and Class 9 (Farm) properties*
- *the reduction to property taxes includes to parcel taxes.*

From approximately 2003 – 2016 the District did not apply the Home Owner Grant against any parcel tax or any Class 9 assessment.

Council has directed staff to carry out the following motion, IC-16-47:

THAT Council directs staff to refund the equivalent of the incorrectly applied Home Owner Grant, including interest per B.C. Reg. 426/2003 *Municipal Tax Regulation*, for those years where the cost is not refunded by the Province of British Columbia; AND THAT Council directs staff to develop a refund program; AND FURTHER THAT Council directs staff to provide public notice of the refund program.

The result of the incorrect application of the Home Owner Grant taxes levied on Class 1 (Residential) and Class 9 (Farm) properties and on parcel taxes, is that twenty-four (24) home owners were impacted and eligible for an additional grant amount of \$10,301.31 for the period 2003-2016.

The Ministry advises that Council should adopt a resolution requesting an order from the Ministry of Community, Sport and Cultural Development permitting the refund of parcel taxes and accrued interest under s.781 of the *Local Government Act*:

*The minister may confer on a local government further powers to manage and dispose of assets, including taxation revenue, that the minister considers necessary or advisable.*

## **DISCUSSION**

Immediately following Council's acceptance of the Home Owner Grant Refund Program, staff will:

- 1) Request an order from the Ministry of Community, Sport, and Cultural Development permitting the refund of parcel taxes and accrued interest.

Upon authorization from the Ministry permitting the refunds, staff will:

- 2) Post Public notice of the refund program.
- 3) Provide written notice to current home owners that are eligible for a refund and advise of the refund program.
- 4) Process refund applications as they are received, confirm eligibility, and issue a refund with interest.
- 5) Request a Refund from the Ministry of Finance - Home Owner Grant Administration
- 6) Refunds issued to the majority of the impacted owners by December 31, 2017

## **FINANCIAL IMPLICATIONS**

The refunds and interest to December 31, 2016 will be funded from general operations surplus for the 2016 fiscal year. Interest will continue to accrue until the refund is paid to the impacted owner. Interest on overpayments is paid at the prescribed rate under *Section 239 of the Community Charter*.

The Ministry of Finance – Home Owner Grant Administration Department has indicated we may be eligible to recover the additional HOG retroactively seven years.

Cost of the Home Owner Grant Refund Program:	
Additional HOG – recoverable from the Province	\$ 5,580.24
Additional HOG – General operating Fund	<u>4,523.07</u>
	10,103.31
Penalty refund	40.29
Interest earnings to Dec 2016 <sup>1</sup>	<u>923.43</u>
Total Cost of Home Owner Grant Refund Program	\$ <u>11,067.03</u>

<sup>1</sup> Interest will continue to accrue until the refund is paid to the impacted owner; and will be funded from general surplus in the fiscal year that it is earned. The prescribed rate for the first two quarters of 2017 has been established at 0.70%. Accrued interest, January 1 – May 31, 2017, is an additional \$31.96.

**COMMUNICATION STRATEGY**

Advertisement of Home Owner Grant Refund Program

- District’s Website
- District’s Facebook and Twitter Account
- Newspaper advertisements
- Letters to current impacted taxpayers

**STRATEGIC PLAN ALIGNMENT**

N/A

**SUMMARY**

The District has historically incorrectly applied the Home Owner Grant against Class 9 (Farm) taxes and Parcel taxes on Class 1 (residential) properties. The result is that certain property owners did not receive the maximum Home Owner Grant that they were eligible for. The District has developed a Refund Program, identified the impacted folios and determined the amount to be refunded. The District will receive and process applications for refund of additional Home Owner Grant upon authorization from the Ministry, with intent of completion by December 2017.

Respectfully submitted,

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Lynda Sowerby  
 Deputy Director of Financial Services

Reviewed By:

Chief Administrative Officer		Director of Financial Services		Director of Public Works		Director of Corporate Administration	
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