



TAX POLICY WORKING GROUP

10:00 a.m., Wednesday, March 20, 2019

A meeting of the Tax Policy Working Group was held at 10:00 a.m., Wednesday, March 20, 2019 at the County of Renfrew Administration Office, 9 International Drive, Pembroke, Ontario.

Municipal Members: Jennifer Morawiec, Estelle Moynes, Town of Arnprior
Annette Gilchrist, Mitchell Ferguson, Township of Admaston/Bromley
Bryan Martin, Sandra Barr, Township of Bonnechere Valley
Michelle Mantifel, Township of Brudenell, Lyndoch & Raglan
Allison Holtzhauer, Jenn Fleming, Township of Greater Madawaska
Jennifer Barr, Nathalie Moore, Township of Horton
Susan Sheridan, Township of Killaloe Hagarty & Richards
Tammy Whalen, Town of Laurentian Hills
Charlene Jackson, Kurtis McGonegal, Township of Laurentian Valley
Laura Florent, Janice Brisson Zelney, Township of Madawaska Valley
Angela Lochtie, Township of McNab/Braeside
Annette Mantifel, Town of Petawawa
Keray O'Reilly, Town of Renfrew
Daniel Burke, Township of North Algona Wilberforce
Sean Crozier, Kim Peterson, Township of Whitewater Region

Staff Present: Jeff Foss, Director of Finance/Treasurer
Connie Wilson, Administrative Assistant, Finance Department

Mr. Jeff Foss, Director of Finance/Treasurer for the County of Renfrew called the meeting to order at 10:00 a.m.

Mr. Foss distributed a copy of his presentation which is attached as Appendix A. Mr. Foss advised that the education tax rates have not yet been finalized/set by the Province of Ontario but indicated that he will be taking the formal recommendations from today's meeting to the April 11, 2019 session of the Finance & Administration Committee for adoption, along with the Taxation By-laws at the April 24, 2019 session of County Council. Once finalized, a copy of the By-laws that are adopted will be forwarded to all local municipalities.

2019 Tax Policy

The following is an Executive Summary of recommendations that were received, based on the majority of opinion, from the Tax Policy Working Group:

Ratios - The Tax Policy Working Group (TPWG) is recommending that we maintain the 2019 starting ratios. TPWG is aware of the option available to re-set the ratios to avoid tax shifts between the classes because of reassessment. However, a change to revenue neutral ratios would place an additional burden on business property owners that TPWG felt was a movement in the wrong direction in an already difficult economic climate. In addition, TPWG suggests that we hold firm to the valuation principles we established many years ago. Since capping was first introduced in 1998 the County of Renfrew decided that a property owner should receive 100% of the benefit of having a decrease in the assessed value of their property. Based on this belief, the County has never used the “clawback” option and has passed the reductions on to all non-residential tax classes. If we move to revenue neutral ratios and prevent properties from receiving the benefit of lower valuations, then we have made a fundamental shift in these principles.

Although there was discussion related to a movement to the Provincial threshold ratio for industrial, it was also recognized that because of the levy restriction, this ratio is reducing each year regardless. Since tax rate increases will be applied to the non-restricted classes in a greater proportion than to restricted classes, thus bringing the class rates for the restricted and non-restricted classes closer together, it effectively reduces the tax ratio for the restricted class. The group also noted that the industrial ratios have dropped by **21.3%** since 2001 and that the ratio will continue to reduce provided the rules regarding levy restriction are unchanged.

Mr. Keray O’Reilly, Town of Renfrew asked that Mr. Foss email the spreadsheets that he had originally emailed to everyone in July 2018 with the information on moving our current ratios to the Provincial threshold for the industrial and large industrial class.

Ms. Charlene Jackson, noted that this ratio is reducing each year regardless and we don’t know where the new provincial government is going and based on our council’s input, they are not prepared to burden the residential taxpayer.

Ms. Jennifer Moraweic, Town of Arnprior noted that their municipality hired Watson & Associates who provided statistics that noted that municipalities with higher rates were still the locations that were seeing the industrial growth, therefore there is nothing to support a statement that lowering the industrial rate will promote industrial growth. There are other factors such as proximity to resources, other manufacturers, market place etc. that impact industrial growth, not just the ratio.

New Landfill Class and Ratios - On December 13, 2016, an amendment to Ontario Regulation 282/98 under the Assessment Act was filed, which implements several of the Landfills Assessment Review recommendations. The regulation prescribes the use of the historic valuation methodology to assess landfills for the 2016 reassessment. The historic methodology values landfills as vacant industrial land, with structures assessed based on the replacement cost approach; prescribes the exclusion of environmental protection features from the assessed value of landfills; and establishes a new landfill property class. Municipalities with properties in the Landfill class in their jurisdiction must include a Landfill class tax rate and tax ratio starting in 2017. On April 5, 2017 the Ministry of Finance advised all municipalities that Ontario Regulations 95/17, 94/17, 97/17, 98/17 and 99/17

had been filed to implement the municipal tax policy framework. In 2017, Renfrew County chose a Starting Ratios for the Landfill class to be the same as the 2017 Starting Ratios for the Commercial class at 1.814700.

For the 2019 taxation year, we've received confirmation from the Ministry of Finance that O. Reg 95/17, Section 10.2 will continue to be applied for tax year 2019. Therefore, the transition ratio for the Landfill class is the Revenue Neutral ratio, with the ability to increase it up to 5%. The revenue neutral ratio for 2019 is 1.336724. If this regulation does not change for subsequent years, then the Transition Ratio for the Landfill Class will be recalculated every year since it has to equal the Revenue Neutral Ratio for that class. The Revenue Neutral Ratios are calculated to raise the same proportion of the levy for each class as it paid in the previous tax year. **Therefore, TPWG is recommending that for 2019, County Council adopt the revenue neutral ratio for the Landfill class at 1.336724.**

Multi Residential Ratios - The Province has heard concerns about the significantly higher property tax burden for multi-residential apartment buildings and its potential implications for housing affordability in the rental market. In response to these concerns, the Province has announced it will review the property taxation of multi-residential apartment buildings. The review will involve extensive consultations with municipalities, as well as other affected stakeholders, including renters and apartment building owners. Currently, the average municipal property tax burden on multi-residential apartment buildings is more than double that of residential properties. In many cases, multi-residential properties are taxed by municipalities at nearly three times the rate of residential properties. The inequity resulting from this higher property tax burden is especially concerning given the lower average incomes of tenants in multi-residential apartment buildings. In fact, the average income of apartment renters is less than half of other residential households. The Province will take steps to ensure that high municipal tax burdens on multi-residential properties do not increase. For these municipalities, this means that the municipal property tax burden for multi-residential properties will be no higher in 2019 than it was in 2018. For the 2019 tax year, municipalities with a multi-residential tax rate that is double the residential rate or higher will be restricted from increasing this burden. This means, where the multi-residential tax ratio is greater than 2.0, a full levy restriction will be implemented and reassessment related shifts onto the multi-residential class will be prevented. **This restriction does not affect Renfrew County as our multi-residential ratio is only 1.9436.**

On April 27, 2017 the Province implemented a mandatory New Multi-Residential property class province-wide to ensure that municipalities tax new multi-residential buildings at a similar rate as other residential properties (Ratio of 1.0). This will support and encourage the development of new, purpose-built rental housing as a step to improve housing affordability in the rental market. All municipalities were required to set a tax ratio in 2017 for New Multi-Residential class regardless of whether any NT properties exist. Unfortunately, the Province only released the Regulations on July 6, 2017 which resulted in a special County Council meeting held on July 26, 2017. **The new Multi-Residential ratio of 1.0 remains in effect for the 2019 taxation year and thereafter.**

Levy Restriction (2019 Option) - Since this option can be utilized at either the upper or lower tier independently, County staff are recommending that the County elect to increase the industrial and large industrial tax rates by 50% of the residential budgetary increase, based on notional tax rates. The impact is estimated to be a **1.2981%** increase in the tax rates for the industrial class, and the principle of having the industrial class pay for some of the municipal levy increase is seen as appropriate. This option was also chosen by County Council in prior years.

Mr. Foss recommended that OPTA is used to verify that the levy restricted rates are set in accordance with Ontario Regulation.

Notional Rate Adjustment - In response to municipal requests, a technical adjustment to the provincially prescribed notional property tax rate calculation was announced in the 2016 Ontario Budget. This adjustment ensures that when calculating notional tax rates, municipalities and the Province are able to address any unintended effects due to specific in-year property assessment changes, such as assessment appeal losses. Municipalities have the option to adjust the year-end assessment used in the notional property tax rate calculation to offset changes resulting from certain in-year reassessment related changes, including: Assessment Review Board decisions; Request for Reconsiderations; Post Roll Amended Notices; and Special Advisory Notices. In 2016, regulations were enacted for each municipality that adopted the adjustment. For 2017 and future years, the Ministry has taken steps to ensure a more streamlined process, which will not require further regulations. Adoption of the adjustment can be implemented for any municipality by selecting the adjustment through the OPTA system. To ensure the ongoing integrity of education property tax revenues, the property tax rate calculation adjustment is also applied to education property tax rates. **TPWG is not recommending that we adjust year end taxation through the use of this option.**

Capping – TPWG is recommending that we do not change the current foregone revenue approach to fund capping. TPWG also recommends the continued use of all available tools to exit the capping program as soon as possible. Since education tax rates have not yet been released by the Province, we are unable to calculate the impact of the capping program in Renfrew County in 2019. However, the total upper and lower tier capping cost in 2018 was only \$119. TPWG has always recommended using all available tools as the preferred option due to its acceleration toward CVA tax and also because it reflects the lowest overall cost for capping. Continuous cost reductions have been realized by the County of Renfrew and all lower tier municipalities through the dedicated pursuit of utilizing all options available to us to achieve full CVA taxation for all properties as quickly as possible.

For 2017, the Province provided municipalities with increased flexibility to manage business property taxes through the business property tax capping program. This built on 2016 enhancements to the capping program that provided municipalities increased flexibility to accelerate progress to current value assessment (CVA) level taxes, as well as the option to exit or phase-out from the program. Beginning in 2017, eligibility criteria to allow municipalities to phase out the capping program were more extensive. Municipalities could choose to exclude vacant land

from the phase-out eligibility criteria where all properties must be within 50% of CVA level taxes. Municipalities also had the option to limit capping protection only to reassessment related changes prior to 2017. For municipalities that select this option, reassessment related increases, beginning in 2017, would not be subject to the cap. The County of Renfrew elected these new capping options in 2017 and these decisions remain in effect for the 2019 capping program.

Discount Rates – The County has always used the legislated reductions of 30% for Commercial and 35% for Industrial vacant units, vacant land and excess land. The Province began providing municipalities with broad flexibility for 2017 and future years to tailor the programs to reflect community needs and circumstances, while considering the interests of local businesses. Municipalities can implement changes to the existing discount by notifying the Minister of Finance of their intent to utilize this flexibility and provide details of the proposed changes along with a council resolution. In 2018, County Council passed a resolution seeking Ministerial consent to eliminate the vacant and excess land subclasses as well as the vacant building rebate program for the 2019 taxation year and thereafter.

On December 7, 2018, O. Reg. 490/18 was filed amending O. Reg. 580/17 under the Municipal Act, 2001 to implement requested changes to the Vacant and Excess Land Subclasses. For the purposes of subsection 313 (1.3) of the Act, the County of Renfrew is authorized to pass a by-law providing that a tax rate reduction in paragraph 2, 3, 4 or 5 of subsection 313 (1) of the Act does not apply for a taxation year after 2018.

Also on December 7, 2018, O. Reg. 491/18 was filed amending O. Reg. 325/01 under the Municipal Act, 2001 to implement requested changes to the Vacant Unit Rebate. For the 2019 taxation year and subsequent taxation years, the lower-tier municipalities in the County of Renfrew are not required to have a program to provide tax rebates to owners of property that has vacant portions.

Ms. Jennifer Morawiec, Town of Arnprior questioned if anything else is required from the lower-tiers for the vacancy rebate. Mr. Jeff Foss advised that when he is in OPTA he will enter the tax ratios as per our By-law and the discounts will be removed from the industrial, commercial and excess land. Mr. Foss did recommend that if any municipality has a vacant unit program and they have a by-law from prior years allowing this, they will need to rescind this by-law and they may want to refer to O.Reg 491/18 when they do so.

Tax Relief for Low Income Seniors/Disabled – TPWG is not recommending any changes to the current policy to defer assessment related tax increases for low income and disabled seniors.

Ms. Angela Lochtie, Township of McNab/Braeside indicated that she has had a resident that has taken advantage of the Tax Relief for Low Income/Seniors.

Tax Relief on Eligible Property Occupied By Eligible Charities – TPWG is not recommending any change to the current by-law establishing a tax rebate program for eligible charities in the amount of 40% of the taxes payable on eligible commercial or industrial properties.

Deadlines for LTM Tax Rating By-laws - As we are all using OPTA to create a CD to generate all business class property tax bills, the CD will not be available until **ALL** LTM's complete their budget processes and adopt a rating by-law. TPWG is recommending that all tax rating by-laws should be adopted prior to **June 15, 2019** and all tax rates should be entered by each municipality into the OPTA system by that same date. This process would allow the issuance of property tax bills to the business community before the summer vacation period.

Other Issues

Mr. Foss advised the TPWG members that the County of Renfrew will be taking forward a Strategic Asset Management Policy to the April meetings of Committee and Council for their review and the final version should be adopted in May if any municipality is looking to use it as an example. Several of the members indicated that they have already adopted theirs. Mr. Foss reminded TPWG members that a policy has to be adopted and in place by July 1, 2019 under the *Infrastructure for Jobs and Prosperity Act, 2015, S.O. 2015, c. 15*.

Ms. Jennifer Barr, Horton Township noted that Minister Steve Clarke announced today a one-time payment for small and rural municipalities' for the 2018-19 fiscal year. No further details are known at this time.

Ms. Jennifer Barr also noted that there is a regional government review taking place and participation is requested by the April 23, 2019 deadline. Ms. Barr indicated that she will forward the email to the TPWG members later today.

Mr. Keray O'Reilly, Town of Renfrew noted that there are upcoming deadlines related to OCIF funding.

Mr. Keray O'Reilly, thanked Ms. Jennifer Barr, Township of Horton for her input and experience over the years, noting that Jennifer is a very valuable resource and we wish her health and longevity, and all the best in her retirement! Congratulations Jennifer!

The Tax Policy Working Group (TPWG) adjourned at 11:30 a.m.



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2019 Tax Policy

Tax Policy Working Group
March 20, 2019

Agenda

- **OPTA Assumptions & Provincial Policy**
- **Education Tax Rates – set by Province**
- **CVA Growth?**
- **CVA Reassessment?**
- **Decisions for Council**
- **Other Issues**

2019 OPTA - Data Assumptions

Notes for Renfrew Co (from OPTA website)

- Education Rates are not yet finalized.
- Your Cut-off Date is January 1, 2019.
- Your data status is not Data Ready. The assessments and taxes shown in OPTA are subject to change up until the data status is updated to Data Ready.

2019 OPTA – Cut Off

- Following the loading of the assessment data from the 2019 returned rolls into OPTA, **all upper tier and single tier municipalities** will be in a position to submit the 2019 Data Cut-off Form to OPTA to ensure that the tax calculations in Tax Tools reflect the option preference (A or B) and assessment changes requested by the municipality. Municipalities should review the data displayed in OPTA for accuracy and reasonableness on an ongoing basis.
- **County has again selected the “returned roll” as the 2019 cut off – Option A**

2019 Provincial Policy

- On December 22, 2017 we received a letter from the Ministry of Finance summarizing all of issues where single and upper tier municipalities had the flexibility to make local decisions regarding tax policy for the 2018 tax year
- **As at March 19th, we have not received any notice from the Province for 2019 tax policy decisions**
- **New provincial government and possible 2019 budget implications causing the delay?**

Property Tax Bill – 3 Parts

- Education Tax **(set by Province)**
- Upper Tier Municipal Tax
- Lower Tier Municipal Tax

Education Rates-2019

- As at March 19th, the Province has not provided education tax rates for any municipality in Ontario.

2019 Education Rates

	2018	2019
Residential	0.170%	
BET - Target	1.09%	
Comm – BET Ceiling	1.34%	
Ind – BET Ceiling	1.34%	

2019 COR Business Education Rates

	2018	2019
Commercial	1.34%	
Industrial	1.34%	
Large Ind	1.34%	
Pipeline	1.09%	
Landfill	1.093561%	

BET – New Construction

	2018	2019
Commercial	1.09%	
Industrial	1.09%	
Large Ind	1.09%	

Residential Ed Tax History

- In 1998, the Province established a province-wide residential/multi-residential education tax rate. This rate is updated on an annual basis. **This means that regardless of where you live in Ontario, a residential property will pay the same rate of education taxes.** Since 1998, the Province has reduced education tax rates to fully offset reassessment increases.
- Residential Education rates are **0.170%** in 2018, down from **0.179%** in 2017.

Why Are BET Rates Different In Each Single and Upper Tier?

- The Commission on the Reform of Ontario's Public Services raised concerns related to economic distortions caused by the wide range of Business Education Tax (BET) rates across the province. **This variance in BET rates reflects historical assessment and tax inequities that existed before the Province assumed responsibility for the rates in 1998.** To address these inequities and distortions, the Commission recommended moving towards a policy of a single province-wide BET rate for all regions of the province.
- **The 2007 Ontario Budget announced that over the next seven years beginning in 2008 the BET rate will be lowered to a target maximum tax rate of 1.6% by January 1, 2014.**

Why Are BET Rates Different In Each Single and Upper Tier?

New construction will immediately be subject to the maximum BET rate. As stated in the Provincial Budget, the business education tax rates will be reduced to a uniform maximum rate. The annual reduction will be two percent of the amount by which the current rate exceeds the maximum target rate. In 2008 existing Commercial and Industrial properties began to work towards this 1.60%.

The 1.60% is a Provincial Ceiling tax rate that was phased-in over a seven-year period. The maximum has been further reduced every year as a result of each province-wide reassessment. In 2018, the BET maximum is 1.34%.

Total Weighted CVA – 2 Parts

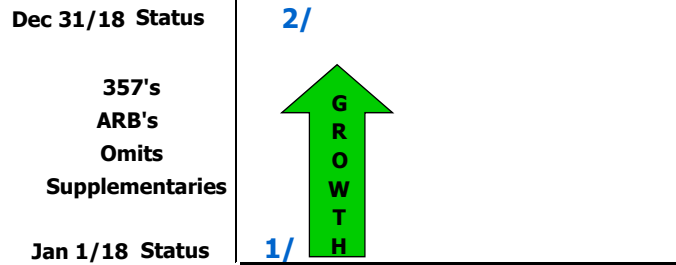
1. **Reassessment** – comes from MPAC
2. **Growth** – comes from new construction, additions, improvements and change in use

Assessment Growth

Assessment Growth -2019

- *Growth represents assessment increase or decrease regardless of whether market based reassessment occurs*
- *All municipalities will see an revenue impact because of growth each year*
- *Increases come from new construction, additions, improvements and change in use*
- *Decreases come from demolitions, change in use, tax write-offs, etc*
- ***Assessment Growth impacts municipal revenue***

Growth Change - 2019



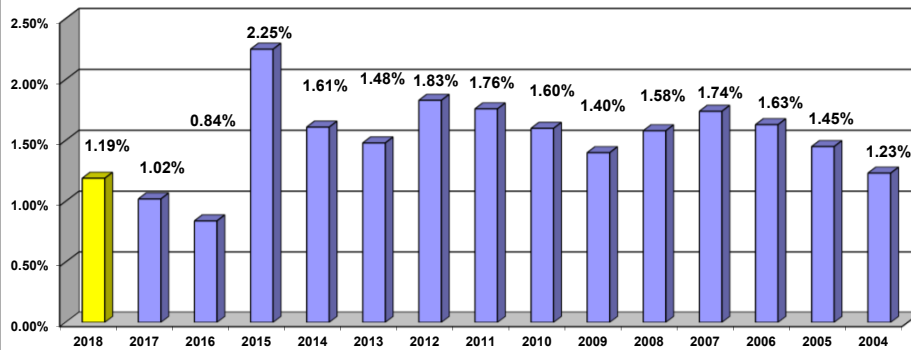
- 1/ Returned 2018 Assessment Roll**
- 2/ Year end 2018 Assessment – physical characteristics & change in use**

Property Class (RTC)	Tax Category (RTQ)	2018 Net Growth	2018 Net Growth
Taxable			
R - Residential	T	103,707,519	1.13%
R - Residential	H	0	0.00%
R - Residential	1	0	0.00%
M - Multi-Residential	T	-548,993	-0.28%
N - New Multi-Reside	T	2,377,537	
C - Commercial	T	-1,748,104	-0.24%
C - Commercial	H	0	0.00%
C - Commercial	U	338,084	4.69%
C - Commercial	X	-223,887	-1.17%
C - Commercial	K	0	0.00%
C - Commercial	1	0	0.00%
X - New Commercial	T	7,840,822	5.46%
X - New Commercial	U	55,512	8.89%
S - Shopping Centre	T	0	0.00%
S - Shopping Centre	U	0	0.00%
Z - New Shopping Ce	T	4,546,954	43.84%
I - Industrial	T	-5,876,356	-7.42%
I - Industrial	H	-288	-0.01%
I - Industrial	U	-79,975	-6.26%
I - Industrial	X	356,943	13.10%
I - Industrial	K	0	0.00%
I - Industrial	J	0	0.00%
J - New Industrial	T	923,128	11.78%
J - New Industrial	U	78,075	42.91%
L - Large Industrial	T	7,477,378	12.81%
L - Large Industrial	U	37,626	4.15%
P - Pipeline	T	8,715	0.00%
F - Farmland	T	341,707	0.29%
T - Managed Forest	T	463,829	6.12%
Commercial Total		10,809,380	1.15%
Industrial Total		2,916,532	1.89%
Total Taxable		120,076,226	1.08%
Total Taxable Excluding RTQ H, I, J, K,		120,076,514	1.08%

PIL

R - Residential	F	667,290	0.47%
R - Residential	P	-37,564	-0.41%
R - Residential	G	-951,600	-4.05%
M - Multi-Residential	F	1,741,722	1.60%
C - Commercial	F	23,974,138	3.52%
C - Commercial	P	-9,981	-1.79%
C - Commercial	G	-463,355	-0.75%
C - Commercial	V	0	0.00%
C - Commercial	Y	0	0.00%
C - Commercial	R	0	0.00%
C - Commercial	W	0	0.00%
C - Commercial	Z	0	0.00%
X - New Commercial	F	0	0.00%
D - Office Building	F	0	0.00%
I - Industrial	P	0	0.00%
I - Industrial	Y	0	0.00%
I - Industrial	Q	0	0.00%
I - Industrial	Z	0	0.00%
L - Large Industrial	F	-3,595	-0.01%
H - Landfill	F	0	0.00%
Commercial Total		23,500,802	3.15%
Industrial Total		-3,595	-0.01%
Total PIL		24,917,055	2.35%
Total PIL Including RTQ H, I, J, K, N, S		24,916,767	2.33%
Total Taxable and PIL		144,993,281	1.19%

CVA Growth - County of Renfrew



2016-2020 Weighted Assessment Growth (Taxable & PIL)

Renfrew Co, 4700

Property Class	2017	2018
Residential	100,327,806	103,385,645
Commercial	29,501,849	34,310,182
Pipeline	266,146	8,715
Farmland	1,136,611	805,536
Other	-11,467,618	6,483,202
Total	119,764,794	144,993,281
% Residential	83.8%	71.3%

The Impact of Growth Physical Changes & Change in Use

- ✦ The measurement of growth must be determined using actual tax rates, reflecting the individual municipal tax ratio scheme
- ✦ The **net gain** to the County for 2019 is the **difference between taxation raised on the 2018 returned roll and taxation amounts based on the revised 2018 year end roll**
- ✦ Increases in growth translate into **\$525,003 (1.19%)** in increased revenue for County purposes

✦ OPTA 2018 Additional Revenue from 2018 Assessment Growth, Renfrew Co, 4700

The Impact of Growth Physical Changes & Change in Use

	2018 Growth Wtd CVA \$	2018 Growth Wtd CVA %
ADMASTON/BROMLEY	4,600,549	1.43%
ARNPRIOR	18,320,269	1.76%
BONNECHERE VALLEY	3,552,829	0.74%
BRUDENELL, LYNDOKH RAGLAN	2,628,261	1.21%
DEEP RIVER	16,133,972	2.82%
GREATER MADAWASKA	7,896,634	1.01%
HEAD, CLARA & MARIA	602,090	0.27%
HORTON	7,208,639	1.73%
KILLALOE, HAGARTY & RICHARDS	113,795	0.03%
LAURENTIAN HILLS	1,746,726	0.40%
LAURENTIAN VALLEY	8,663,939	0.68%
MADAWASKA VALLEY	7,691,544	1.03%
McNAB/BRAESIDE	8,628,391	0.94%
NORTH ALGONA WILBERFORCE	4,038,983	0.91%
PETAWAWA	37,642,085	1.71%
RENFREW	5,456,532	0.63%
WHITEWATER REGION	10,068,044	1.19%
County of Renfrew	144,993,281	1.19%

The Impact of Growth Physical Changes & Change in Use

	2018 Growth Wtd CVA \$	2018 Growth Wtd CVA %
DEEP RIVER	16,133,972	2.82%
ARNPRIOR	18,320,269	1.76%
HORTON	7,208,639	1.73%
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HEAD, CLARA & MARIA	602,090	0.27%
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County of Renfrew	144,993,281	1.19%

The Impact of Growth Physical Changes & Change in Use

WTD CVA Growth	2018	2017	2016	2015	2014	2013	2012	2011	2010
ADMASTON/BROMLEY	1.43%	1.18%	0.81%	1.05%	0.56%	0.91%	0.98%	1.20%	0.40%
ARNPRIOR	1.76%	1.89%	1.65%	2.42%	3.18%	3.84%	2.31%	0.70%	3.40%
BONNECHERE VALLEY	0.74%	0.52%	0.35%	0.71%	0.92%	1.18%	1.48%	1.40%	0.90%
BRUDENELL, LYNDON RAGLAN	1.21%	0.38%	1.02%	0.80%	0.21%	0.30%	1.90%	0.70%	1.20%
DEEP RIVER	2.82%	1.25%	0.16%	0.55%	0.26%	1.38%	0.64%	1.00%	4.50%
GREATER MADAWASKA	1.01%	1.31%	0.99%	1.80%	0.74%	1.82%	2.07%	1.90%	0.90%
HEAD, CLARA & MARIA	0.27%	0.12%	0.37%	0.29%	0.70%	-0.45%	-0.49%	-0.10%	-0.10%
HORTON	1.73%	1.79%	2.10%	1.24%	2.30%	2.16%	3.12%	2.40%	1.70%
KILLALOE, HAGARTY & RICHARDS	0.03%	0.79%	0.29%	1.02%	0.84%	0.52%	1.62%	0.80%	0.80%
LAURENTIAN HILLS	0.40%	0.43%	0.11%	0.70%	0.85%	0.65%	1.31%	0.50%	1.60%
LAURENTIAN VALLEY	0.68%	-0.74%	1.76%	1.46%	1.52%	1.52%	1.25%	1.80%	1.60%
MADAWASKA VALLEY	1.03%	0.88%	0.48%	1.24%	0.52%	0.61%	1.40%	0.90%	0.00%
McNAB/BRAESIDE	0.94%	0.77%	0.84%	0.86%	1.07%	0.67%	1.08%	1.00%	1.10%
NORTH ALGONA WILBERFORCE	0.91%	0.66%	1.05%	0.76%	1.32%	0.67%	1.52%	1.30%	0.90%
PETAWAWA	1.71%	1.28%	0.59%	7.49%	3.00%	2.05%	3.67%	5.30%	2.20%
RENFREW	0.63%	2.11%	0.15%	0.38%	1.44%	0.90%	1.28%	-0.40%	1.50%
WHITEWATER REGION	1.19%	1.64%	0.74%	1.18%	1.94%	1.32%	1.22%	1.60%	2.20%
County of Renfrew	1.19%	1.02%	0.84%	2.25%	1.61%	1.48%	1.83%	1.80%	1.60%

Total Weighted CVA – 2 Parts

1. **Reassessment** – comes from MPAC
2. **Growth** – comes from new construction, additions, improvements and change in use

Reassessment - Valuation Changes




1234567890
JACKSON JASON
ABC IMPORTS LIMITED
200 MAIN STREET
UNIT 5000
11 FLOOR
ANYWHERE ON M4K 1B3

Issue Date:
April 4, 2016

Property Assessment Notice

For the 2017 to 2020
property taxation years

THIS IS NOT A TAX BILL.

The Municipal Property Assessment Corporation (MPAC) is responsible for assessing more than five million properties in Ontario in compliance with the *Assessment Act* and regulations set by the Government of Ontario.

MPAC's 2016 assessed value of your property is \$228,000

Account Information:

Roll Number	12 34 567 899 12345 1234
AboutMyProperty™ Access Key	ABCD EFG1 HJK2
Your property's location and description	900 Dynes Rd. PLAN169 BLK 1 PT LOT4
Municipality	Ottawa City
School support	English-Public

Reassessment - Valuation Changes

- **Assessments are based on current value**
- **Similar to market value, current value is an amount assigned to real property by an assessor from MPAC for property taxation purposes**
- **CVA is established based on a willing buyer & willing seller, arms length transaction, in a competitive open market**

Reassessment - Valuation Changes

- **Valuation change happens each time MPAC updates the CVA to a new, more recent point in time**
- **Reflects changes in real estate market conditions**

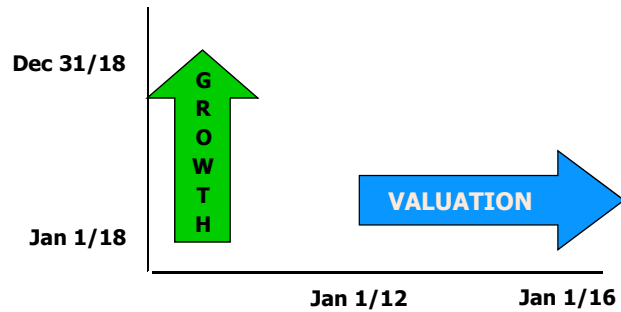
Reassessment - Valuation Changes

- ★ Reassessment **does not** affect tax revenue
- ★ Valuation change **does** affect the distribution of the tax burden between properties, between classes and between municipalities in a two tier structure

Assessment Cycle -2017

Year	Assessed Value
98-2000	Current Value as of June 30, 1996
2001	Current Value as of June 30, 1999
2002	Current Value as of June 30, 1999
2003	Current Value as of June 30, 2001
2004	Current Value as of June 30, 2003
2005	Current Value as of June 30, 2003
2006-2008	Current Value as of January 1, 2005
2009-2012	Current Value as of January 1, 2008
2013-2016	Current Value as of January 1, 2012
2017-2020	Current Value as of January 1, 2016

Assessment Changes - 2019



Renfrew Co, 4700

Property Class (RTC)	Tax Category (RTQ)	2017-2020 Value/Equity Change	2017-2020 Value/Equity
Taxable			
R - Residential	T	477,727,162	5.20%
R - Residential	H	14,048	3.13%
R - Residential	1	2,765	8.71%
M - Multi-Residential	T	-240,033	-0.12%
N - New Multi-Reside	T	50,928	2.17%
C - Commercial	T	-20,210,167	-2.62%
C - Commercial	H	-33,162	-0.79%
C - Commercial	U	-29,318	-0.37%
C - Commercial	X	-11,877	-0.06%
C - Commercial	K	-1,598	-2.66%
C - Commercial	1	12,600	3.12%
X - New Commercial	T	-4,092,000	-2.60%
X - New Commercial	U	36,678	5.51%
S - Shopping Centre	T	798,141	4.21%
S - Shopping Centre	U	-3,557	-5.79%
Z - New Shopping Ce	T	542,748	3.71%
I - Industrial	T	6,238,717	8.71%
I - Industrial	H	68,189	1.71%
I - Industrial	U	10,977	0.88%
I - Industrial	X	-723	-0.02%
I - Industrial	K	-1,304	-5.22%
I - Industrial	J	4,470	66.67%
J - New Industrial	T	857,266	10.25%
J - New Industrial	U	76,730	34.85%
L - Large Industrial	T	15,763,791	26.62%
L - Large Industrial	U	136,171	15.33%
P - Pipeline	T	48,997,293	10.84%
F - Farmland	T	66,006,062	76.24%
T - Managed Forest	T	4,765,174	83.71%
Commercial Total		-22,991,511	-2.31%
Industrial Total		23,154,285	15.56%
Total Taxable		597,486,173	5.40%
Total Taxable Excluding RTQ H, I, J, K		597,435,529	5.40%

Property Class (RTC)	Tax Category (RTQ)	2017-2020 Value/ Equity Change	2017- 2020 Value/ Equity
PIL			
R - Residential	F	-4,504,858	-3.05%
R - Residential	P	5,412,973	84.13%
R - Residential	G	4,838,651	23.63%
M - Multi-Residential	F	15,217,100	14.79%
C - Commercial	F	-2,690,801	-0.38%
C - Commercial	P	-47,638	-7.93%
C - Commercial	G	5,652,558	9.41%
C - Commercial	V	15,243	44.44%
C - Commercial	Y	20,452	5.23%
C - Commercial	R	-671,983	-52.74%
C - Commercial	W	-2,795	-11.64%
C - Commercial	Z	-5,361	-9.67%
X - New Commercial	F	18,147	5.24%
D - Office Building	F	5,880	0.29%
I - Industrial	P	-311,366	-38.51%
I - Industrial	Y	37,254	18.18%
I - Industrial	Q	-219,419	-38.48%
I - Industrial	Z	5,029	18.24%
L - Large Industrial	F	-1,134,082	-3.54%
H - Landfill	F	300,333	83.70%
Commercial Total		2,293,703	0.30%
Industrial Total		-1,622,583	-4.82%
Total PIL		21,935,318	2.02%
Total PIL including RTQ H, I, J, K, N, S		21,985,962	2.01%
Total Taxable and PIL		619,421,491	5.09%

History of MPAC Assessment Changes

Year	Assessed Value	% Change
2009-2012	Current Value as of January 1, 2008	33.8%
2013-2016	Current Value as of January 1, 2012	13.99%
2017-2020	Current Value as of January 1, 2016	5.09%

4 Year Phase-In

- The 4 year phase in of assessment increases is designed to protect taxpayers from market volatility
- The program is predictable over the 4 year period (2017-2020)
- **Decreases are not phased in** – they will flow through to avoid ratepayers being taxed on a value higher than CVA

Property Class (RTC)	Tax Category (RTQ)	2019 Value/Equity Change	2019 Value/Equity
Taxable			
R - Residential	T	183,898,586	1.98%
R - Residential	H	17,087	3.98%
R - Residential	1	919	2.81%
M - Multi-Residential	T	2,074,152	1.07%
N - New Multi-Reside	T	12,731	0.54%
C - Commercial	T	6,774,475	0.92%
C - Commercial	H	39,061	0.96%
C - Commercial	U	170,205	2.25%
C - Commercial	X	257,984	1.36%
C - Commercial	K	0	0.00%
C - Commercial	1	3,150	0.77%
X - New Commercial	T	851,688	0.56%
X - New Commercial	U	10,996	1.62%
S - Shopping Centre	T	238,796	1.24%
S - Shopping Centre	U	0	0.00%
Z - New Shopping Ce	T	135,687	0.91%
I - Industrial	T	2,495,935	3.42%
I - Industrial	H	48,926	1.23%
I - Industrial	U	36,855	3.10%
I - Industrial	X	83,715	2.73%
I - Industrial	K	0	0.00%
I - Industrial	J	1,118	12.50%
J - New Industrial	T	254,430	2.92%
J - New Industrial	U	19,182	7.42%
L - Large Industrial	T	4,748,659	7.25%
L - Large Industrial	U	42,273	4.50%
P - Pipeline	T	12,249,321	2.57%
F - Farmland	T	16,503,933	13.80%
T - Managed Forest	T	1,206,041	14.99%
Commercial Total		8,482,042	0.89%
Industrial Total		7,731,094	4.94%
Total Taxable		232,175,906	2.07%
Total Taxable Excluding RTQ H, I, J, K,		232,069,714	2.07%

Property Class (RTC)	Tax Category (RTQ)	2019 Value/ Equity Change	2019 Value/ Equity
PIL			
R - Residential	F	332,968	0.23%
R - Residential	P	1,380,881	15.20%
R - Residential	G	1,377,617	6.11%
M - Multi-Residential	F	3,804,274	3.44%
C - Commercial	F	1,975,553	0.28%
C - Commercial	P	2,087	0.38%
C - Commercial	G	2,120,497	3.45%
C - Commercial	V	3,811	9.09%
C - Commercial	Y	6,447	1.62%
C - Commercial	R	0	0.00%
C - Commercial	W	0	0.00%
C - Commercial	Z	508	1.04%
X - New Commercial	F	4,537	1.28%
D - Office Building	F	1,470	0.07%
I - Industrial	P	0	0.00%
I - Industrial	Y	9,313	4.17%
I - Industrial	Q	0	0.00%
I - Industrial	Z	1,257	4.18%
L - Large Industrial	F	0	0.00%
H - Landfill	F	84,560	17.26%
Commercial Total		4,114,909	0.53%
Industrial Total		10,571	0.03%
Total PIL		11,105,780	1.02%
Total PIL Including RTQ H, I, J, K, N, S		11,211,972	1.02%
Total Taxable and PIL		243,281,686	1.98%

Tax Shifts – Reassessment

Valuation change will affect the distribution of the tax burden between properties, between classes and between municipalities in a two tier structure

- **Tax shifts will happen:**
 1. **Between properties in a class**
 2. **Between classes**
 3. **Between Municipalities (2 tier)**

Tax Shifts – Between LTM's

	2019 Wtd Value/ Equity \$	2019 Wtd Value/ Equity %
BRUDENELL, LYNDOKH RAGLAN	10,288,627	4.67%
ADMASTON/BROMLEY	12,727,927	3.90%
BONNECHERE VALLEY	16,798,049	3.48%
HEAD, CLARA & MARIA	7,132,315	3.19%
WHITEWATER REGION	25,148,397	2.93%
LAURENTIAN HILLS	12,575,006	2.85%
KILLALOE, HAGARTY & RICHARDS	9,776,987	2.76%
NORTH ALGONA WILBERFORCE	11,344,976	2.53%
HORTON	9,457,413	2.23%
MADAWASKA VALLEY	15,232,904	2.02%
McNAB/BRAESIDE	18,442,821	2.00%
LAURENTIAN VALLEY	25,721,398	1.99%
GREATER MADAWASKA	12,716,978	1.61%
PETAWAWA	29,890,313	1.33%
ARNPRIOR	12,473,557	1.18%
RENFREW	8,807,014	1.02%
DEEP RIVER	4,747,003	0.81%
County of Renfrew	243,281,686	1.98%

**What Decisions Can Council
Make on The Distribution of
the Tax Levy?**

1. Tax Ratios

(Basically the relationship of all tax classes to the residential class)

History

In 1998 the Province of Ontario established a new property assessment and taxation system. Properties were divided into seven standard property classes by the Province.

In the first year of the new system, the Province also set tax ratios for the 7 property classes to ensure that the tax burden between the classes was the same as in the previous system.

Tax Ratios In Renfrew County-2019

Residential/Farm	1.0
Multi-Residential	1.9436
Commercial	1.8147
Industrial	3.191247
Pipeline	1.3328
Farmland	0.25
Managed Forest	0.25

Tax Ratios In Renfrew County-2019

The County of Renfrew also chose to separate the Industrial Class into:

Large Industrial	3.575154
Residual Industrial	2.865692

Tax Ratios

- **Movement of tax ratios is under the discretion of upper and single tier municipalities to move down, **but never up****
- **Changing tax ratios results in tax shifts**
- **Flexibility to move is restricted by Provincial Rules in respect of Ranges of Fairness and Provincial Threshold (Average) Ratios, etc..**
- **Tax Ratios **only relate to the municipal portion of the tax bill** – education tax rates are established by the Province**

2019 OPTA – Multi Res Ratios

- **The Province heard concerns about the significantly higher property tax burden for multi-residential apartment buildings and its potential implications for housing affordability in the rental market.**
- In response to these concerns, the Province has announced it will review the property taxation of multi-residential apartment buildings. The review will involve extensive consultations with municipalities, as well as other affected stakeholders, including renters and apartment building owners. Consultations were to begin in early 2017.

2019 OPTA – Multi Res Ratios

- Again in 2019 tax year, municipalities with a multi-residential tax rate that is double the residential rate or higher will be restricted from increasing this burden.
- This means, where the multi-residential tax ratio is **greater than 2.0**, a full levy restriction will be implemented and reassessment related shifts onto the multi-residential class will be prevented.

2019 OPTA – Multi Res Ratios

- The multi residential ratio in Renfrew County has always been below 2.0 (**1.9436**) and therefore this new Provincial policy does not impact our local tax policy decisions.

2019 Ratios – New Multi Residential

- On April 27, 2017 the Province implemented a **mandatory New Multi-Residential property class province-wide** to ensure that municipalities tax new multi-residential buildings at a similar rate as other residential properties (**Ratio of 1.0**). This will support and encourage the development of new, purpose-built rental housing as a step to improve housing affordability in the rental market.
- **All municipalities must set a tax ratio this year for New Multi-Residential class regardless of whether any NT properties exist.**
- **Unfortunately, the Province only released the Regulations on July 6, 2017**
- **Special County Council meeting was held on July 26, 2017**

Landfill

- In April 2017 The Minister of Finance provided direction relating to the tax treatment of the new Landfill class. In accordance with the ministry's direction, the following has been implemented in OPTA for the Landfill class.
- Landfills are a separate class (coded by MPAC with RTC = H).
- Municipalities with properties in the Landfill class in their jurisdiction **must include a Landfill class tax rate and ratio in their annual by-laws.**
- The 2017 Starting Ratios for the Landfill class are the 2017 Starting Ratios for the Commercial class.

From Our Meeting Last Year

From: Roopali Katyal [mailto:rkatyal@reamined.on.ca]

Sent: January 8, 2018 10:44 AM

To: Jeff Foss <JFoss@countyofrenfrew.on.ca>

Cc: Shane Tyson <Styson@reamined.on.ca>

Subject: RE: Landfill Starting Tax Ratio vs 2018 Tax Ratio [ID # 61501]

We've received confirmation from the Ministry of Finance that O. Reg 95/17, Section 10.2 will continue to be applied for tax year 2018. Therefore, the transition ratio for the Landfill class is the Revenue Neutral ratio, with the ability to increase it up to 5%.

If this regulation does not change for subsequent years, **then yes the Transition Ratio for the Landfill Class will be recalculated every year since it has to equal the Revenue Neutral Ratio for that class.** The Revenue Neutral Ratios are calculated to raise the same proportion of the levy for each class as it paid in the previous tax year.

2019 Ratios - Landfill

2017 Landfill Ratio 1.814700

2018 Landfill Ratio 1.534659

2019 Landfill Ratio 1.336724

Recommendation that we **Not Adjust** this Revenue Neutral Ratio by 5% in 2019 since the Province will simply adjust it again in 2020 to be Revenue Neutral.

2019 Wtd CVA = 500,469 (\$1,821 County Levy)

2. Levy Restriction

- Since 2001, levy restricted classes, with a tax ratio that exceeds the prescribed Provincial Threshold “Average” Ratios may **not** absorb any municipal budgetary increase.

Levy Restriction

Application of the Levy Restriction to Certain Classes

	2019 Tax Ratio	Threshold	Subject to Levy Restriction?
Multi- Residential	1.943600	2.740000	NO
Broad Commercial	1.814700	1.980000	NO
Broad Industrial	3.191247	2.630000	YES

What happens if we reduce the Industrial ratio down to the Provincial Threshold of 2.63 ?

City of Pembroke

January 26, 2018 media article advised that Pembroke was contemplating a move to reduce the industrial ratio from 3.4 to 2.63 to make it "more attractive for industries that are looking at coming to Pembroke because their taxes would be lower"

July 13, 2018 Email

Hello All.

At the March 21, 2018 meeting of the Tax Policy Working Group (TPWG), there was some discussion regarding a possible movement in our Broad Industrial Tax Ratio down to the provincial threshold of 2.63. Although TPWG recommended to County Council that no change should take place in 2018, they requested that further analysis be conducted providing details on the impact of this possible ratio change on the Industrial and Large Industrial property class within each of our 17 municipalities.

I committed to forward this information to each member of TPWG in advance of the RCCTA Fall meeting which would allow impacted municipalities time to review the data. Please note that the tax levy information on the enclosed Excel file includes both upper and lower tier notional taxes. If possible, I would like to reconvene a TPWG meeting immediately following the RCCTA meeting in the fall of 2018 to review the enclosed report in detail, so that we all understand the impacts of the shift in taxation that would result from a decision to move to the Provincial industrial threshold ratio of 2.63 in 2019.

Sincerely,
J. Foss

Tax Ratio For Industrial at Provincial Threshold – **Total Municipal Tax**

Taxable					
Class	CVA	2019 Tax Ratios	Alternative Tax Ratios	Taxation Change	
				\$	%
Residential	9,476,801,970	1.000000	1.000000	246,357	0.28%
Res FAD I	95,975	0.350000	0.350000	1	0.28%
New Multi-resident	2,390,268	1.000000	1.000000	61	0.28%
Multi-residential	100,437,587	1.943600	1.943600	7,899	0.28%
Com. Occupied	515,058,821	1.814700	1.814700	43,571	0.28%
Com. Exc. Land	6,716,179	1.270290	1.270290	220	0.28%
Com. Vac. Land	15,149,909	1.270290	1.270290	518	0.28%
Com. FAD I	1,180,000	0.350000	0.350000	11	0.28%
Ind. Occupied	30,836,513	2.865692	2.358482	-142,540	-17.47%
Ind. Exc. Land	820,372	1.862700	1.533013	-3,014	-17.47%
Ind. Vac. Land	1,695,356	1.862700	1.533013	-5,489	-17.47%
Large Ind. Occ.	19,646,760	3.575154	2.942374	-162,215	-17.47%
Large Ind. Exc.	422,609	2.323850	1.912543	-1,576	-17.47%
Landfills	0	1.336724	1.336724	13	0.00%
Pipelines	366,787,333	1.332800	1.332800	12,475	0.28%
Farm	544,323,638	0.250000	0.250000	3,473	0.28%
Managed Forests	37,005,841	0.250000	0.250000	236	0.28%
Total	11,119,369,131			0	0.00%

Effects of Setting the Tax Ratio For Industrial at Provincial Threshold

**This would translate into (17.47%)
 (\$314,834) in reduced upper and lower
 tier taxes for the Industrial Class and a
 0.28% increase to all other classes.**

3. Levy Restriction Option – 50%

- If we don't reduce the Ind Ratio to 2.63 then
- (assuming that) The Province is once again allowing municipalities to apply a municipal tax increase to restricted classes equal to 50% of any budgetary tax rate increase levied to the residential class.

Levy Restriction Option – 50%

	2019 Ratio	2018 Ratio	Change
Multi-Residential	1.943600	1.943600	0%
Commercial	1.814700	1.814700	0%
Industrial	2.865692	2.881930	-0.563%
Large Ind	3.575154	3.595412	-0.563%
Pipeline	1.332800	1.332800	0%
Farm/Forest	0.250000	0.250000	0%

Due to levy restriction last year – only 50% of budget increase to Industrial Class – the starting ratio is reduced

Levy Restriction Option – 50%

	2001 Ratio	2019 Start Ratio	Change
Industrial	3.6393	2.865692	-21.3%
Large Ind	4.5401	3.575154	-21.3%

Over 18 years – the municipal tax burden supported by the Industrial class has reduced by **21.3%**

Levy Restriction Option – 50%

- **This option can be utilized at either the upper or lower tier independently.**
- **The principle of having the industrial class pay for some of the municipal levy increase has been deemed appropriate each year that we discuss tax policy**

Levy Restriction Option – 50%

- The 50% levy restriction option translates to a **1.2981%** increase in County taxes to the industrial class when all other classes are experiencing a **2.5963%** increase over notional taxes
- LTM Treasurers need to use OPTA to verify that the levy restricted rates are set in accordance with Ontario Regulation.

4. Revenue Neutral Ratios

- **(assuming that) The Province is again giving municipalities tax ratio flexibility that was provided in previous reassessment years**
- **Using the revenue neutral ratios would avoid tax shifts between property classes as a result of reassessment**
- **In other words all classes pick up their same share of the tax burden as they had previously**

Revenue Neutral Ratios- Sensitivity

Class	CVA	2019 Tax Ratios	Alternative Tax Ratios	Taxation Change	
				\$	%
Residential	9,476,801,970	1.000000	1.000000	-121,949	-0.14%
Res FAD I	95,975	0.350000	0.350000	0	-0.14%
New Multi-resident	2,390,268	1.000000	1.000000	-30	-0.14%
Multi-residential	100,437,587	1.943600	1.947362	1,583	0.06%
Com. Occupied	515,058,821	1.814700	1.839968	196,409	1.25%
Com. Exc. Land	6,716,179	1.270290	1.287978	989	1.25%
Com. Vac. Land	15,149,909	1.270290	1.287978	2,335	1.25%
Com. FAD I	1,180,000	0.350000	0.350000	-5	-0.14%
Ind. Occupied	30,836,513	2.865692	2.786478	-23,644	-2.90%
Ind. Exc. Land	820,372	1.862700	1.811211	-500	-2.90%
Ind. Vac. Land	1,695,356	1.862700	1.811211	-911	-2.90%
Large Ind. Occ.	19,646,760	3.575154	3.476330	-26,908	-2.90%
Large Ind. Exc.	422,609	2.323850	2.259615	-261	-2.90%
Landfills	0	1.336724	1.336724	-6	0.00%
Pipelines	366,787,333	1.332800	1.327123	-25,266	-0.56%
Farm	544,323,638	0.250000	0.250000	-1,719	-0.14%
Managed Forests	37,005,841	0.250000	0.250000	-117	-0.14%
Total	538,104,909			0	0.00%

Some Principles To Consider Before Deciding to Move to Revenue Neutral Ratios

- Since capping was first introduced in 1998 the County of Renfrew decided that **a property owner should receive 100% of the benefit of having a decrease in the assessed value of their property.** Based on this belief, the County has never used the “clawback” option and has passed the reductions on to all non-residential tax classes
- If we move to block Industrial or Commercial properties from receiving the benefit of lower valuations, then we have made a **fundamental shift in our principle.**

5. Notional Rate Adjustment

Reminder – What are Notional Rates?

Each time we study tax shifts caused by reassessment we must do so through the use of **notional tax rates**.

For 2019, notional tax rates are calculated by dividing 2018 year end taxation by 2019 Weighted and discounted CVA.

The calculation effectively eliminates any CVA growth impact from the analysis to ensure we only see reassessment impacts.

Notional Tax Rates

Tax policy analysis using notional tax rates excludes any CVA growth impact ... and it is done **before we add any municipal budgetary burden.**

..... we only see reassessment impacts.

2019 OPTA – Notional Rate Adj

- **In response to municipal requests, a technical adjustment to the provincially prescribed notional property tax rate calculation was announced in the 2016 Ontario Budget.** This adjustment ensures that when calculating notional tax rates, municipalities and the Province are able to address any unintended effects due to specific in-year property assessment changes, such as assessment appeal losses.

2019 OPTA – Notional Rate Adj

- Municipalities have the option to adjust the year-end assessment used in the notional property tax rate calculation to offset changes resulting from certain in-year reassessment related changes, including: Assessment Review Board decisions; Request for Reconsiderations; Post Roll Amended Notices; and Special Advisory Notices..

2019 OPTA – Notional Rate Adj

• County 2018 Year End Taxes (notional)	\$44,509,539
• County 2019 Budget	<u>\$45,655,946</u>
• Budget Increase \$	\$1,146,407
• Budget Increase %	2.5%
<hr/>	
• County 2018 Year End Taxes (notional)	\$44,509,539
• Add Back Notional Adj (ARB, RfR, etc)	<u>\$500,000</u>
• Revised Notional Taxes	\$45,009,539
• County 2019 Budget	<u>\$45,655,946</u>
• Budget Increase \$	\$646,407
• Budget Increase %	1.43%

6. Capping

What is Capping?

The general formula for property taxes in Ontario is tax rate multiplied by property assessment value.

However, this formula can vary significantly for properties in the non-residential tax classes. The Province of Ontario protects commercial, industrial, and multi-residential properties from significant tax increases. The program limits or "caps" any change to the property taxes resulting from assessment increases on any individual property.

What is Capping?

Effectively, **capping protects landowners from paying the full amount of taxes based on the assessed value of the property** as they are paying less tax than if they calculate their taxes using the general formula.

Capping - History

The 5% limit (cap) on tax increases is a **permanent successor** to the 10-5-5 program which was in place from 1998 through 2000. This tax change mitigation scheme is intended to protect properties in the business classes from year-over-year assessment increases greater than 5%, exclusive of those attributable to municipal budgetary changes.

Capping Options- History

1. Annualized Tax Limit - Cap based on previous year's annualized tax +5%
2. Prior Year's CVA Tax Limit - Cap based on previous year's CVA tax +5%
3. CVA Tax Threshold for Protected Properties (Increases) \$250
4. CVA Threshold for Claw Back properties (Decreasers) – **clawback option ignored**
5. New in 2009 was "Stay at CVA Tax"
6. Beginning in 2016, municipalities can choose to increase the threshold for capping protection to **+10% above prior year CVA taxes** from the old program with a threshold of +5% above prior year CVA taxes
7. In addition, municipalities can move properties directly to CVA level taxation if they are within **\$500 of CVA level taxes** Up from the current \$250 threshold.
8. In 2016, a municipality would be eligible for a 4 year phase out from the capping program once it has no capped properties beyond 50% of CVA level taxes in a property class. **Municipalities with no properties currently remaining in the capping program would be eligible to exit the program immediately**

Capping Options - History

In 2016, Renfrew County had no properties remaining in the Multi Residential capping program and therefore **our by law 40-16 removed this class from capping.**

We were also eligible to participate in the 4 year phase-out of capping for all commercial and industrial properties and we elected to do so.

Capping

Beginning in 2017, eligibility criteria to allow municipalities to phase out the capping program are more extensive.

9. Municipalities may choose to **exclude vacant land from the phase-out eligibility criteria** where all properties must be within 50% of CVA level taxes.

10. Municipalities will also have the **option to limit capping protection only to reassessment related changes prior to 2017**. For municipalities that select this option, reassessment related increases, beginning in 2017, would not be subject to the cap.

The County elected both of these options.

Capping

The County of Renfrew has consistently **used every new tool available** to move all business properties to full CVA tax as quickly as possible.

Has the strategy finally paid off after 20 years?

Capping 2019

Since the 2019 Education tax rates have not been set by the Province yet, **capping calculations are not available in OPTA**

The next few slides are from our 2018 meeting

2018 Capping Program

2018 Capping Summary Analysis Report using Calculated Rates

Using OPTA calculated rates on February 12, 2018 9:56AM EST.

Assessment Data Filter Option Used: No Limits, Include PIL Properties, Tax Ratios Used: 2018 Tax Ratios

Note: Capping Phase-out for the Commercial class will have no effect. All properties have reached full CVA tax this year using the other capping parameters selected. For next year, this class will be eligible for the Exit Capping Immediately option.

Renfrew Co, 4700

Note: 23 properties within the upper tier have \$0 annualized taxes for the previous year and have been temporarily treated as CVA Tax - Other Reasons, unless the Exit Capping Immediately option was selected for the class.

2018 Capping Program

Capping Report	Frequency Distribution Report	Upper Tier Banking Report	Back to Capping Option
	Multi-residential	Commercial	Industrial
Capping Parameters			
Annualized Tax Limit		10.00%	10.00%
Prior Year CVA Tax Limit		10.00%	10.00%
CVA Tax Threshold - Increases		\$500	\$500
CVA Tax Threshold - Decreasers		\$0	\$0
Exclude Reassessment Increase		Yes	Yes
Exclude Properties Previously at CVA Tax		Yes	Yes
Exclude Properties that Move from Capped to Clawed Back		No	No
Exclude Properties that Move from Clawed Back to Capped		No	No
Exit capping immediately	Already Exited	Not Eligible	Not Eligible
Capping phase-out	Not Eligible	Year 2 (½)	Year 2 (½)
Capping Clawback and Retained Percentages			
Clawback Percentage		0.0000%	0.0000%
Retained Percentage		100.0000%	100.0000%
Total		100.0000%	100.0000%
Total Tax Adjustment			
Capped Properties		\$0	-\$119
Clawback Properties		\$0	\$0
Net Class Impact/Shortfall		\$0	-\$119



2018 Capping Program

Actual County of Renfrew Capping cost in 2018 was \$59.37

Approx 50% of the \$119 upper and lower tier estimate from the previous slide

Use All Available Capping Tools

	2018	2017	2016	2015	2014	2013	1998
Multi – Res	0	0	0	0	0	0	18,941
Commercial	0	1,481	7,286	12,054	12,145	18,015	817,978
Industrial	119	551	1,087	2,368	3,012	51,472	161,493
Subtotal	119	2,032	8,373	14,422	15,157	69,487	998,412

These totals are split between the County and the Lower Tiers based on our proportionate share of tax revenue – approx 50%

7. Discount Rates

Municipalities may use the legislated reductions of **30%** for commercial and **35%** for industrial vacant units, vacant land and excess land **or choose a uniform reduction factor** for both classes that is between 30% and 35%. Any change to the blended reduction factor will impact the residential tax burden. Farmland Awaiting Development (Class 1) is currently discounted in the County of Renfrew at 65% and we have the latitude to move this rate up or down by 10% in any year, provided we stay between 25% and 75%.

Vacant Rebate

Since the 1990s, the vacancy rebate programs have provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings or land.

Vacant Rebate

As announced in the *2016 Budget*, the government is providing municipalities with the flexibility to refine their business vacancy programs to better reflect local circumstances and respond to concerns regarding the appropriateness of the lower tax level provided through these programs and the unintended implications this may have for local economies.

The regulation implementing changes to the vacancy programs requested by municipalities in 2017 has been enacted and is available on the Government of Ontario's e-laws website.

Minutes from TPWG March 21,2018

TPWG is recommending that Council pass a resolution seeking Ministerial consent to eliminate the vacant and excess land subclasses as well as the vacant building rebate program for the 2019 taxation year and thereafter.

April 25, 2018 County Council

Ministry of Finance – Elimination of Vacant and Excess Land Subclass/Vacant Building Rebate

RESOLUTION NO. FA-CC-18-04-49

THAT County Council approve that the County of Renfrew make an application to the Ministry of Finance seeking Ministerial consent to eliminate the vacant and excess land subclasses as well as the vacant building rebate program for the 2019 taxation year and thereafter.

Ministry of Finance

From: Russell, Nicola (MOF) <Nicola.Russell@ontario.ca>
Sent: December 10, 2018 10:41 AM
To: PropertyTax (MOF) <info.propertytax@ontario.ca>
Subject: Regulations Implementing Changes to Vacancy Programs

Dear Municipal Treasurer / Clerk-Treasurer,

We would like to inform you that the regulations implementing requested changes to the vacancy rebate and reduction programs [have been enacted for your municipality](#) and will be available shortly on the Government of Ontario's e-laws website at www.ontario.ca/laws.

- O. Reg. 490/18 amending O. Reg. 580/17 under the *Municipal Act, 2001* implements requested changes to the Vacant and Excess Land Subclasses
- O. Reg. 491/18 amending O. Reg. 325/01 under the *Municipal Act, 2001* implements requested changes to the Vacant Unit Rebate

As a reminder, municipalities are required to pass a by-law related to changes to the Vacant and Excess Land Subclasses.

ONTARIO REGULATION 490/18

made under the

MUNICIPAL ACT, 2001

Made: December 6, 2018

Filed: December 7, 2018

Published on e-Laws: December 7, 2018

Printed in The Ontario Gazette: December 22, 2018

AMENDING O. REG. 580/17

(TAX MATTERS - VACANT AND EXCESS LAND SUBCLASSES, TAX REDUCTIONS)

County of Renfrew

16. For the purposes of subsection 313 (1.3) of the Act, the County of Renfrew is authorized to pass a by-law providing that a tax rate reduction in paragraph 2, 3, 4 or 5 of subsection 313 (1) of the Act does not apply for a taxation year after 2018.

MUNICIPAL ACT

Prescribed subclass tax reductions

313 (1) The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under subsection 8 (1) of the Assessment Act shall be reduced in accordance with the following rules:

1. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under paragraph 1 of subsection 8 (1) of the Assessment Act shall be reduced by the percentages prescribed by, or determined in accordance with, the regulations.
2. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under subparagraph 2 i of subsection 8 (1) of the Assessment Act shall be reduced by 30 per cent or such other percentage prescribed by, or determined in accordance with, the regulations.
3. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under subparagraph 2 ii of subsection 8 (1) of the Assessment Act shall be reduced by 35 per cent or such other percentage prescribed by, or determined in accordance with, the regulations.
4. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under subparagraph 3 i of subsection 8 (1) of the Assessment Act shall be reduced by 30 per cent or such other percentage prescribed by, or determined in accordance with, the regulations.
5. The tax rates that would otherwise be levied for municipal purposes for the subclasses prescribed under subparagraph 3 ii of subsection 8 (1) of the Assessment Act shall be reduced by 35 per cent or such other percentage prescribed by, or determined in accordance with, the regulations. 2001, c. 25, s. 313 (1); 2016, c. 5, Sched. 16, s. 1 (1); 2017, c. 8, Sched. 19, s. 3 (1, 2).

Assessment Act

R.S.O. 1990, CHAPTER A.31

Subclasses for tax reductions

8 (1) For the purposes of providing tax reductions, the Minister shall prescribe the following subclasses of real property for land located in municipalities:

1. Up to three subclasses for farm land awaiting development for each of the following classes of real property,
 - i. the residential property class,
 - ii. the multi-residential property class,
 - iii. the commercial property class,
 - iv. the industrial property class.
2. A subclass for vacant land for each of the following classes of real property,
 - i. the commercial property class and such other classes of real property prescribed by the Minister for the purposes of this subparagraph,
 - ii. the industrial property class and such other classes of real property prescribed by the Minister for the purposes of this subparagraph.
3. A subclass for excess land for each of the following classes of real property,
 - i. the commercial property class and such other classes of real property prescribed by the Minister for the purposes of this subparagraph,
 - ii. the industrial property class and such other classes of real property prescribed by the Minister for the purposes of this subparagraph.

ONTARIO REGULATION 491/18
made under the
MUNICIPAL ACT, 2001
Made: December 6, 2018
Filed: December 7, 2018
Published on e-Laws: December 7, 2018
Printed in The Ontario Gazette: December 22, 2018
AMENDING O. REG. 325/01
(TAX MATTERS - VACANT UNIT REBATE)

Exemptions under s. 364 (1) of the Act, 2019 and subsequent years

12. For the 2019 taxation year and subsequent taxation years, the following municipalities are not required to have a program to provide tax rebates to owners of property that has vacant portions:

1. The lower-tier municipalities in the County of Perth.
2. **The lower-tier municipalities in the County of Renfrew.**
3. The lower-tier municipalities in the Regional Municipality of Waterloo.

8. Tax Relief for Low Income Seniors/Disabled

Upper/single tiers are required to create a policy to cancel or defer all property tax increases. The County of Renfrew currently has a By-law (35-12) establishing that tax increases for these groups be **deferred** until the eligible property is sold, at which time any deferred amounts together with accumulated interest thereon shall become a debt payable.

The amount of tax relief in the form of tax deferral granted pursuant to this By-Law shall be a **lien upon the eligible property** in accordance with the provisions of s.319(14) and 349 of the Act.

9. Tax Rebate Program for Eligible Charities

The County of Renfrew currently has a By-law (36-12) establishing a **40% tax rebate** to eligible charities for eligible properties (within the commercial or industrial classes) shared between the upper and lower tier and the school boards in the same proportion as they share the tax revenue from the property.

Options:

- a) May provide rebates to organizations "similar" to registered charities
- b) May offer rebates to other property classes
- c) May offer rebates up to 100%
- d) May offer different rebates for different organizations

Other Issues

Assessment at Risk

Fiscal Year	Roll Return + Supp/Omits		Assessment At Risk		
	CVA \$	CVA Taxes \$	Count	CVA \$	CVA Taxes \$
	A	B			
2006	6,553,520,543	97,368,123	219	234,682,300	8,909,880
2007	6,680,964,460	101,561,823	154	220,635,140	8,666,864
2008	6,760,608,278	103,642,136	189	226,574,740	8,253,390
2009	7,399,675,610	108,681,226	302	310,622,714	11,543,184
2010	8,015,543,404	112,301,638	252	421,585,407	15,278,163
2011	8,687,478,656	116,944,138	164	371,368,776	13,070,496
2012	9,372,175,877	121,644,817	156	407,114,392	13,862,038
2013	9,819,197,626	124,133,747	407	399,051,462	13,144,860
2014	10,409,347,578	130,511,452	203	484,137,599	15,845,893
2015	10,964,385,033	137,084,860	164	381,500,629	12,695,260
2016	11,509,052,862	141,072,509	110	285,751,439	9,715,697
2017	11,607,059,090	145,403,567	136	211,235,680	7,170,434
2018	12,054,250,712	150,486,659	152	289,851,282	9,622,983
2019	12,259,256,471	N/A	255	280,685,939	N/A

Assessment at Risk

A property is considered “at risk” when a **Reconsideration** or **ARB appeal** has been lodged but has not yet been resolved.

A **Request for Reconsideration** is resolved when:

- Minutes of Settlement under section 39.1 are signed by both MPAC and the owner or an authorized representative,
- MPAC confirms the assessment information under review, or
- MPAC's offer is rejected by the owner/representative.

Assessment at Risk

An **appeal** is resolved when:

- minutes of settlement have been signed and authorized or the ARB has made a decision to change or confirm the assessment and/or the property class, or
- the complaint has been withdrawn or dismissed.

Small Scale Value Added Farm Activity

The *2016 Economic Outlook and Fiscal Review* also announced that starting in 2018 municipalities will have the **option to reduce the tax rate on qualifying value-added activities that occur on farms as part of the farming business**. Optional new subclasses of the industrial and commercial classes will be created to allow the municipal tax rate to be reduced by 75% for the first \$50,000 of assessment related to qualifying activities.

Small Scale Value Added Farm Activity

In order to **ensure consistency** across the Province, the **education property tax rate will be a reduction of 75% of the business education tax (BET) target rate and will apply to all qualifying properties.** This reflects the Province's commitment to providing sustainable property tax treatment to farmers who engage in small-scale processing or retail activities as a direct extension of their farming business.

Small Scale Value Added Farm Activity

Regulations to establish the new subclasses and authorize the setting of municipal and education tax rates **will be available in early 2018, at which time the Municipal Property Assessment Corporation (MPAC) will begin to identify eligible properties** and issue amended assessment notices for affected properties.



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

Date: March 7, 2019
To: Chief Financial Officers and Treasurers
From: Carmelo Lipsi, Vice President and Chief Operating Officer
Subject: Review Complete: Small-scale on-farm business subclasses

On May 3, 2018, the Government of Ontario established two new **optional** subclasses for small-scale on-farm businesses to promote and support local farms across Ontario. The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the commercial and industrial tax rates that would otherwise apply (

Key Highlights of the Regulation (O. Reg 361/18)

Tax Rates

- The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the commercial and industrial tax rates that would otherwise apply.
- The subclasses are in effect for 2018 taxation and subsequent taxation years.
- Education tax rates for the commercial/industrial operation will be the lesser of the existing tax rate or 0.00272500, irrespective of municipalities opting into the small-scale on-farm business subclasses (O.Reg.362/18).

By-laws

- A council of a single or upper-tier municipality may pass a by-law opting to have both subclasses or they may pass a by-law for the industrial subclass

Assessment Criteria

- To qualify, 51% of the commercial and/or industrial facility must be used to sell, process or manufacture something from a product produced on the farmland.
- The first \$50,000 of assessed value attributed to the commercial or industrial operation will qualify for the reduced commercial or industrial tax rate.
- If the commercial or industrial operation has an assessed value equal to or greater than \$1 million, it will not qualify.

Small Scale Value Added Farm Activity Only 5 Properties County Wide in 2019 (3 Admaston, 2 LV)

	2019 County Rate	first \$50,000 CVA	Township	County Tax	75% Discount
COMMERCIAL - OCCUPIED	0.00660330	47,500.00	Admaston	313.66	235.24
COMMERCIAL - OCCUPIED	0.00660330	91,300.00	LV	602.88	452.16
		138,800.00		916.54	687.40

Property Tax Treatment of Vacant Residential Land (from 2018 Meeting)

As part of Ontario's Fair Housing Plan, the government committed to reviewing the property tax treatment of vacant residential land that has been approved for new housing. **The purpose of the review was to consider providing municipalities with additional tools to encourage the development of these lands.** This review responded to concerns expressed to the Province that vacant residential land was being held for speculative purposes.

Property Tax Treatment of Vacant Residential Land (from 2018 Meeting)

As part of the review, the Province has consulted with a number of municipalities. Based on the feedback received, the Province will be providing municipalities with the flexibility to levy a higher property tax rate on vacant land approved for residential development. Municipalities that are interested in this option should notify the Minister of Finance of their desire to utilize this flexibility, together with details of:

- their proposed approach;
- a council resolution; and
- a plan for consulting with the residential development sector.

For the 2018 tax year, municipalities should submit their notification in writing to the Minister of Finance by March 1, 2018.

Deadline for Tax Rates Into OPTA

2019 Target June 15th ?

- 1. Thank you for coming!!**
- 2. Other Issues to discuss?**

