

Clause 7 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 19, 2018.

7

2018 Property Tax Rates

1. Broad property class tax rates for 2018 be established as follows:

Broad Property Class	2018 Tax Rates %
Residential/Farm	0.350606
Multi-Residential	0.350606
Commercial	0.432052
Industrial	0.524962
Pipelines	0.322207
Farmland	0.087651
Managed Forests	0.087651

2. Local municipalities pay the final two instalments of the 2018 regional property tax levy on or before September 28, 2018 and December 14, 2018.
3. Council approve a bylaw to give effect to these recommendations.
4. The Regional Clerk circulate this report to the local municipalities.

Report dated March 27, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

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2018 Property Tax Rates

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Residential/Farm	0.350606
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3. Council approve a bylaw to give effect to these recommendations.
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2. Purpose

It is necessary to establish tax rates for the various property classes so that the tax levy component of the 2018 Regional Budget can be raised.

3. Background

A tax rate bylaw is required annually

In 2017, Council adopted revenue neutral tax ratios. Since the assessment values of different property classes shift at different rates, rates need to be adjusted annually to maintain revenue neutrality.

Section 311(2) of the *Municipal Act, 2001* (the Act) requires that an upper-tier municipality pass a tax rating bylaw each year, unless otherwise specified by the Province, that sets out the tax rates for each property class. This allows the Region to raise sufficient revenues to meet its budgetary requirements.

4. Analysis and Implications

2018 tax rates are determined by the approved budget, assessment values and tax ratios

Regional property tax rates are calculated based on the following formula:

$$\text{Property Tax Rates} = \frac{\text{Total Property Tax Funding Requirement for 2018}}{\text{Weighted and Discounted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

Weighted and discounted property assessment is the assessment returned by the Municipal Property Assessment Corporation (MPAC) for 2018 using tax ratios established in the [2018 Property Tax Ratios Report](#). Table 1 summarizes the revenue neutral tax ratios and the 2018 proposed tax rates.

Table 1
2018 Proposed Revenue Neutral Tax Ratios and 2018 Proposed Tax Rates

Property Class	2018 Proposed Revenue Neutral Ratios	Proposed 2018 Tax Rates %
Residential	1.0000	0.350606
Multi-Residential	1.0000	0.350606
Commercial	1.2323	0.432052
Industrial	1.4973	0.524962
Pipelines	0.9190	0.322207
Farmland	0.2500	0.087651
Managed Forests	0.2500	0.087651

In addition, the Minister of Finance has prescribed discounted tax rates for certain property subclasses, to ensure that the special nature of these properties is recognized. However, the Region has the flexibility to phase out the vacant and excess land discounts, which amount to approximately \$4 million in 2018. Table 2 is a list of these subclasses.

Table 2
Prescribed Subclass Discounts for Property Classes

Applicable Property Class	Subclass	Discount
Residential, Multi-Residential, Commercial and Industrial	Farmland Awaiting Development 1	75% of the residential tax rate
Commercial and Industrial	Excess Land	30% of the commercial rate and 35% of the industrial rate
Commercial and Industrial	Vacant Land	30% of the commercial rate and 35% of the industrial rate

Attachment 1 shows the distribution of Regional revenues by the various property classes and subclasses. The table includes linear properties for which the Province has prescribed a charge per acre. It also includes payments-in-lieu, which are payments made to compensate a municipality for some or all of the tax revenues that are foregone from tax-exempt properties. The most common payments-in-lieu in York Region are for federally-owned properties such as Canada Post, municipal utilities and crown corporations.

5. Financial Considerations

Tax rates are declining because property assessment values are growing faster than the Region's tax levy needs

Table 3 shows the historical relationship between the increases in average single-family detached assessment in York Region and tax rates for the residential property class. In all cases, the tax rates decrease because the value of the assessment base of the property class increased more than the property tax funding requirement.

Table 3
Comparison of Residential Assessment to Residential Tax Rates

	Average Single-Family Detached Assessment	Tax Rates (%)
2018	812,292	0.350606
2017	740,630	0.371903
2016	667,714	0.397157
2015	629,000	0.406421
2014	591,000	0.416733
2013	553,000	0.434762

6. Local Municipal Impact

Subsection 311(11) of the Act requires that an upper-tier tax rating bylaw estimate the amount of upper-tier tax revenue to be raised in each of the local municipalities. The estimate is shown in Table 4.

Table 4
2018 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2017 Tax Requirement (\$)	2017 Share (%)	2018 Tax Requirement (\$)	2018 Share (%)
Aurora	48,872,445	4.78	51,388,882	4.81
East Gwillimbury	19,327,056	1.89	21,223,927	1.98
Georgina	24,948,980	2.44	25,782,552	2.41
King	27,969,255	2.73	29,211,616	2.73
Markham	295,222,443	28.85	308,886,015	28.88
Newmarket	59,140,811	5.78	61,626,756	5.76
Richmond Hill	185,278,851	18.11	195,244,933	18.26
Vaughan	324,498,154	31.70	336,309,832	31.45
Whitchurch-Stouffville	38,040,764	3.72	39,764,765	3.72
Sub-Total	1,023,298,759	100.00	1,069,439,278	100.00
Payments-in-Lieu	2,841,114		3,079,722	
Total Tax Requirement	1,026,139,873		1,072,519,000	

2018 Property Tax Rates

The Municipal Act permits upper-tier municipalities to collect their portion of the property tax payments from local municipalities on or before specified dates

Subsection 311(12) of the Act provides that an upper-tier rating bylaw may require specified portions of the estimated taxes to be paid by the local municipalities on or before specified dates. At its meeting of January 25, 2018, Council adopted the interim levy payment dates of April 27, 2018 and June 29, 2018. It is recommended that the Regional Treasurer request that the remaining two instalments for the property tax levy be paid on or before September 28, 2018 and December 14, 2018.

7. Conclusion

The proposed 2018 tax rates will raise the property tax levy requirement that was approved by Council in December 2017. As well, the report provides the dates for the remittance of the remaining instalment payments from local municipalities.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

March 27, 2018

Attachments (1)

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Accessible formats or communication supports are available upon request

2018 Proposed Regional Revenues and Tax Rates by Class for Illustration

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Residential		
Residential	0.350606	875,034,923
Residential Taxable (Shared as Payment in Lieu)	0.350606	31,313
Residential – Farmland Awaiting Development Phase 1	0.087651	19,096
Residential Taxable (Upper Tier and Education Only)	0.350606	0
Multi-Residential		
Multi-Residential	0.350606	8,367,670
Commercial		
Commercial (Occupied)	0.432052	80,231,795
Shopping Centre	0.432052	25,505,327
New Commercial (Occupied)	0.432052	16,339,537
Office Building	0.432052	9,673,130
Shopping Centre (New Construction)	0.432052	4,570,363
Commercial Vacant Land	0.302436	2,650,755
Office Building Occupied (New Construction)	0.432052	2,221,218
Commercial Excess Land	0.302436	1,541,239
Commercial Excess Land (New Construction)	0.432052	243,067
Parking Lot (Full)	0.432052	609,725
Commercial (previously Ontario Hydro)	0.432052	130,789

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Shopping Centre Excess Land (New Construction)	0.302436	149,963
Office Building Vacant Units and Excess Land	0.302436	93,530
Shopping Centre Vacant Units and Excess Land	0.302436	104,372
Commercial – Farmland Awaiting Development Phase 1	0.087651	97,813
Commercial Vacant Land (Shared as Payment in Lieu)	0.302436	30,057
Office Building Excess Land (New Construction)	0.302436	14,180
Commercial Excess Land (Shared as Payment in Lieu)	0.302436	2,049
Industrial		
Industrial (Occupied)	0.524962	25,183,604
Large Industrial	0.524962	5,667,293
Industrial Vacant Land	0.341225	3,553,765
Industrial Occupied (New Construction)	0.524962	2,016,588
Industrial (previous Ontario Hydro)	0.524962	583,374
Industrial Excess Land	0.341225	174,344
Industrial Excess Land (previously Ontario Hydro)	0.341225	139,900
Industrial Farmland Awaiting Development Phase 1	0.087651	99,561
New Large Industrial Occupied	0.524962	81,411
Large Industrial Vacant Units and	0.341225	51,029

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Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Excess Land		
Industrial (New Construction)	0.524962	22,324
Industrial Excess Land (New Construction)	0.341225	14,235
Industrial Vacant Land (Shared as Payment in Lieu)	0.341225	4,311
Pipeline	0.322207	1,127,894
Farmlands	0.087651	1,429,396
Managed Forest	0.087651	58,282
Railway Right-Of-Way (Estimated)		567,586
Utility Transmission (Estimated)		1,002,470
Sub-Total (Estimated)		1,069,439,280
Payment-in-Lieu	N/A	3,079,722
Total 2018 Regional Tax Requirement		1,072,519,000