

Clause 8 in Report No. 9 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 25, 2017.

8

2017 Property Tax Rates

Committee of the Whole recommends adoption of the following recommendations contained in the report dated May 4, 2017 from the Commissioner of Finance:

1. The broad property class tax rates for 2017 be established as follows:

Broad Property Class	2017 Tax Rates %
Residential/Farm	0.371903
Multi-Residential	0.371903
Commercial	0.439334
Industrial	0.526945
Pipeline	0.341779
Farmland	0.092976
Managed Forests	0.092976

2. The local municipalities pay the final two instalments of the 2017 regional property tax levy on or before September 29, 2017 and December 15, 2017.
3. Council approve the new landfill property class with a tax ratio of 1.1000.
4. Council approve a bylaw to give effect to these recommendations.
5. The Regional Clerk circulate the report to the local municipalities.

2017 Property Tax Rates

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1. 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 2017 Regional Budget can be raised.

3. Background

A tax rate bylaw is required annually

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

2017 Property Tax Rates

Province, that sets out the tax rates for each property class. This would allow the Region to raise sufficient revenues to meet its budgetary requirements.

The Province introduced a landfill property class in 2017

In January 2017, the Province announced a new landfill property tax class. This class came into effect on April 4, 2017 when Ontario Regulation 96/17 was filed.

In response to stakeholder concerns, the Ministry of Finance requested PricewaterhouseCoopers LLP to conduct a review of the assessment of landfills. They recommended the creation of a specific tax ratio framework to ensure that property tax levels do not adversely impact the economic competitiveness of the landfill sector.

Based on PricewaterhouseCoopers LLP's recommendation, the Municipal Property Assessment Corporation assessed one property in the Township of King with a value of \$463,850. This landfill property will be classified as a payment-in-lieu because it is a municipal utility.

Staff recommends that Council approve the tax ratio for the landfill property class at 1.1000, representing the upper limit of the Ranges of Fairness.

4. Analysis and Implications

2017 tax rates are determined by the approved budget, assessment values and tax ratios

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

$$\text{Property Tax Rates} = \frac{\text{Total Property Tax Funding Requirement for 2017}}{\text{Weighted and Discounted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

The 2017 approved budget requires a property tax levy requirement of \$1,026,139,873.

Weighted and discounted property assessment is the assessment returned by the Municipal Property Assessment Corporation for 2017 using tax ratios established in accordance with the Council-approved revenue neutrality option. Table 1 summarizes the revenue neutral tax ratios and the 2017 proposed tax rates.

Table 1
2017 Council-Approved Revenue Neutral Tax Ratios and 2017 Proposed Tax Rates

Property Class	2017 Revenue Neutral Ratios	Proposed 2017 Tax Rates %
Residential	1.000000	0.371903
Multi-Residential	1.000000	0.371903
Commercial	1.181313	0.439334
Industrial	1.416888	0.526945
Pipelines	0.919000	0.341779
Farmland	0.250000	0.092976
Managed Forests	0.250000	0.092976

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. 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. A new property class has been added, the Landfill class (HF). The province recently provided direction regarding the new property class, which has now been used to determine the 2017 Region tax rates.

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 (%)
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
2017 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2016 Tax Requirement (\$)	2016 Share (%)	2017 Tax Requirement (\$)	2017 Share (%)
Aurora	46,276,637	4.73	48,872,445	4.78
East Gwillimbury	18,002,104	1.84	19,327,056	1.89
Georgina	24,352,370	2.49	24,948,980	2.44
King	27,428,140	2.76	27,969,255	2.73
Markham	280,519,490	28.68	295,222,443	28.85
Newmarket	56,973,099	5.83	59,140,811	5.78
Richmond Hill	174,170,359	17.81	185,278,851	18.11
Vaughan	313,663,198	32.07	324,498,154	31.70
Whitchurch-Stouffville	36,610,203	3.74	38,040,764	3.72
Sub-Total	977,995,600	100.00	1,023,298,759	100.00
Payments-in-Lieu	2,813,400		2,841,114	
Total Tax Requirement	980,809,000		1,026,139,873	

The Municipal Act permits upper-tiers 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 26, 2017, Council adopted the interim levy payment dates of April 28, 2017 and June 30, 2017. It is recommended that the Regional Treasurer request that the remaining two instalments for the property tax levy be paid on or before September 29, 2017 and December 15, 2017.

7. Conclusion

The proposed 2017 tax rates will raise the property tax levy requirement that was approved by Council on December 15, 2016. As well, the report provides the

2017 Property Tax Rates

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.

May 4, 2017

Attachments (1)

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Accessible formats or communication supports are available upon request

2017 Proposed Regional Revenues and Tax Rates by Class for Illustration

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Residential		
Residential	0.371903	835,397,197
Residential Taxable (Shared as Payment in Lieu)	0.371903	32,005
Residential – Farmland Awaiting Development Phase 1	0.092976	31,742
Residential Taxable (Upper Tier and Education Only)	0.371903	971
Multi-Residential		
Multi-Residential	0.371903	8,293,711
Commercial		
Commercial (Occupied)	0.439334	78,719,024
Shopping Centre	0.439334	24,327,667
New Commercial (Occupied)	0.439334	15,155,689
Office Building	0.439334	9,780,786
Shopping Centre (New Construction)	0.439334	3,748,993
Commercial Vacant Land	0.307534	2,755,172
Office Building Occupied (New Construction)	0.439334	1,732,130
Commercial Excess Land	0.307534	1,531,607
Commercial Excess Land (New Construction)	0.307534	298,886
Parking Lot (Full)	0.439334	291,658
Commercial (previously Ontario Hydro)	0.439334	128,010
Shopping Centre Excess Land (New Construction)	0.307534	126,447

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Office Building Vacant Units and Excess Land	0.307534	113,548
Shopping Centre Vacant Units and Excess Land	0.307534	86,890
Commercial – Farmland Awaiting Development Phase 1	0.092976	73,037
Commercial Vacant Land (Shared as Payment in Lieu)	0.307534	26,440
Office Building Excess Land (New Construction)	0.307534	12,592
Commercial Excess Land (Shared as Payment in Lieu)	0.307534	2,000
Industrial		
Industrial (Occupied)	0.526945	24,645,376
Large Industrial	0.526945	5,637,769
Industrial Vacant Land	0.342514	3,559,282
Industrial Occupied (New Construction)	0.526945	1,735,527
Industrial (previous Ontario Hydro)	0.526945	376,853
Industrial Excess Land	0.342514	180,048
Industrial Excess Land (previously Ontario Hydro)	0.342514	127,928
Industrial Farmland Awaiting Development Phase 1	0.092976	99,618
New Large Industrial Occupied	0.526945	79,910
Large Industrial Vacant Units and Excess Land	0.342514	57,264
Industrial (New Construction)	0.526945	20,697
Industrial Excess Land (New Construction)	0.342514	2,873

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Industrial Vacant Land (Shared as Payment in Lieu)	0.342514	667
Pipeline	0.341779	1,011,714
Farmlands	0.092976	1,421,526
Managed Forest	0.092976	58,530
Railway Right-Of-Way (Estimated)		586,293
Utility Transmission (Estimated)		1,030,682
Sub-Total (Estimated)		1,023,298,759
Payment-in-Lieu	N/A	2,841,114
Total 2017 Regional Tax Requirement		1,026,139,873

* Note: The calculation of the revenue generated by linear properties is dependent on a provincial regulation prescribing the rate. The current estimate uses the 2016 railway right-of-way of \$611.33 per acre and utility transmission of \$834.02 per acre. It is expected that a forthcoming regulation will update these rates.