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Sent: February-16-17 9:27 AM
To: Barbara McEwan; Raynor, Christopher; Fernando Lamanna (flamanna@eastgwillimbury.ca); Isabel Leung; Kathryn Moyle; Kimberley Kitteringham; Lisa Lyons; Samantha Yew; Stephen Huycke
Cc: Rebecca Mathewson; David Reddon; John Espinosa
Subject: Property Tax Ratios

Good morning.

Please be advised that Council for the Town of Georgina at its meeting held on February 15th considered Report No. AD-2017-0007 entitled '2017-2020 Property Tax Ratios' and passed the following motion:

RESOLUTION NO. C-2017-0101

1. That Council receive Report No. AD-2017-0007 prepared by the Taxation and Revenue Division, Administrative Services Department dated February 15, 2017 for information.
2. That the Council of the Town of Georgina support no change to property tax ratios for the years 2017- 2020.
3. That this resolution of Council of the Town of Georgina be forwarded to the Region of York and each of its' lower tier Municipalities.

Accordingly, I have attached Report No. AD-2017-0007 for your review and information purposes. Please contact either David Reddon, Manager of Taxation and Revenue/Tax Collector at dreddon@georgina.ca, or Rebecca Mathewson, Director of Administrative Services and Treasurer at rmathewson@georgina.ca with any questions or comments or if you require clarification.

Carolyn Lance

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CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. AD-2017-0007

**FOR THE CONSIDERATION OF
COUNCIL
FEBRUARY 15, 2017**

SUBJECT: 2017 - 2020 PROPERTY TAX RATIOS

1. RECOMMENDATIONS:

- 1. That Council receive Report No. AD-2017-0007 prepared by the Taxation and Revenue Division, Administrative Services Department dated February 15, 2017 for information.**
- 2. That staff recommend Council of the Town of Georgina support no change to property tax ratios for the years 2017- 2020.**
- 3. That this resolution of Council of the Town of Georgina be forwarded to the Region of York and each of its' lower tier Municipalities.**

2. PURPOSE:

The purpose of this report is to provide Council with information regarding pending adoption of tax ratios by the Region of York for taxation years 2017-2020 and the resulting shifts of taxation between property classes.

3. BACKGROUND:

The Municipal Property Assessment Corporation completed a Province-wide property reassessment in 2016 with revised current market values established at January 1, 2016. Provincial assessment legislation requires the revised increased values to be phased-in over a four year period being 2017 and ending in 2020.

As a result of reassessment, tax shifts occur when the assessed value of one property type increases more than that of another property type, reallocating a greater burden of tax dollars from one class of property to another. A further complication occurs when a local municipality within the Region of York experiences an increase in a property class greater than that in other municipalities within the same tax class, creating an additional "local" shift of tax burden to other property types as a result of Region-wide tax ratios.

Tax ratios represent the relative burden shared by each property class in relation to the residential class which is always 1. For example, in 2016 the commercial tax ratio was 1.1172, which means that the commercial tax rate is 1.1172 times higher than the residential tax rate. Each property class has a specific ratio. The legislative responsibility to adopt tax ratios is that of the

Region of York. A bylaw must be passed to set the specific ratios for both the upper tier and each of the lower tier municipalities.

In 1998, the Province of Ontario established a "Range of Fairness" for property tax ratios. Generally, municipalities may only move or align their tax ratios within or closer to the Range of Fairness for administrative ease or mitigation of significant tax shifts. Since 2010, the Region of York has continued to move business class tax ratios closer to the Range of Fairness in an effort to promote and ensure fairness, equity, economic competitiveness and efficiency.

Chart 1 below indicates the history of tax ratios for the Region of York from 2010 to 2016.

Chart 1 – History of Tax Ratios

Property Class	Approved Ratios 2004 to 2009	Approved Ratios 2010	Approved Ratios 2011	Approved Ratios 2012	Approved Ratios 2013 to 2016
Residential	1.0	1.0	1.0	1.0	1.0
Multi-residential	1.0	1.0	1.0	1.0	1.0
Commercial	1.2070	1.1800	1.1431	1.1172	1.1172
Industrial	1.3737	1.3575	1.3305	1.3124	1.3124
Farm and Managed Forests	0.25	0.25	0.25	0.25	0.25
Pipelines	0.919	0.919	0.919	0.919	0.919

Source: Region of York

Chart 2 below provides an interjurisdictional tax ratio scan for the GTA and surrounding municipalities:

Chart 2 – Inter-Jurisdictional Tax Ratio Scan

2016	Multi-residential	Commercial	Industrial	Pipeline	Farm /Forest
York Region	1.0	1.1172	1.3124	0.919	0.25
Durham	1.8665	1.45	2.2598	1.2294	0.2/0.25
Halton	2.2619	1.4565	2.3599	1.0617	0.2/0.25
Toronto	2.9044	2.9044	2.9044	1.9236	0.25
Caledon	1.6843	1.3124	1.5805	0.9239	0.1668/0.25
Mississauga	1.7050	1.4098	1.5708	1.1512	0.25
Brampton	1.7788	1.2971	1.4700	0.9239	0.25

Source: Region of York

4. ANALYSIS:

At the upcoming Regional Council Committee of the Whole meeting of March 9, 2017, Regional Financial staff will present their tax ratio policy report and recommendations to Council. The report will provide analysis regarding three tax ratio scenarios as follows:

1. Keep ratios the same
2. Move commercial and industrial ratios to revenue neutral ratios
3. Move commercial and industrial ratios to the upper bound of the Ranges of Fairness while holding the multi-residential and pipeline ratios in line with Regional Council policy.

Chart 3 below demonstrates the preliminary tax shifting associated with no change to tax ratios by property classes and local municipalities.

Chart 3 – Scenario 1, No Change to Tax Ratios

(\$000s)	Residential	Commercial	Industrial	Other ¹	Subtotal	Notional Tax Rate Adjustments ²	Total (Subtotal minus Adjustments)
Aurora	471	(718)	(157)	(26)	(430)	127	(557)
East Gwillimbury	(409)	(177)	(53)	13	(626)	30	(657)
Georgina	(209)	(146)	(14)	(5)	(373)	80	(453)
King	(1,609)	40	83	(4)	(1,490)	69	(1,559)
Markham	15,615	(5,461)	(973)	(266)	8,916	956	7,959
Newmarket	1,265	(431)	(250)	2	586	463	124
Richmond Hill	13,592	(1,935)	(512)	(29)	11,117	252	10,864
Vaughan	(3,031)	(7,477)	(3,742)	(205)	(14,455)	1,659	(16,114)
Whitchurch-Stouffville	863	(237)	(140)	(10)	476	85	391
York Region	26,550	(16,542)	(5,759)	(529)	3,720	3,720	0

¹ Other includes pipelines, managed forests, farmland and multi-residential

² These revenues are removed from the calculation because these represent equity changes due to specific in year property assessment changes, such as assessment appeal losses

Source: Region of York

Chart 4 below demonstrates the preliminary tax shifting associated with applying the revenue neutral option between property classes the relative tax burden shift between municipalities.

Chart 4 – Scenario 2, Adjust Tax Ratios for Revenue Neutrality

(\$000s)	Residential	Commercial	Industrial	Other	Subtotal	Notional Tax Rate Adjustments*	Grand Total (Subtotal minus Adjustments)
Aurora	(791)	(17)	60	(41)	(788)	96	(884)
East Gwillimbury	(907)	65	12	2	(828)	23	(851)
Georgina	(888)	64	3	(20)	(841)	60	(901)
King	(2,346)	193	160	(23)	(2,017)	52	(2,069)
Markham	8,018	178	111	(358)	7,948	722	7,226
Newmarket	(201)	719	83	(27)	574	350	225
Richmond Hill	8,460	471	12	(103)	8,840	191	8,649
Vaughan	(10,230)	(47)	480	(248)	(10,046)	1,253	(11,299)
Whitchurch-Stouffville	(174)	137	29	(24)	(33)	64	(97)
York Region	941	1,762	950	(842)	2,811	2,811	(0)

*These revenues are removed from the calculation because these represent equity changes due to specific in year property assessment changes, such as assessment appeal losses

Source: Region of York

Chart 5 below demonstrates the tax shifting associated with moving ratios within the Ranges of Fairness further increasing shift and burden on the residential class.

Chart 5 – Scenario 3, Adjust Tax Ratios further within the Range of Fairness

(\$000s)	Residential	Commercial	Industrial	Other	Subtotal	Notional Tax Rate Adjustments*	Total (Subtotal Adjustments minus Adjustments)
Aurora	756	(757)	(306)	(22)	(329)	136	(465)
East Gwillimbury	(296)	(190)	(98)	15	(569)	33	(602)
Georgina	(56)	(157)	(25)	(1)	(239)	85	(325)
King	(1,442)	31	30	1	(1,380)	74	(1,454)
Markham	17,331	(5,773)	(1,712)	(246)	9,600	1,024	8,576
Newmarket	1,596	(495)	(477)	8	633	496	137
Richmond Hill	14,751	(2,069)	(869)	(12)	11,801	270	11,531
Vaughan	(1,405)	(7,890)	(6,620)	(195)	(16,110)	1,777	(17,887)
Whitchurch-Stouffville	1,097	(258)	(255)	(6)	578	91	487
York Region	32,334	(17,558)	(10,333)	(458)	3,985	3,985	0

*These revenues are removed from the calculation because these represent equity changes due to specific in year property assessment changes, such as assessment appeal losses

Source: Region of York

Staff are of the opinion that Scenario 1, No Change to Tax Ratios promotes good and sound tax policy, consistent with the framework of the current market value assessment system of property taxation. Further, the impact of the recent reassessment contributes to a shift of property taxes to the business property classes in favour of the residential classes. Although a property by property analysis is currently not available the affect to an individual property owner's total tax levy will be negligible.

5. RELATIONSHIP TO STRATEGIC PLAN:

This report provides information to Council regarding the impacts of the recent reassessment of property current values for the purposes of property taxation, and the related policy decisions to be made by the Council of the Regional Municipality of York. Consequently, this report does not have a direct relationship with the goals outlined in the Town's Strategic Plan. Regardless, there exists an indirect relationship between property tax ratios and the strategic goal listed below:

GOAL 1: "Grow Our Economy" – SUSTAINABLE ECONOMIC GROWTH & EMPLOYMENT.

The impact of property tax ratios to the business property classes are considered to be one of many cost drivers that may impact the affordability of multi-residential housing, and the economic environment of commercial and industrial businesses.

6. FINANCIAL AND BUDGETARY IMPACT:

There is no financial or budgetary impact at the lower tier budget level. Impacts of shifting between tax classes is included in the 2017 Region of York Tax Rates.

7. PUBLIC CONSULTATION AND NOTICE:

No public consultation or notice are required at the lower tier municipal level as establishing property tax ratios are the responsibility of the Region of York.

8. CONCLUSION:

This reports provides information to Council regarding the pending adoption of property tax ratios by the Region of York for taxation years 2017-2020 and preliminary impacts on property taxes classes as a result of the recent Province wide property reassessment.

Prepared by:



David Reddon
Manager of Taxation and Revenue/
Tax Collector

Recommended by:



Rebecca Mathewson, CPA, CGA
Director of Administrative Services
& Treasurer

Approved by:



Winanne Grant, B.A., AMCT, CEMC
Chief Administrative Officer