

Clause 6 in Report No. 8 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 23, 2015.

6
2015 Property Tax Rates

Committee of the Whole recommends adoption of the following recommendations contained in the report dated April 1, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. The broad property class tax rates for 2015 be established as follows:

| Broad Property Class | 2015 Tax Rates % |
|-----------------------------|-------------------------|
| Residential/Farm | 0.406421 |
| Multi-Residential | 0.406421 |
| Commercial | 0.454054 |
| Industrial | 0.533387 |
| Pipeline | 0.373501 |
| Farmland | 0.101605 |
| Managed Forests | 0.101605 |

2. The local municipalities pay the final two instalments of the 2015 regional property tax levy on or before September 30, 2015 and December 15, 2015.
3. Council approve a bylaw to give effect to these recommendations.
4. The Regional Clerk circulate the report to the local municipalities.

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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 2015 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 Province, that sets out the tax rates for each property class that would raise sufficient revenues to meet its budgetary requirements.

4. Analysis and Options

2015 tax rates are determined by the approved budget requirements, assessment values and tax ratios

Regional tax rates are calculated based on the tax levy requirement divided by the weighted property assessment from all property classes.

The 2015 approved budget requires a property tax levy requirement of \$937,604,009.

Weighted property assessment is the assessment returned by the Municipal Property Assessment Corporation (MPAC) for 2015 and is weighted by Council-approved tax ratios for 2015. Table 1 summarizes the 2015 approved tax ratios and the 2015 proposed tax rates.

Table 1
2015 Approved Tax Ratios and Proposed Tax Rates

| Property Class | Approved 2015 Ratios | Proposed 2015 Tax Rates % |
|-----------------------|-------------------------------------|--|
| Residential | 1.0000 | 0.406421 |
| Multi-Residential | 1.0000 | 0.406421 |
| Commercial | 1.1172 | 0.454054 |
| Industrial | 1.3124 | 0.533387 |
| Pipelines | 0.9190 | 0.373501 |
| Farmland | 0.2500 | 0.101605 |
| Managed Forests | 0.2500 | 0.101605 |

In addition, the Minister of Finance has prescribed that certain property subclasses will have discounted tax rates to ensure that the special nature of these properties is recognized. Table 2 is a list of the subclasses as defined by the Minister of Finance:

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 |

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Table 3 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.

Table 3
2015 Proposed Regional Revenues and Tax Rates by Class for Illustration

| Property Assessment Class and Subclass | 2015 Regional Revenue Generated (\$) | 2015 Tax Rates (%) |
|---|---|-----------------------|
| Residential | 756,143,453 | 0.406421 |
| Residential Taxable (Shared as PIL) | 47,575 | 0.406421 |
| Residential – FAD Phase 1 | 31,598 | 0.101605 |
| Multi-Residential | 8,468,974 | 0.406421 |
| Commercial Occupied | 75,955,293 | 0.454054 |
| Commercial Excess Land | 1,734,490 | 0.317837 |
| Commercial Vacant Land | 3,313,860 | 0.317837 |
| Commercial – FAD Phase 1 | 54,072 | 0.101605 |
| Commercial (previously Ontario Hydro) | 108,996 | 0.454054 |
| Commercial Vacant (Shared as PIL) | 23,460 | 0.317837 |
| Commercial Excess Land (Shared as PIL) | 1,902 | 0.317837 |
| Office Building | 9,883,980 | 0.454054 |
| Office Building Vacant Units and Excess | 115,395 | 0.317837 |
| Shopping Centre | 22,758,953 | 0.454054 |
| Shopping Centre Vacant Units and Excess | 127,456 | 0.317837 |
| Commercial (New Construction) | 4 | 0.454054 |
| Commercial Occupied (New Construction) | 11,254,451 | 0.454054 |

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| Property Assessment Class and Subclass | 2015 Regional Revenue Generated (\$) | 2015 Tax Rates (%) |
|---|---|---------------------------|
| Commercial Excess Land (New Construction) | 305,961 | 0.317837 |
| Office Building Occupied (New Construction) | 1,174,267 | 0.454054 |
| Office Building Excess (New Construction) | 36,284 | 0.317837 |
| Shopping Centre (New Construction) | 2,811,521 | 0.454054 |
| Shopping Centre Excess (New Construction) | 52,958 | 0.317837 |
| Parking Lot (Full) | 212,340 | 0.454054 |
| Industrial Occupied | 24,744,303 | 0.533387 |
| Industrial Excess Land | 179,916 | 0.346701 |
| Industrial Vacant Land | 3,484,387 | 0.346701 |
| Industrial FAD Phase 1 | 69,177 | 0.101605 |
| Industrial (previous Ontario Hydro) | 339,997 | 0.533387 |
| Industrial Vacant Land (Shared as PIL) | 646 | 0.346701 |
| Industrial (previous Ontario Hydro) Excess | 115,813 | 0.346701 |
| Industrial Occupied (New Construction) | 1,290,222 | 0.533387 |
| Industrial Excess Land (New Construction) | 17,311 | 0.346701 |
| Industrial Vacant Land (New Construction) | 26,378 | 0.346701 |
| New Large Industrial Occupied | 84,729 | 0.533387 |
| Large Industrial | 5,806,545 | 0.533387 |
| Large Industrial Vacant Units and Excess | 44,342 | 0.346701 |
| Pipeline | 1,035,129 | 0.373501 |
| Farmlands | 1,398,685 | 0.101605 |
| Managed Forest | 52,181 | 0.101605 |

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| Property Assessment Class and Subclass | 2015 Regional Revenue Generated (\$) | 2015 Tax Rates (%) |
|---|---|---------------------------|
| Railway Right-Of-Way | 590,778 | * |
| Utility Transmission | 1,053,027 | * |
| Sub-Total | 934,950,809 | |
| Payments-in-Lieu | 2,653,200 | N/A |
| Total 2015 Regional Tax Requirement | 937,604,009 | |

* Tax rates for linear properties have been prescribed by the Minister of Finance (Railways: \$611.33 per acre and Utilities: \$834.02 per acre)

Link to key Council-approved plans

By collecting the 2015 final tax levy, the Region is able to maintain continuity of operations and the delivery of programs and services that are deemed a priority in the 2015 to 2019 Strategic Plan.

5. Financial Implications

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

Table 4 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 4
Comparison of Residential Assessment to Residential Tax Rates

| | Average Single-Family Detached Assessment | Tax Rates % |
|------|--|-------------|
| 2009 | 449,000 | 0.500083 |
| 2010 | 471,000 | 0.477021 |
| 2011 | 493,000 | 0.463520 |
| 2012 | 516,000 | 0.452889 |
| 2013 | 553,000 | 0.434762 |
| 2014 | 591,000 | 0.416733 |
| 2015 | 629,000 | 0.406421 |

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 5.

Table 5
2015 Regional Tax Revenue to be Raised by Local Municipalities

| Municipality | 2014 Tax Requirement | 2014 Share | 2015 Tax Requirement | 2015 Share |
|------------------|-------------------------|---------------|-------------------------|---------------|
| | (\$) | (%) | (\$) | (%) |
| Aurora | 41,604,960 | 4.68 | 43,548,610 | 4.66 |
| East Gwillimbury | 17,104,545 | 1.92 | 17,602,262 | 1.88 |
| Georgina | 23,275,328 | 2.62 | 23,728,786 | 2.54 |
| King | 23,675,094 | 2.66 | 25,440,798 | 2.72 |
| Markham | 250,840,670 | 28.20 | 266,014,282 | 28.46 |

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| | | | | |
|------------------------|--------------------|---------------|--------------------|---------------|
| Newmarket | 53,298,955 | 5.99 | 55,207,011 | 5.90 |
| Richmond Hill | 157,030,870 | 17.66 | 165,830,747 | 17.74 |
| Vaughan | 288,384,528 | 32.43 | 302,119,206 | 32.31 |
| Whitchurch-Stouffville | 34,156,950 | 3.84 | 35,459,107 | 3.79 |
| Sub-Total | 889,371,900 | 100.00 | 934,950,809 | 100.00 |
| Payments-in-Lieu | 2,550,100 | | 2,653,200 | |
| Total Tax Requirement | 891,922,000 | | 937,604,009 | |

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 February 26, 2015, Council adopted the interim levy payment dates of April 30, 2015 and June 30, 2015. It is recommended that the Regional Treasurer request that the remaining two instalments for the property tax levy be paid on or before September 30, 2015 and December 15, 2015.

7. Conclusion

The proposed 2015 tax rates will raise the property tax levy requirement that was approved by Council on February 26, 2015. 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 Ext. 71644.

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The Senior Management Group has reviewed this report.

April 1, 2015

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Accessible formats or communication supports are available upon request