

Clause No. 12 in Report No. 6 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 27, 2014.

12 2014 PROPERTY TAX RATES

Committee of the Whole recommends adoption of the recommendations contained in the following report dated February 3, 2014 from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The broad property class tax rates for 2014 be established as follows:

Broad Property Class	2014 Tax Rates %
Residential/Farm	0.416733
Multi-Residential	0.416733
Commercial	0.465575
Industrial	0.546921
Pipeline	0.382978
Farmland	0.104183
Managed Forests	0.104183

2. The local municipalities pay the final two instalments of the 2014 regional property tax levy on or before September 30, 2014 and December 15, 2014.
3. Council approve a bylaw to give effect to these recommendations.
4. The Regional Clerk circulate the report to the local municipalities.

2. PURPOSE

It is necessary to establish tax rates for the various property classes so that the tax levy component of the 2014 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

2014 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 2014 Budget approved by Regional Council on December 19, 2013 requires a property tax levy requirement of \$891,922,000.

Weighted property assessment is the assessment returned by the Municipal Property Assessment Corporation (MPAC) for 2014 and is weighted by Council-approved tax ratios for 2014. Table 1 summarizes the 2014 approved tax ratios and the 2014 proposed tax rates:

Table 1
2014 Approved Tax Ratios and Proposed Tax Rates

Property Class	Approved 2014 Ratios	Proposed 2014 Tax Rates %
Residential	1.0000	0.416733
Multi-Residential	1.0000	0.416733
Commercial	1.1172	0.465575
Industrial	1.3124	0.546921
Pipelines	0.9190	0.382978
Farmland	0.2500	0.104183
Managed Forests	0.2500	0.104183

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

Table 3
 2014 Proposed Regional Revenues and Tax Rates by Class for Illustration

Property Assessment Class and Subclass	2014 Regional Revenue Generated (\$)	2014 Tax Rates (%)
Residential	714,967,518	0.416733
Residential Taxable (Shared as PIL)	47,189	0.416733
Residential Taxable (Upper Tier & Edu. only)	2,726	0.416733
Residential – FAD Phase 1	18,856	0.104183
Multi-Residential	8,348,919	0.416733
Commercial Occupied	74,947,839	0.465575
Commercial Excess Land	1,672,285	0.325902
Commercial Vacant Land	3,130,913	0.325902
Commercial – FAD Phase 1	39,378	0.104183
Commercial (previous Ontario Hydro)	135,078	0.465575
Commercial Vacant (Shared as PIL)	23,567	0.325902
Commercial Excess Land (Shared as PIL)	1,871	0.325902
Office Building	9,964,827	0.465575
Office Building Vacant Units and Excess	113,630	0.325902
Shopping Centre	22,130,972	0.465575
Shopping Centre Vacant Units and Excess	110,088	0.325902
Commercial Occupied (New Construction)	9,017,109	0.465575
Commercial Excess Land (New Construction)	291,327	0.325902
Office Building (New Construction)	1,046,395	0.465575
Office Building Excess (New Construction)	40,041	0.325902
Shopping Centre (New Construction)	2,755,198	0.465575
Shopping Centre Excess (New Construction)	56,239	0.325902
Parking Lot (Full)	206,590	0.465575
Industrial Occupied	24,881,353	0.546921
Industrial Excess Land	212,748	0.355499
Industrial Vacant Land	3,575,495	0.355499

Industrial FAD Phase 1	58,278	0.104183
Industrial (previous Ontario Hydro)	334,174	0.546921
Industrial Vacant Land (Shared as PIL)	649	0.355499
Industrial (previous Ontario Hydro) Excess	96,570	0.355499
Industrial Occupied (New Construction)	954,802	0.546921
Industrial Excess Land (New Construction)	17,235	0.355499
Large Industrial (New Construction)	86,878	0.546921
Large Industrial	5,946,119	0.546921
Large Industrial Vacant Units and Excess	74,715	0.355499
Pipeline	990,703	0.382978
Farmland	1,356,839	0.104183
Managed Forest	45,828	0.104183
Railway Right-Of-Way	589,636	*
Utility Transmission	1,081,325	*
Sub-Total	889,371,900	
Payments-in-Lieu	2,550,100	N/A
Total 2014 Regional Tax Requirement	891,922,000	

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

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.

Link to Key Council-approved Plans

By collecting the 2014 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 2011 to 2015 Strategic Plan.

5. FINANCIAL IMPLICATIONS

Table 4 shows the historical relationship between the increases in average residential assessment in York Region and declining tax rates for the residential broad 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

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
 2014 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2013 Tax Requirement (\$)	2013 Share (%)	2014 Tax Requirement (\$)	2014 Share (%)
Aurora	40,570,716	4.73	41,604,960	4.68
East Gwillimbury	16,475,023	1.92	17,104,545	1.92
Georgina	23,150,449	2.70	23,275,328	2.62
King	22,115,366	2.58	23,675,094	2.66
Markham	240,541,870	28.02	250,840,670	28.20
Newmarket	51,824,092	6.04	53,298,955	5.99
Richmond Hill	151,220,088	17.62	157,030,870	17.66
Vaughan	279,726,508	32.58	288,384,528	32.43
Whitchurch-Stouffville	32,827,888	3.81	34,156,950	3.84
Sub-Total	858,452,000	100.00	889,371,900	100.00
Payments-in-Lieu	2,500,000		2,550,100	
Total Tax Requirement	860,952,000		891,922,000	

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 23, 2014, Council adopted the interim levy payment dates of April 30, 2014 and June 30, 2014. It is recommended that the Regional Treasurer request that the remaining two instalments for the property tax levy estimate be paid on or before September 30, 2014 and December 15, 2014.

7. CONCLUSION

The proposed 2014 tax rates will raise the property tax levy requirement that was approved by Council on December 19, 2013. 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.

The Senior Management Group has reviewed this report.

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