

2008 Tax Policy Impact Study

County Council
March 26, 2008

2008 Issues

- ★ **Deadlines**
- ★ **Assessment Cycle**
- ★ **Reassessment – or not**
- ★ **Ratios**
- ★ **Levy Restriction**
- ★ **Capping**
- ★ **Optional Tools**
- ★ **Vacant Land, Charities, Seniors and Disabled**
- ★ **New to Class / New Construction**

2008 Tax Tools: Data Assumptions and Methodology

The information produced in Tax Tools is based on the most up-to-date assessment and tax ratio data available. However, the resulting information reflects certain assumptions concerning methodology and assessment data.

- * The 2008 education tax rates for commercial, industrial and pipeline classes are preliminary and reflect the reductions outlined in the 2007 Ontario Budget. These are also consistent with the rates provided to each municipality, except those with optional classes, in a December 27, 2007 letter from the Deputy Minister of Finance. These rates will be confirmed and may be updated when the final rates have been set in regulation by the Ministry of Finance.

2008 Tax Tools: Data Assumptions and Methodology

The 2008 province-wide education tax rates for the non-business classes have again been set to 0.00264 (residential and multi residential) and 0.00066 (farmland and managed forest).

- * The 2007 and 2008 assessment values for capped properties that are currently used in 2008 Tax Tools consists of OPTA's 2007 active data and MPAC's 2008 Returned Roll. For non-capped properties, the values for 2007 and 2008 are taken from the 2008 roll since this is a non-reassessment year.
- * The 2007 year-end assessment data will continue to be updated on an on-going basis in response to the receipt of assessment changes affecting particular properties, together with changes arising from the kit process and other verification and integrity checks. The 2008 Roll data will only be updated for municipalities that have selected Option B which allows them to request specific updates up to a cut-off date of their choice. **(January 31, 2008 cut-off date for Renfrew County)**

2008 Tax Tools: Data Assumptions and Methodology – Education Rates

The 2008 province-wide education tax rates for the non-business classes have again been set to 0.00264 (residential and multi residential) and 0.00066 (farmland and managed forest).

	<u>2007</u>	<u>2008</u>
Residential	0.00264	0.00264
Multi-residential Classes	0.00264	0.00264
Farmland/Managed Forest	0.00066	0.00066

2008 Tax Tools: Data Assumptions and Methodology – Education Rates

	2007	2008
Commercial	0.01797244	0.01793299
Industrial	0.02590981	0.02615825
Large Ind	0.03232432	0.03263427
Pipeline	0.01426809	0.01426809

Deadlines – 2008

The Municipal Act requires the Councils of upper-tier and single-tier municipalities to make certain mandatory tax policy decisions by **April 30th each year. No Ontario Regulations have been filed to extend the deadlines beyond this date for 2008.**

Will History Repeat?

However on May 2 2007 the Minister of Finance for Ontario filed O/Reg 173/07 and 174/07 to extend the deadline for tax ratios, capping parameters, optional classes, etc from April 30 2007 to June 30 2007.

How did any municipality benefit from this extension Unless they did not file on time !!

Assessment Cycle -2008

Year	Assessed Value
98-2000	Current Value as of June 30, 1996
2001	Current Value as of June 30, 1999
2002	Current Value as of June 30, 1999
2003	Current Value as of June 30, 2001
2004	Current Value as of June 30, 2003
2005	Current Value as of June 30, 2003
2006	Current Value as of January 1, 2005
2007	Current Value as of January 1, 2005
2008	Current Value as of January 1, 2005

Assessment Cycle -2008

Once again, the tax policy decision process for 2008 avoids the issue of reassessment.

Assessment Cycle -2008

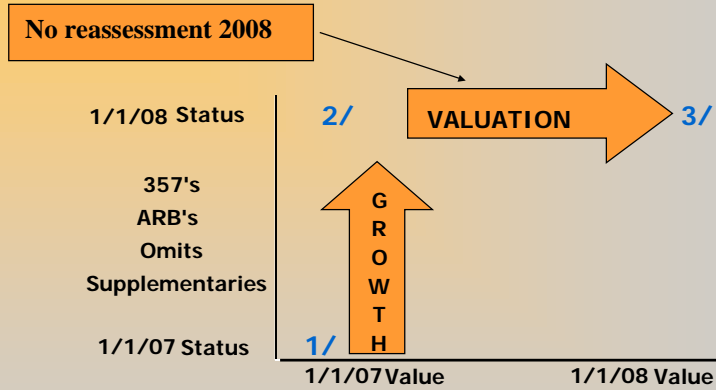
The next reassessment is scheduled for the 2009 taxation year, based on property values as of January 1 2008. In addition, the provincial government is also proposing that subsequent reassessments be conducted every 4 years, coupled with a mandatory phase-in plan.

Mandatory Phase-In for Residential Assessment Increases

The plan is to spread the 2009 reassessment increase equally over a 4 year period to complement the 4 year assessment cycle.

Assessment decreases will apply immediately.

Assessment Changes - 2008



- 1/ Returned 2007 Assessment Roll
- 2/ Revised 2007 Assessment – physical characteristics & change in use
- 3/ Returned 2008 Assessment Roll

The Impact of Growth on 2008 Taxation

★ Overall	1.695%
★ Residential	1.627%
★ Farm	-0.209%
★ Managed Forest	2.602%
★ Multi-Residential	0.626%
★ Commercial	2.037%
★ Industrial	-3.783%
★ Large Industrial	-10.768%
★ Pipeline	8.673%

✳ Increases in growth translate into **\$492,020** in increased revenue for County purposes (2007 actual rates)

The Impact of Growth Physical Changes & Change in Use

	2007 Year End CVA	2007 Returned Roll	CVA Growth
Admaston - Bromley Tp, 4742	228,350,025	226,479,685	0.826%
Arnprior T, 4702	521,426,648	513,646,593	1.515%
Bonnechere Valley M, 4738	254,565,697	253,325,697	0.489%
Brudenell Lyndoch & Raglan Tp, 4719	132,017,635	130,793,085	0.936%
Deep River T, 4796	268,839,540	267,005,640	0.687%
Greater Madawaska Tp, 4706	402,090,185	398,041,140	1.017%
Head Clara and Maria Tp, 4798	114,115,100	90,027,100	26.756%
Horton Tp, 4746	221,493,850	215,508,110	2.778%
Killaloe, Hagarty and Richards Tp, 4731	198,554,190	196,193,390	1.203%
Laurentian Hills T, 4792	224,259,195	222,498,795	0.791%
Laurentian Valley Tp, 4766	643,261,450	631,380,465	1.882%
Madawaska Valley Tp, 4726	407,244,003	401,819,915	1.350%
McNab-Braeside Tp, 4701	575,746,875	570,495,575	0.920%
North Algona-Wilberforce Tp, 4769	232,068,765	227,610,365	1.959%
Petawawa T, 4779	919,115,589	903,963,449	1.676%
Renfrew T, 4748	478,176,949	471,799,268	1.352%
Whitewater Region Tp, 4758	478,290,036	474,044,277	0.896%
Totals	6,299,615,732	6,194,632,549	1.695%

Class	CVA	2008 Tax Ratios	CVA Weighted by 2008 Tax Ratios	% share
Residential	4,863,713,140	1.000000	4,863,713,140	69.51%
Res FAD I	817,900	0.350000	286,265	0.00%
Multi-residential	71,573,580	1.943600	139,110,410	1.99%
Com. Occupied	349,963,809	1.814700	635,079,324	9.08%
Com. Exc. Land	9,757,788	1.270290	12,395,221	0.18%
Com. Vac. Land	6,276,975	1.270290	7,973,579	0.11%
Com. FAD I	8,600	0.350000	3,010	0.00%
Ind. Occupied	40,161,826	2.981149	119,728,402	1.71%
Ind. Exc. Land	1,281,683	1.937747	2,483,577	0.04%
Ind. Vac. Land	832,900	1.937747	1,613,950	0.02%
Large Ind. Occ.	31,104,129	3.719194	115,682,290	1.65%
Large Ind. Exc.	524,506	2.417476	1,267,981	0.02%
Pipelines	271,254,000	1.332800	361,527,331	5.17%
Farm	235,846,630	0.250000	58,961,658	0.84%
Managed Forests	11,987,371	0.250000	2,996,843	0.04%
Total Taxable	5,895,104,837		6,322,822,979	90.36%
Residential	107,074,451	1.000000	107,074,451	1.53%
Res FAD I	0	0.350000	0	0.00%
Multi-residential	33,422,740	1.943600	64,960,437	0.93%
Com. Occupied	260,508,721	1.814700	472,745,176	6.76%
Com. Exc. Land	14,845	1.270290	18,857	0.00%
Com. Vac. Land	397,599	1.270290	505,066	0.01%
Com. FAD I	0	0.350000	0	0.00%
Ind. Occupied	654,100	2.981149	1,949,970	0.03%
Ind. Exc. Land	118,100	1.937747	228,848	0.00%
Ind. Vac. Land	12,200	1.937747	23,641	0.00%
Large Ind. Occ.	7,255,264	3.719194	26,983,734	0.39%
Large Ind. Exc.	0	2.417476	0	0.00%
Pipelines	0	1.332800	0	0.00%
Farm	0	0.250000	0	0.00%
Managed Forests	0	0.250000	0	0.00%
Total PIL	409,458,020		674,490,181	9.64%
Grand Total	6,304,562,857		6,997,313,160	100.00%

Tax Ratios – 2008

- ★ **Movement of tax ratios is under the discretion of upper and single tier municipalities**
- ★ **Changing tax ratios results in tax shifts**
- ★ **Flexibility to move is restricted by Provincial Rules in respect of Ranges of Fairness and Provincial Threshold (Average) Ratios, etc..**
- ★ **Tax Ratios only relate to the municipal portion of the tax bill – education tax rates are established by the Province**

Starting Tax Ratios

	2007 Ratio	2008 Start Ratio	Change
Multi-Residential	1.943600	1.943600	0%
Commercial	1.814700	1.814700	0%
Industrial	3.000650	2.981149	-0.6498%
Large Ind	3.743522	3.719194	-0.6498%
Pipeline	1.332800	1.332800	0%
Farm/Forest	0.250000	0.250000	0%

Due to levy restriction – only passed 50% of budget increase to Industrial Class in 2007

Starting Tax Ratios

	2001 Ratio	2002 Ratio	2003 Ratio	2004 Ratio	2005 Ratio	2006 Ratio	2007 Ratio	2008 Start Ratio
Industrial	3.6393	3.4018	3.3021	3.1107	3.0767	3.035976	3.000650	2.981149
Large Ind	4.5401	4.2440	4.1196	3.8808	3.8384	3.787594	3.743522	3.719194



Ratio has dropped 18.1%

Tax Ratios- Sensitivity -2008

Sensitivity of Municipal Tax Rate to Reduce Tax Ratios by 5%

Class	2008 Starting Ratio	Revised Ratio	Class Rate Reduction	Tax Reduction	Residential Rate Increase
Multi-Residential	1.943600	1.846420	- 5 %	-\$33,387	
Commercial	1.814700	1.723965	- 5 %	-\$184,662	
Industrial	2.981149	2.832092	- 5 %	-\$20,619	
Large Industrial	3.719194	3.533234	- 5 %	-\$23,549	
Pipeline	1.332800	1.266160	- 5 %	-\$59,147	
Farm	0.250000	0.237250	- 5 %	-\$9,918	
Cumulative				\$331,282	1.47%

Tax Ratios- Sensitivity -2008

*Sensitivity of Municipal Tax Rate to
Reduce Tax Ratios by 5%*

Class	2008 Starting Ratio	Revised Ratio	Class Rate Reduction	Tax Reduction	Residential Rate Increase
Multi-Residential	1.943600	1.846420	- 5 %	-\$33,387	
Commercial	1.814700	1.723965	- 5 %	-\$184,662	
Industrial	2.981149	2.832092	- 5 %	-\$20,619	
Large Industrial	3.719194	3.533234	- 5 %	-\$23,549	
Pipeline	1.332800	1.266160	- 5 %	-\$59,147	
Farm	0.250000	0.237250	- 5 %	-\$9,918	
Cumulative				\$331,282	1.47%

**TPWG DOES NOT RECOMMEND
CHANGES**

Levy Restriction - 2008

★ Since 2001, levy restricted classes, with a tax ratio that exceeds the prescribed Provincial Threshold "Average" Ratios may **not** absorb any municipal budgetary increase.

Levy Restriction- 2008

Application of the Levy Restriction to Certain Classes

	2008 Tax Ratio	Threshold	Subject to Levy Restriction?
Multi- Residential	1.943600	2.740000	NO
Broad Commercial	1.814700	1.980000	NO
Broad Industrial	3.333847	2.630000	YES

Effects of Setting the Tax Ratio For Industrial at Provincial Threshold -2008

	Start Ratio	Alt Ratio	Effect on Tax Rate
Non Industrial			0.82%
Industrial	2.981149	2.351765	-20.46%
Large Ind	3.719194	2.933992	-20.46%
Broad Ind	3.333847	2.630000	-20.46%

Effects of Setting the Tax Ratio For Industrial at Provincial Threshold -2008

This would translate into **-\$250,679** in reduced taxes for the Industrial Class (assuming notional tax rates)

Effects of Setting the Tax Ratio For Industrial at Provincial Threshold -2008

This would translate into **-\$250,679** in reduced taxes for the Industrial Class (assuming notional tax rates)

**TPWG DOES NOT RECOMMEND A
REDUCTION FOR THE INDUSTRIAL
CLASS**

Levy Restriction Option - 2008

- ★ The Province is once again allowing municipalities to apply a municipal tax increase to restricted classes equal to 50% of any tax rate increase levied to the residential class. Based on the County's preliminary 2008 levy requirement of \$32,110,853, this option would move \$7,090 of the County tax burden onto the industrial class and reduce the budgetary impact on the residential class by 0.0233%.

Levy Restriction Option - 2008

- ★ **this option can be utilized at either the upper or lower tier independently.**
- ★ **the principle of having the industrial class pay for some of the municipal levy increase is seen as appropriate.**

Levy Restriction Option - 2008

- ★ this option can be utilized at either the upper or lower tier independently.
- ★ the principle of having the industrial class pay for some of the municipal levy increase is seen as appropriate.

County staff are recommending that we utilize this option again and pass 50% of the budget increase to the Industrial class

Capping - 2008

The 5% limit (cap) on tax increases is a permanent successor to the 10-5-5 program which was in place from 1998 through 2000. This tax change mitigation scheme is intended to protect properties in the business classes from year-over-year increases greater than 5%, exclusive of those attributable to municipal budgetary changes.

Capping - 2008

Municipalities must pass a by-law to specify the claw back percentages and the capping threshold parameters that they wish to implement for 2008. For each capped class, municipalities may choose a single parameter or a combination of parameters.

Municipalities are not required to implement any of the new capping approaches. If no by-law is passed, the capping specification will be limited to 5% of the previous year's Annualized tax. (funded by forgone revenue)

Capping Choices – 2008

1. Annualized Tax Limit - Cap based on previous year's annualized tax
2. Prior Year's CVA Tax Limit - Cap based on previous year's CVA tax
3. CVA Tax Threshold for Protected Properties (Increasers)
4. CVA Threshold for Claw Back properties (Decreasers)

Recovery of Capping Protection - Claw back Percentages

- ✦ The determination of the claw back percentages is the same as previous years
- ✦ Municipalities continue to have three choices regarding the claw back percentage calculation
 - ✦ revenue neutral by class which is the default selection
 - ✦ set no claw-back percentage
 - ✦ set a claw-back percentage by class

1. Capping 2008 – 5% Annualized Tax Limit

Paragraph 1 of Subsection 329.1(1) allows municipalities to pass a by-law to increase the cap on Annualized taxes from 5% to a maximum of 10%.

1 a) Capping 2008 – 5% Annualized Tax Limit

	5% Tax
Multi – Res	55,055
Commercial	204,636
Industrial	31,997
Subtotal	291,688
Clawback	(112,717)
Net Impact	178,971

1 a) Capping 2008 – 5% Annualized Tax Limit

	Multi-Res	Comm	Ind	Total
Protected by the Cap	12	131	54	197
Paying Full CVA Tax	24	45	171	240
Clawed Back	60	1,754	7	1,821
Total Properties	96	1,930	232	2,258

1 b) Capping 2008 – 10% Annualized Tax Limit

	5% Tax	10% Tax
Multi – Res	55,055	40,655
Commercial	204,636	146,204
Industrial	31,997	28,197
Subtotal	291,688	215,056
Clawback	(112,717)	(108,917)
Net Impact	178,971	106,139

1 b) Capping 2008 – 10% Annualized Tax Limit

	Multi-Res	Comm	Ind	Total	5%
Protected by the Cap	9	113	52	174	197
Paying Full CVA Tax	27	63	173	263	240
Clawed Back	60	1,754	7	1,821	1,821
Total Properties	96	1,930	232	2,258	2,258

2. Cap based on previous year's CVA tax

Paragraph 2 of Subsection 329.1(1) allows municipalities to pass a by-law, which allows the cap to be calculated with reference to the previous year's CVA tax. The municipality can specify the amount of the cap on the CVA tax, from 0% to a maximum of 5%.

2. Cap based on previous year's CVA tax

The capped increase for an individual property will be the greater of:

1. the increase resulting from the selected (or existing) percent of the previous year's annualized tax (between 5% and 10%) or
2. the increase resulting from the selected percent of the previous year's CVA tax (up to 5%).

2. Capping 2008 – 10% Annualized Tax & 5% CVA Tax

	5% Tax	10% Tax	+10% +5% CVA
Multi – Res	55,055	40,655	40,655
Commercial	204,636	146,204	146,027
Industrial	31,997	28,197	27,945
Subtotal	291,688	215,056	214,627
Clawback	(112,717)	(108,917)	(108,665)
Net Impact	178,971	106,139	105,962

2. Capping 2008 – 10% Annualized Tax & 5% CVA Tax

	Multi-Res	Comm	Ind	Total	10%
Protected by Annualized Cap	9	108	41	158	174
Protected by CVA Cap	0	5	11	16	0
CVA Tax due to \$250 - Increasers	0	0	0	0	0
CVA Tax due to \$250 - Decreasers	0	0	0	0	0
Total	9	113	52	174	174

3. CVA Tax Threshold for Protected Properties (Increasers)

Paragraph 3 of Subsection

329.1(1) allows municipalities to pass a by-law to move capped properties whose 2008 Revised Taxes fall within \$250 (or a lower specified amount) of the current year's CVA tax.

3. CVA Tax Threshold for Protected Properties (Increasers)

The 2008 Revised Taxes are initially calculated to incorporate the increases based on the capping parameters, prior to the application of the threshold.

3. Capping 2008 – 10% Annualized Tax & 5% CVA Tax & \$250 Threshold - Increasers

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc
Multi – Res	55,055	40,655	40,655	40,510
Commercial	204,636	146,204	146,027	142,016
Industrial	31,997	28,197	27,945	26,676
Subtotal	291,688	215,056	214,627	209,202
Clawback	(112,717)	(108,917)	(108,665)	(107,396)
Net Impact	178,971	106,139	105,962	101,806

3. Capping 2008 – 10% Annualized Tax & 5% CVA Tax & \$250 Threshold - Increasers

	Multi-Res	Comm	Ind	Total	10%
Protected by Annualized Cap	8	78	32	118	174
Protected by CVA Cap	0	5	9	14	
CVA Tax due to \$250 – Increasers	1	30	11	42	
CVA Tax due to \$250 - Decreasers	0	0	0	0	
Total	9	113	52	174	174

4. CVA Threshold for Claw Back properties (Decreasers)

***Paragraph 4 of Subsection 329.1(1)* allows municipalities to pass a by-law to move clawed-back properties whose 2008 Revised Taxes fall within \$250 (or a lower specified amount) of the current year's CVA tax.**

4. CVA Threshold for Claw Back properties (Decreasers)

The 2008 Revised Taxes are initially calculated to incorporate the claw back percentage and levy change factor, prior to the application of the threshold.

4. Capping 2008 – 10% Annualized Tax & 5% CVA Tax & \$250 Threshold for Increasers and Decreasers

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc	+10% +5% CVA+ \$250 Dec
Multi – Res	55,055	40,655	40,655	40,510	40,510
Commercial	204,636	146,204	146,027	142,016	142,016
Industrial	31,997	28,197	27,945	26,676	26,676
Subtotal	291,688	215,056	214,627	209,202	209,202
Clawback	(112,717)	(108,917)	(108,665)	(107,396)	(95,490)
Net Impact	178,971	106,139	105,962	101,806	113,712

4. Capping 2007 – 10% Annualized Tax & 5% CVA Tax+\$250 Threshold (Inc/Dec)

	Multi-Res	Comm	Ind	Total	10%
Protected by Annualized Cap	8	78	32	118	174
Protected by CVA Cap	0	5	9	14	0
CVA Tax due to \$250 – Increasers	1	30	11	42	0
Total	9	113	52	174	174
CVA Tax due to \$250 - Decreasers	0	1,727	3	1,730	

Capping Summary – Multi Residential

	5% Tax	10% Tax	+10% +5% CVA	+10%+5 %+\$250 increase	+10%+5 %+\$250 decrease
Annual Tax	12	9	9	8	8
CVA Tax					
CVA Tax \$250+				1	1
CVA Tax \$250-					
Below Protection	24	27	27	27	27
Clawed Back	60	60	60	60	60
Total	96	96	96	96	96

Capping Summary – Commercial

	5% Tax	10% Tax	+10% +5% CVA	+10%+5 %+\$250 increase	+10%+5 %+\$250 decrease
Annual Tax	131	113	108	78	78
CVA Tax			5	5	5
CVA Tax \$250+				30	30
CVA Tax \$250-					1,727
Below Protection	45	63	63	63	63
Clawed Back	1,754	1,754	1,754	1,754	27
Total	1,930	1,930	1,930	1,930	1,930

Capping Summary – Industrial

	5% Tax	10% Tax	+10% +5% CVA	+10%+5 %+\$250 increase	+10%+5 %+\$250 decrease
Annual Tax	54	52	41	32	32
CVA Tax			11	9	9
CVA Tax \$250+				11	11
CVA Tax \$250-					3
Below Protection	171	173	173	173	173
Clawed Back	7	7	7	7	4
Total	232	232	232	232	232

Capping Summary – Municipal \$

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc	+10% +5% CVA+ \$250 Dec
Multi – Res	55,055	40,655	40,655	40,510	40,510
Commercial	204,636	146,204	146,027	142,016	142,016
Industrial	31,997	28,197	27,945	26,676	26,676
Subtotal	291,688	215,056	214,627	209,202	209,202
Clawback	(112,717)	(108,917)	(108,665)	(107,396)	(95,490)
Net Impact	178,971	106,139	105,962	101,806	113,712

Capping Summary – Municipal \$

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc	+10% +5% CVA+ \$250 Dec
Multi – Res	55,055	40,655	40,655	40,510	40,510
Commercial	204,636	146,204	146,027	142,016	142,016
Industrial	31,997	28,197	27,945	26,676	26,676
Subtotal	291,688	215,056	214,627	209,202	209,202
Clawback	(112,717)	(108,917)	(108,665)	(107,396)	(95,490)
Net Impact	178,971	106,139	105,962	101,806	113,712

Capping Summary – Municipal \$

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc	+10% +5% CVA+ \$250 Dec
Multi – Res	55,055	40,655	40,655	40,510	40,510
Commercial	204,636	146,204	146,027	142,016	142,016
Industrial	31,997	28,197	27,945	26,676	26,676
Subtotal	291,688	215,056	214,627	209,202	209,202
Clawback	(112,717)	(108,917)	(108,665)	(107,396)	(95,490)
Net Impact	178,971	106,139	105,962	101,806	113,712

TPWG RECOMMENDS THIS OPTION

Capping Option 3 – Municipal \$

	2008	2007	2006	2005
	+ 10%+5%+ \$250 increase	+ 10%+5%+ \$250 increase	+ 10%+5%+ \$250 increase	+ 10%+5%+ \$250 increase
Multi – Res	40,510	31,408	136,149	7,212
Commercial	142,016	92,044	350,354	389,621
Industrial	26,676	190,680	50,948	167,860
Subtotal	209,202	314,132	537,451	564,693
Clawback	(107,396)	(92,746)	(415,090)	(19,553)
Net Impact	101,806	221,386	122,361	545,140

Capping 2008 and Clawbacks ?

A change to in-class recovery by the County of Renfrew would represent a significant departure from past practice. TPWG has gone on record that it is concerned about the administrative burden that will be placed on each lower tier office to calculate, notify and explain why taxpayers, who have enjoyed the full effect of decreases in CVA in the past, now have to forego all of their anticipated reduction in order to fund those properties with increases in assessment, perhaps even in another municipality.

Clawback Details – Option #3

	Multi-Res	Commercial	Industrial	Totals
Capping Costs	40,510	142,016	26,676	209,202
Clawback	(540)	(80,180)	(26,676)	(107,396)
Net Impact	39,970	61,836	0	101,806

Clawback Details – Option #3

	Multi-Res	Commercial	Industrial	Totals
Capping Costs	40,510	142,016	26,676	209,202
Clawback	(540)	(80,180)	(26,676)	(107,396)
Net Impact	39,970	61,836	0	101,806

**TPWG AGAIN RECOMMENDS THAT WE
STAY AWAY FROM CLAWBACK**

Minimum Tax Level for New to Class/New Construction properties

Paragraph 5 of Subsection 329.1(1) allows municipalities to pass a by-law that sets the minimum level of taxation to be applied to new to class/new construction properties that become "eligible property" within the meaning of subsection 331(20).

New to class/new construction "eligible property" is taxed at the average tax level of the up to six comparable properties selected by MPAC and includes properties that:

Minimum Tax Level for New to Class/New Construction Properties

- ★ have an assessment increase arising from a new building or structure on vacant land;
- ★ have an assessment increase of 50% or greater as a result of new construction or improvements;
- ★ change broad property classification (e.g. from CT to IT);
- ★ are a new vacant lot as the result of a severance or subdivision of land;
- ★ cease to be exempt from taxes or previously in a non-capped class.

Minimum Tax Level for New to Class/New Construction Properties

In the past, it allowed the municipality to tax these properties at the average tax level calculated for the comparable properties selected, or at a specified percentage of the current year's CVA taxes to a maximum of 100% (2008), whichever amount is greater

- 2005 – 70%
- 2006 - 80%
- 2007 - 90%
- 2008 - 100%

Minimum Tax Level for New to Class/New Construction Properties

This parameter, unlike the other four capping and threshold parameters, is not part of the capping calculations because these properties must be taxed using the **greater of** the minimum tax level adopted by the municipality and the average tax level of comparable properties. The 2008 Revised Taxes on these properties will be calculated in OPTA's Tracking System once MPAC determines the comparable properties.

Minimum Tax Level for New to Class/New Construction Properties

- ✦ **Similar to last year, if our goal is to move all capped classes to CVA tax, then we should adopt a by-law to tax these properties at the average tax level calculated for the comparable properties selected, or at 100% of the current year's CVA taxes , whichever amount is greater**

Discount Rates - 2008

- ✦ Municipalities may use the legislated reductions of 30% for commercial and 35% for industrial vacant units, vacant land and excess land or choose a uniform reduction factor for both classes that is between 30% and 35%. Any change to the blended reduction factor will impact the residential tax burden. Farmland Awaiting Development (Class 1) is currently discounted in the County of Renfrew at 65% and we have the latitude to move this rate up or down by 10% in any year, provided we stay between 25% and 75%.

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TPWG DOES NOT RECOMMEND A CHANGE

Optional Class - 2008

- ✦ County had selected the Large Industrial optional class previously, but there are others:
 - ✦ Shopping Centre
 - ✦ Office Building
 - ✦ Parking Lot & Vacant Land
 - ✦ New Multi - Residential

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- ✦ Shopping Centre
- ✦ Office Building
- ✦ Parking Lot & Vacant Land
- ✦ New Multi - Residential

**TPWG DOES NOT RECOMMEND ANY
NEW CLASS**

Tax Relief for Low Income Seniors/Disabled -2008

✦ Upper/single tiers are required to create a policy to cancel or defer all tax increases, defined as the difference in current CVA tax and previous year CVA tax. The County of Renfrew currently has a By-law establishing that tax increases for these groups be deferred

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TPWG SUGGESTS NO CHANGE

Graduated Taxation-2008

- ✦ Graduated taxation is a mechanism whereby properties with higher assessments are taxed at a higher rate than those with lower values
- ✦ Graduated taxation has **never enjoyed wide-spread popularity** because it fails to address the problem that there is often **not a strong correlation between the assessed value** of a property and the **size** (or ability to pay) of the business operating out of it.

Municipal Tax Reduction Program -2008

✦ The Municipal Tax Reduction Program, as set out in Section 362 of the Municipal Act, 2001, is intended to provide a means for municipalities to flow through tax reductions to specific increasing properties in the capped classes. For those municipalities that fund all capping protection through foregone revenue (such as the County of Renfrew), institution of this program would be a **redundant** measure as the protection, is already being funded by all classes.

Questions ?