

*2009 Tax Policy
Impact Study*

County Council

March 25, 2009

2009 Issues

- ★ **Data Assumptions**
- ★ **Deadlines**
- ★ **Assessment Cycle**
- ★ **CVA Growth & Reassessment**
- ★ **Ratios**
- ★ **Levy Restriction**
- ★ **Capping**
- ★ **Optional Tools**
- ★ **Vacant Land, Charities, Seniors and Disabled**
- ★ **New to Class / New Construction**

2009 Tax Tools: Data Assumptions and Methodology

- ★ The information appearing in Tax Tools is based on the most up-to-date assessment and tax ratio data available, and is subject to change to reflect revisions that are made up to the time a report is accessed. Note that **until your municipality has been set to data ready, the results that appear in the reports should be viewed only as estimates.**

2009 Tax Tools:

Data Verification and Integrity Checks

- ★ The 2009 assessment values from the 2009 roll and the corresponding 2008 year-end assessment values for all properties will be reviewed by OPTA for consistency and reasonableness in cooperation with MPAC. OPTA will prepare exception and magnitude reports for those properties that require further examination. The reports will then be reviewed by MPAC for possible further corrective action under sections 32, 33 and 39.1 of the Assessment Act. For capped properties, the review may lead to revisions of the 2008 annualized taxes that will be used eventually to calculate the 2009 capped taxes according to sections 329 (2) and 330 of the Municipal Act and Ontario Regulation 73/03.

2009 Tax Tools: Data Assumptions and Methodology

- ★ The data for those municipalities that have selected a post January 1, 2009 (Option B) cut-off date for updating their data in OPTA will be updated on an ongoing basis to reflect assessment changes such as supplementary and omitted assessments, Assessment Review Board decisions, Requests for Reconsideration and section 357 applications for Refund or Cancellation of taxes by the municipality. Note that the results displayed on OPTA reports and pages will change as a result of these revisions to the assessment data.
- ★ **(January 31, 2009 cut-off date for Renfrew County)**

2009 Tax Tools: Education Rates

★ The 2009 province-wide education tax rates for the non-business classes been lowered to 0.00252 (residential and multi residential) and 0.00063 (farmland and managed forest).

★ 4.54 % drop

	<u>2009</u>	<u>2008</u>
Residential	0.00252	0.00264
Multi-residential Classes	0.00252	0.00264
Farmland/Managed Forest	0.00063	0.00066

2009 Education Tax Rates:

- ★ On March 11, 2009 the Ministry of Finance confirmed the preliminary education tax rates for commercial, industrial and pipeline with Ontario Regulation 92/09.

2009 Tax Tools: Business Education Rates

	2009	2008
Commercial	0.01720503	0.01793299
Industrial	0.02549975	0.02615825
Large Ind	0.02700000	0.03263427
Pipeline	0.01373195	0.01426809

Business Education Rates

In the 2007 budget, the Province announced a plan to cut BET over seven years to a maximum of 1.6%. As a result of the 2008 reassessment, the new target BET rate is 1.52% for 2009.

BET – New Construction

★ All eligible new construction started after March 22, 2007 will be subject to the 1.6% (1.52%) maximum BET rate

★ New property classes under OREG 400/98 for education rates only

- J-Industrial
- K-Large Ind
- X-Commercial
- Y-Office Building
- Z-Shopping Centre

Deadlines – 2009

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 2009.

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 !!

Will History Repeat?

And yet again, on **May 9 2008** the Minister of Finance for Ontario amended O/Reg 173/07 and 174/07 to extend the deadline for tax ratios, capping parameters, optional classes, etc from April 30 2008 to June 30 2008.

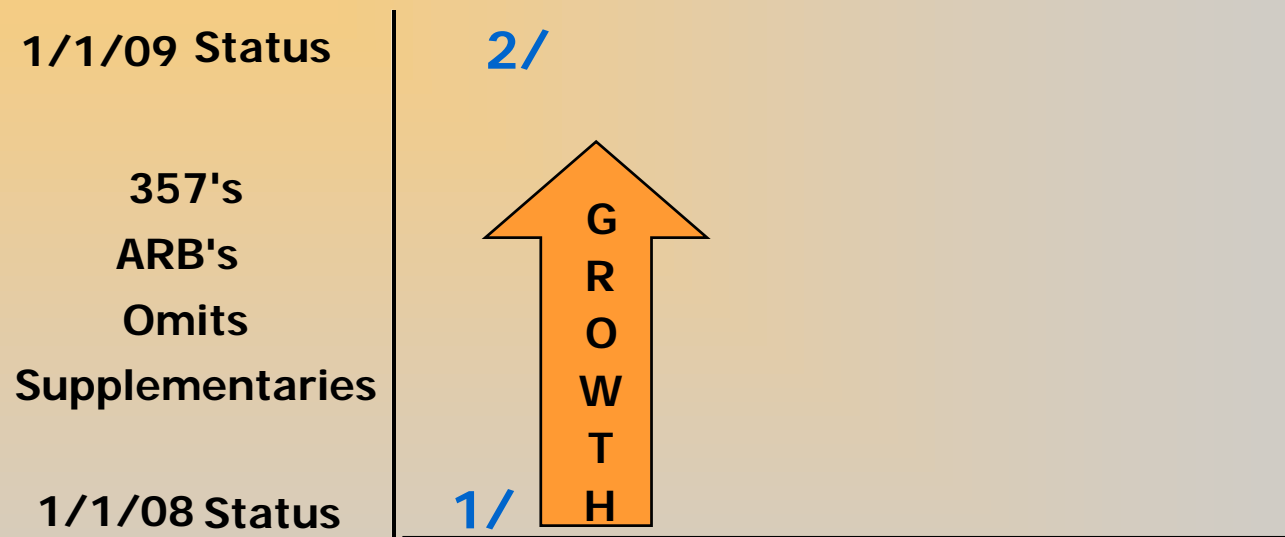
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Assessment Growth

Assessment Growth -2009

- ★ *Growth represents assessment increase or decrease regardless of whether market based reassessment occurs*
- ★ *All municipalities will see an assessment impact because of growth each year*
- ★ *Increases come from new construction, additions, improvements and change in use*
- ★ *Decreases come from demolitions, change in use, tax write-offs, etc*
- ★ *Assessment Growth impacts municipal revenue*

Growth Change - 2009



1/ Returned 2008 Assessment Roll

2/ Revised 2008 Assessment – physical characteristics & change in use

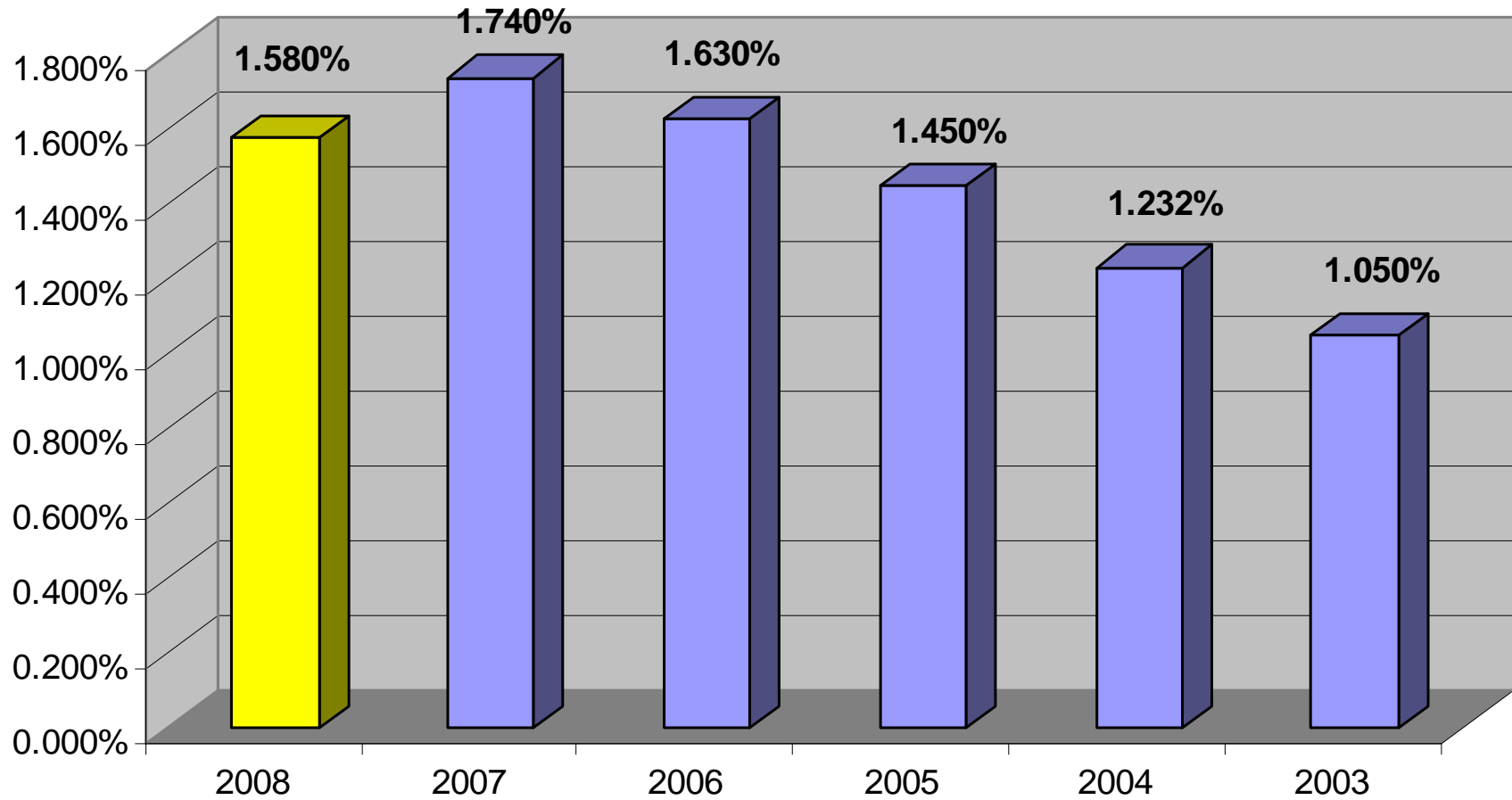
	2008 Net Assessment Growth \$	2008 Net Growth %
R-Residential and farm	95,594,577	1.97%
M-Mult Res	1,338,520	1.87%
C-Commercial	-3,426,841	-0.97%
X-Comm New Construction	1,768,000	
S-Shopping Centre	7,280,430	49.81%
D-Office Building	121,405	
I-Industrial	227,336	0.54%
L-Large Ind	-291,621	-0.92%
P-Pipeline	833,000	0.31%
F-Farmland	-1,936,830	-0.82%
T-Manage Forest	682,435	5.69%
Commercial Total	5,742,994	1.57%
Industrial Total	-64,285	-0.09%
Total Taxable	102,190,411	1.73%
Total Taxable Excluding RTQ H, I, J, K, N, S	102,190,411	1.73%
R	-32,400	-0.03%
M	-1,725,900	-5.16%
C	1,690,767	0.65%
D	1,002,700	
I	0	0.00%
L	0	0.00%
Commercial Total	2,693,467	1.03%
Industrial Total	0	0.00%
Total PIL	935,167	0.23%
Total PIL Including RTQ H, I, J, K, N, S	935,167	0.23%
Total Taxable and PIL	103,125,578	1.64%
E	1,349,722	0.43%
Grand Total	104,475,300	1.58%

The Impact of Growth

Physical Changes & Change in Use

- ✦ The measurement of growth must be determined using actual tax rates, reflecting the individual municipal tax ratio scheme
- ✦ The net gain to the County for 2008 is the difference between taxation raised on the 2008 returned roll and taxation amounts based on the revised 2008 year end roll
- ✦ Increases in growth translate into **\$499,665 (1.56%)** in increased revenue for County purposes (2008 actual rates)
- ✦ Due to the variable tax ratio system, impacts on taxation do not always parallel CVA change
- ✦ CVA growth from the previous slide was 1.58%

County of Renfrew Growth



The Impact of Growth

Physical Changes & Change in Use

	2008 Growth CVA \$	2008 Growth %
ADMASTON/BROMLEY	3,231,900	1.4%
ARNPRIOR	15,187,300	2.7%
BONNECHERE VALLEY	2,233,100	0.8%
BRUDENELL, LYNDOKH RAGLAN	1,304,100	1.0%
DEEP RIVER	2,726,300	0.9%
GREATER MADAWASKA	9,844,300	2.4%
HEAD, CLARA & MARIA	587,500	0.4%
HORTON	4,786,400	2.1%
KILLALOE, HAGARTY & RICHARDS	2,711,500	1.3%
LAURENTIAN HILLS	3,304,600	1.4%
LAURENTIAN VALLEY	13,002,700	2.0%
MADAWASKA VALLEY	3,141,000	0.7%
McNAB/BRAESIDE	7,368,100	1.3%
NORTH ALGONA WILBERFORCE	2,895,300	1.2%
PETAWAWA	18,283,000	1.9%
RENFREW	5,861,100	1.1%
WHITewater REGION	8,007,100	1.6%
	104,475,300	1.58%

The Impact of Growth

Physical Changes & Change in Use

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	104,475,300	1.58%

Class	CVA	2009 Tax Ratios	CVA Weighted by 2009 Tax Ratios	% share
Residential	5,402,857,264	1.000000	5,402,857,264	71.09%
Res FAD I	735,150	0.350000	257,303	0.00%
Multi-residential	68,079,565	1.943600	132,319,443	1.74%
Com. Occupied	368,577,495	1.814700	668,857,580	8.80%
Com. Exc. Land	7,878,849	1.270290	10,008,423	0.13%
Com. Vac. Land	8,758,094	1.270290	11,125,319	0.15%
Com. FAD I	1,029,250	0.350000	360,238	0.00%
Ind. Occupied	40,540,070	2.973236	120,535,188	1.59%
Ind. Exc. Land	1,236,495	1.932603	2,389,654	0.03%
Ind. Vac. Land	1,171,350	1.932603	2,263,755	0.03%
Large Ind. Occ.	31,030,630	3.709321	115,102,577	1.51%
Large Ind. Exc.	656,741	2.411059	1,583,441	0.02%
Pipelines	282,710,250	1.332800	376,796,221	4.96%
Farm	237,198,322	0.250000	59,299,581	0.78%
Managed Forests	13,316,977	0.250000	3,329,244	0.04%
Com Total Taxable	386,243,688		690,351,560	9.08%
Ind Total Taxable	74,635,286		241,874,616	3.18%
Total Taxable	6,465,776,502		6,907,085,231	90.89%
Residential	112,777,095	1.000000	112,777,095	1.48%
Res FAD I	0	0.350000	0	0.00%
Multi-residential	32,680,161	1.943600	63,517,161	0.84%
Com. Occupied	268,336,923	1.814700	486,951,014	6.41%
Com. Exc. Land	15,084	1.270290	19,161	0.00%
Com. Vac. Land	403,233	1.270290	512,223	0.01%
Com. FAD I	0	0.350000	0	0.00%
Ind. Occupied	506,644	2.973236	1,506,372	0.02%
Ind. Exc. Land	199,636	1.932603	385,817	0.01%
Ind. Vac. Land	12,350	1.932603	23,868	0.00%
Large Ind. Occ.	7,274,893	3.709321	26,984,916	0.36%
Large Ind. Exc.	0	2.411059	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%
Com Total PIL	268,755,240		487,482,398	6.41%
Ind Total PIL	7,993,523		28,900,973	0.38%
Total PIL	422,206,019		692,677,627	9.11%
Grand Total	6,887,982,521		7,599,762,857	100.00%

Reassessment - Valuation Changes

Reassessment - Valuation Changes

- ★ Assessments are based on current value
- ★ Similar to market value, current value is an amount assigned to real property by an assessor from MPAC for property taxation purposes
- ★ CVA is established based on a willing buyer & willing seller, arms length transaction, in a competitive open market

Reassessment - Valuation Changes

- ★ Valuation change happens each time MPAC updates the CVA to a new, more recent point in time
- ★ Reflects changes in real estate market conditions

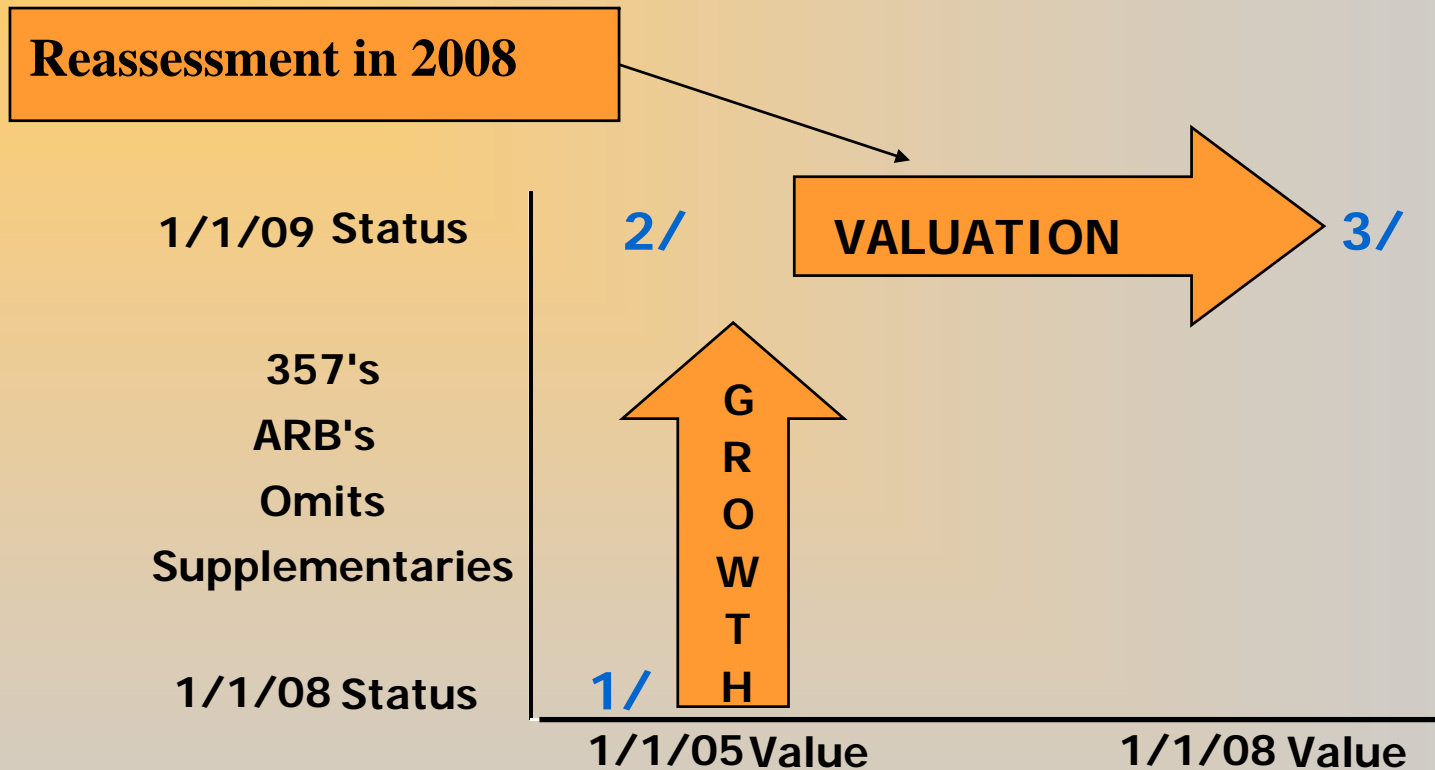
Reassessment - Valuation Changes

- ★ Reassessment does not automatically affect tax revenue because tax rates must be reconsidered in light of this valuation change
- ★ Valuation change can, however, affect the distribution of the tax burden between properties, between classes and between municipalities in a two tier structure

Assessment Cycle -2009

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
2006-2008	Current Value as of January 1, 2005
2009-2012	Current Value as of January 1, 2008
2013-2016	Current Value as of January 1, 2012

Assessment Changes - 2009



- 1/** Returned 2008 Assessment Roll
- 2/** Revised 2008 Assessment – physical characteristics & change in use
- 3/** Valuation Change – 2005 to 2008

Valuation Change

- ★ **To isolate the impact of reassessment from growth and physical changes, valuation change is measured from the previous years assessment (as most recently revised) and the new updated assessment as returned**

Valuation Change

- ★ **By calculating the difference between these two values, we can isolate the impact of reassessment from the Jan 1, 2005 value to the Jan 1, 2008 value**

	2009-2012 Value/ Equity Change \$	2009-2012 Value/ Equity %
R-Residential and farm	1,817,930,213	36.65%
M-Mult Res	431,490	0.59%
C-Commercial	66,649,414	19.15%
X-Comm New Construction	258,000	14.59%
S-Shopping Centre	4,565,950	20.85%
D-Office Building	143,335	118.06%
I-Industrial	2,844,272	6.69%
L-Large Ind	1,402,681	4.48%
P-Pipeline	42,493,000	15.62%
F-Farmland	14,044,780	6.00%
T-Manage Forest	3,088,174	24.37%
Commercial Total	71,616,699	19.26%
Industrial Total	4,246,953	5.75%
Total Taxable	1,953,851,309	32.58%
Total Taxable Excluding RTQ H, I, J, K, N, S	1,953,626,924	32.59%
R	24,195,315	22.60%
M	3,933,280	12.41%
C	21,647,869	8.24%
D	589,220	58.76%
I	179,287	22.86%
L	78,517	1.08%
Commercial Total	22,237,089	8.44%
Industrial Total	257,804	3.21%
Total PIL	50,623,488	12.34%
Total PIL Including RTQ H, I, J, K, N, S	50,847,873	12.29%
Total Taxable and PIL	2,004,474,797	31.28%
E	n/a	n/a
Grand Total	1,688,150,514	31.28%

4 Year Phase-In

- ★ **The 4 year phase in of assessment increases is designed to protect taxpayers from market volatility**
- ★ **The program is predictable over the 4 year period (2009-2012)**
- ★ **Decreases are not phased in – they will flow through to avoid ratepayers being taxed on a value higher than CVA**

	2009 Value/ Equity Change \$	2009-2012 Value/ Equity Change \$	2009 Value/ Equity %	2009-2012 Value/ Equity %
R-Residential and farm	443,555,812	1,817,930,213	8.94%	36.65%
M-Mult Res	-4,832,535	431,490	-6.63%	0.59%
C-Commercial	13,648,487	66,649,414	3.92%	19.15%
X-Comm New Construction	64,500	258,000	3.65%	14.59%
S-Shopping Centre	643,526	4,565,950	2.94%	20.85%
D-Office Building	35,834	143,335	29.52%	118.06%
I-Industrial	436,330	2,844,272	1.03%	6.69%
L-Large Ind	350,357	1,402,681	1.12%	4.48%
P-Pipeline	10,623,250	42,493,000	3.90%	15.62%
F-Farmland	3,288,522	14,044,780	1.41%	6.00%
T-Manage Forest	647,171	3,088,174	5.11%	24.37%
Commercial Total	14,392,347	71,616,699	3.87%	19.26%
Industrial Total	786,687	4,246,953	1.07%	5.75%
Total Taxable	468,461,254	1,953,851,309	7.81%	32.58%
Total Taxable Excluding RTQ H, I, J, K, N, S	468,449,329	1,953,626,924	7.82%	32.59%
R	5,735,044	24,195,315	5.36%	22.60%
M	983,321	3,933,280	3.10%	12.41%
C	4,993,303	21,647,869	1.90%	8.24%
D	147,305	589,220	14.69%	58.76%
I	-65,770	179,287	-8.38%	22.86%
L	19,629	78,517	0.27%	1.08%
Commercial Total	5,140,608	22,237,089	1.95%	8.44%
Industrial Total	-46,141	257,804	-0.57%	3.21%
Total PIL	11,812,832	50,623,488	2.88%	12.34%
Total PIL Including RTQ H, I, J, K, N, S	11,824,757	50,847,873	2.86%	12.29%
Total Taxable and PIL	480,274,086	2,004,474,797	7.50%	31.28%
E	n/a	n/a	n/a	n/a
Grand Total	480,274,086	1,688,150,514	7.50%	31.28%

2009 Assessment Totals

Renfrew Co, 4700

	2005 Base CVA at 2009 Roll Return	2008 Base CVA at 2009 Roll Return	CVA to be Phased In	2009 Active CVA	2010 Projected/ Active CVA	2011 Projected/ Active CVA	2012 Projected/ Active CVA
	A	B	C=B-A	B-75% of C	B-50% of C	B-25% of C	B
Pipeline	272,087,000	314,580,000	42,493,000	282,710,250	293,333,500	303,956,750	314,580,000
	15.6%			3.90%	3.76%	3.62%	3.49%

Tax Shifts – Reassessment

- ★ **Tax shifts will happen:**
 - **Between properties in a class**
 - **Between classes**
 - **Between Municipalities (2 tier)**

Tax Shifts – Between Properties

- ★ **Property A – Residential – 15% CVA Increase**
- ★ **Average Residential CVA Increase – 10%**
- ★ **Therefore, even without a municipal budget increase, Property A will pay a larger share of the residential tax burden**

Tax Shifts – Between Classes

- ★ Residential Class – 10% CVA Increase
- ★ Commercial Class - 4% CVA Increase
- ★ Industrial Class – 1% CVA Increase
- ★ Average Municipal CVA Increase – 7.5%
- ★ Therefore, the residential class, even without a municipal budget increase, will pay a larger share of the total municipal tax burden

**Tax Shifts – Between
Municipalities In A Two Tier
System**

	2009 Value/ Equity Change \$	2009-2012 Value/ Equity Change \$	2009 Value/ Equity %	2009-2012 Value/ Equity %
R-Residential and farm	443,555,812	1,817,930,213	8.94%	36.65%
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Grand Total	480,274,086	1,688,150,514	7.50%	31.28%

	2009 Value/ Equity \$	2009 Value/ Equity %
ADMASTON/BROMLEY	10,151,345	4.4%
ARNPRIOR	29,937,252	5.5%
BONNECHERE VALLEY	23,965,471	9.3%
BRUDENELL, LYNDOKH RAGLAN	9,271,018	7.0%
DEEP RIVER	20,027,794	7.4%
GREATER MADAWASKA	39,568,898	9.6%
HEAD, CLARA & MARIA	5,289,536	4.6%
HORTON	15,250,076	6.7%
KILLALOE, HAGARTY & RICHARDS	19,266,466	9.6%
LAURENTIAN HILLS	17,549,152	7.7%
LAURENTIAN VALLEY	53,600,707	8.2%
MADAWASKA VALLEY	43,423,486	10.6%
McNAB/BRAESIDE	36,578,500	6.3%
NORTH ALGONA WILBERFORCE	24,181,899	10.3%
PETAWAWA	69,721,782	7.4%
RENFREW	25,335,094	5.2%
WHITEWATER REGION	37,155,610	7.6%
	480,274,086	7.50%

	2009 Value/ Equity \$	2009 Value/ Equity %
MADAWASKA VALLEY	43,423,486	10.6%
NORTH ALGONA WILBERFORCE	24,181,899	10.3%
GREATER MADAWASKA	39,568,898	9.6%
KILLALOE, HAGARTY & RICHARDS	19,266,466	9.6%
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HORTON	15,250,076	6.7%
McNAB/BRAESIDE	36,578,500	6.3%
ARNPRIOR	29,937,252	5.5%
RENFREW	25,335,094	5.2%
HEAD, CLARA & MARIA	5,289,536	4.6%
ADMASTON/BROMLEY	10,151,345	4.4%
	480,274,086	7.50%

Tax Ratios – 2009

- ★ **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

	2009 Start Ratio	2008 Ratio	Change
Multi-Residential	1.943600	1.943600	0%
Commercial	1.814700	1.814700	0%
Industrial	2.973236	2.981149	-0.2654%
Large Ind	3.709321	3.719194	-0.2654%
Pipeline	1.332800	1.332800	0%
Farm/Forest	0.25000	0.250000	0%

Due to levy restriction – only passed 50% of budget increase to Industrial Class in 2008

Starting Tax Ratios

	2001 Ratio	2002 Ratio	2003 Ratio	2004 Ratio	2005 Ratio	2006 Ratio	2007 Ratio	2008 Ratio	2009 Start Ratio
Industrial	3.6393	3.4018	3.3021	3.1107	3.0767	3.035976	3.000650	2.981149	2.973236
Large Ind	4.5401	4.2440	4.1196	3.8808	3.8384	3.787594	3.743522	3.719194	3.709321



Ratio has dropped 18.3%

Tax Ratios- Sensitivity -2009

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

Class	2009 Starting Ratio	Revised Ratio	Class Rate Reduction	Tax Reduction	Residential Rate Increase
Multi-Residential	1.943600	1.846420	- 5 %	-\$30,989	
Commercial	1.814700	1.723965	- 5 %	-\$186,091	
Industrial	2.973236	2.824573	- 5 %	-\$20,113	
Large Industrial	3.709321	3.523854	- 5 %	-\$22,735	
Pipeline	1.332800	1.266160	- 5 %	-\$59,625	
Farm	0.250000	0.237250	- 5 %	-\$9,642	
Cumulative				\$329,195	1.39%

Levy Restriction - 2009

- ★ 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- 2009

Application of the Levy Restriction to Certain Classes

	2009 Tax Ratio	Threshold	Subject to Levy Restriction?
Multi- Residential	1.943600	2.740000	NO
Broad Commercial	1.814700	1.980000	NO
Broad Industrial	3.323133	2.630000	YES

Effects of Setting the Tax Ratio For Industrial at Provincial Threshold -2009

	Start Ratio	Alt Ratio	Effect on Tax Rate
Non Industrial			0.75%
Industrial	2.973236	2.351765	-20.27%
Large Ind	3.709321	2.933992	-20.27%
Broad Ind	3.323133	2.630000	-20.27%

Effects of Setting the Tax Ratio For Industrial at Provincial Threshold -2009

This would translate into **-\$235,898** in reduced taxes for the Industrial Class (assuming notional tax rates)

Levy Restriction Option - 2009

- ★ 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 2009 levy requirement of \$33,044,736 this option would move \$6,872 of the County tax burden onto the industrial class.

Levy Restriction Option - 2009

- ★ **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 has been deemed appropriate each year that we discuss tax policy**

Revenue Neutral Ratios - 2009

- ★ For 2009, the Province is again giving municipalities tax ratio flexibility that was provided in previous reassessment years
- ★ Using the revenue neutral ratios would avoid tax shifts between property classes as a result of reassessment
- ★ In other words all classes pick up their same share of the tax burden as they had previously

Revenue Neutral Ratios- Sensitivity -2009

Class	2009 Starting Ratio	Neutral Ratio	Tax Increase	Residential Rate Decrease
Multi-Residential	1.943600	2.121835	\$57,908	
Commercial	1.814700	1.908715	\$180,743	
Industrial	2.973236	3.180886	\$28,849	
Large Industrial	3.709321	3.968380	\$33,616	
Pipeline	1.332800	1.390428	\$44,924	
Cumulative			-\$346,040	-1.51%

If we adopted the revenue neutral ratios, the residential class would see 1.51% of the tax burden shifted away to other classes (County tax rate)

Capping - 2009

Capping - 2009

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 assessment increases greater than 5%, exclusive of those attributable to municipal budgetary changes.

Capping - 2009

Municipalities must pass a by-law to specify the claw back percentages and the capping threshold parameters that they wish to implement for 2009. 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 – 2009

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)
- 5. New for 2009- Stay at CVA Tax" and "Cross CVA Tax" Options**

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 2009 – 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 2009 – 5% Annualized Tax Limit

	5% Tax
Multi – Res	3,909
Commercial	108,523
Industrial	13,997
Subtotal	126,429
Clawback	(126,429)
Net Impact	0

1 a) Capping 2009 – 5% Annualized Tax Limit

	Multi-Res	Comm	Ind	Total
Protected by the Cap	12	284	63	359
Paying Full CVA Tax	11	458	17	486
Clawed Back	76	1,186	150	1,412
Total Properties	99	1,928	238	2,265

1 b) Capping 2009 – 10% Annualized Tax Limit

	5% Tax	10% Tax
Multi – Res	3,909	2,988
Commercial	108,523	81,454
Industrial	13,997	12,062
Subtotal	126,429	96,504
Clawback	(126,429)	(96,504)
Net Impact	0	0

1 b) Capping 2009 – 10% Annualized Tax Limit

	Multi-Res	Comm	Ind	Total	5%
Protected by the Cap	7	153	50	210	359
Paying Full CVA Tax	16	589	38	643	486
Clawed Back	76	1,186	150	1,412	1,412
Total Properties	99	1,928	238	2,265	2,265

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 2009 – 10% Annualized Tax & 5% CVA Tax

	5% Tax	10% Tax	+10% +5% CVA
Multi – Res	3,909	2,988	2,988
Commercial	108,523	81,454	81,386
Industrial	13,997	12,062	11,896
Subtotal	126,429	96,504	96,270
Clawback	(126,429)	(96,504)	(96,270)
Net Impact	0	0	0

2. Capping 2009 – 10% Annualized Tax & 5% CVA Tax

	Multi-Res	Comm	Ind	Total	10%
Protected by Annualized Cap	7	148	39	194	210
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	7	153	50	210	210

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 2009 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 2009 Revised Taxes are initially calculated to incorporate the increases based on the capping parameters, prior to the application of the threshold.

3. Capping 2009 – 10% Annualized Tax & 5% CVA Tax & \$250 Threshold - Increasers

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc
Multi – Res	3,909	2,988	2,988	2,423
Commercial	108,523	81,454	81,386	74,993
Industrial	13,997	12,062	11,896	8,847
Subtotal	126,429	96,504	96,270	86,263
Clawback	(126,429)	(96,504)	(96,270)	(86,263)
Net Impact	0	0	0	0

3. Capping 2009 – 10% Annualized Tax & 5% CVA Tax & \$250 Threshold - Increasers

	Multi-Res	Comm	Ind	Total	10%
Protected by Annualized Cap	2	53	8	63	210
Protected by CVA Cap	0	5	6	11	
CVA Tax due to \$250 – Increasers	5	95	36	136	
CVA Tax due to \$250 - Decreasers	0	0	0	0	
Total	7	153	50	210	210

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 2009 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 2009 Revised Taxes are initially calculated to incorporate the claw back percentage and levy change factor, prior to the application of the threshold.

4. Capping 2009 – 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	3,909	2,988	2,988	2,423	2,423
Commercial	108,523	81,454	81,386	74,993	74,993
Industrial	13,997	12,062	11,896	8,847	8,847
Subtotal	126,429	96,504	96,270	86,263	86,263
Clawback	(126,429)	(96,504)	(96,270)	(86,263)	(86,263)
Net Impact	0	0	0	0	0

4. Capping 2009 – 10% Annualized Tax & 5% CVA Tax+\$250 Threshold (Inc/Dec)

	Multi-Res	Comm	Ind	Total	10%
Protected by Annualized Cap	2	53	8	63	210
Protected by CVA Cap		5	6	11	0
CVA Tax due to \$250 – Increasers	5	95	36	136	0
Total	7	153	50	210	210
CVA Tax due to \$250 - Decreasers	71	1,101	137	1,309	

5. "Stay at CVA Tax" and "Cross CVA Tax" Options

- **New for 2009, this initiative allows municipalities to pass a by-law to exclude properties in certain situations from the capping program.**
- **If these options are selected, properties will be liable to pay full CVA taxes.**

5. "Stay at CVA Tax" Option

***(a)* The "Stay at CVA Tax" Option excludes properties that were at CVA tax in 2008 from the capping and claw-back calculation in 2009.**

5. "Cross CVA Tax" Option

***(b)* The "Cross CVA Tax" Option excludes properties that would move from being capped in 2008 to being clawed back in 2009 or from being clawed back in 2008 to being capped in 2009 as a result of the changes to the CVA tax caused by the 2009 reassessment.**

N/A for the County if we don't use clawback

5. Stay At CVA Tax \$

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc	Stay At CVA
Multi – Res	3,909	2,988	2,988	2,423	254
Commercial	108,523	81,454	81,386	74,993	32,243
Industrial	13,997	12,062	11,896	8,847	6,672
Subtotal	126,429	96,504	96,270	86,263	39,169
Clawback	(126,429)	(96,504)	(96,270)	(86,263)	(17,546)
Net Impact	0	0	0	0	21,624

Capping 2009 – 5% Annualized Tax Limit vs “Stay at CVA”

	Multi-Res	Comm	Ind	Total	10% +5% CVA+\$250inc+ Stay at CVA
Protected by the Cap	12	284	63	359	44
Paying Full CVA Tax	11	458	17	486	2,200
Clawed Back	76	1,186	150	1,412	21
Total Properties	99	1,928	238	2,265	2,265

5. Stay At CVA Tax \$

	5% Tax	10% Tax	+10% +5% CVA	+10% +5% CVA + \$250 Inc	Stay At CVA
Multi – Res	3,909	2,988	2,988	2,423	254
Commercial	108,523	81,454	81,386	74,993	32,243
Industrial	13,997	12,062	11,896	8,847	6,672
Subtotal	126,429	96,504	96,270	86,263	39,169
Clawback	(126,429)	(96,504)	(96,270)	(86,263)	(17,548)
Net Impact	0	0	0	0	21,624

Capping Option 5 – Municipal \$

	2009	2008	2007	2006	2005
	+10%+5%+\$250 inc+stay cva	+10%+5%+\$250 increase	+10%+5%+\$250 increase	+10%+5%+\$250 increase	+10%+5%+\$250 increase
Multi – Res	254	40,510	31,408	136,149	7,212
Commercial	32,243	142,016	92,044	350,354	389,621
Industrial	6,672	26,676	190,680	50,948	167,860
Subtotal	39,169	209,202	314,132	537,451	564,693
Clawback	(17,546)	(107,396)	(92,746)	(415,090)	(19,553)
Net Impact	21,624	101,806	221,386	122,361	545,140

Capping 2009 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 to fund those properties with increases in assessment, perhaps even in another municipality.

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%**

Discount Rates - 2009

- ✦ 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%.

Optional Class - 2009

✦ The County had selected the Large Industrial optional class previously, but there are others:

✦ Shopping Centre

✦ Office Building

✦ Parking Lot & Vacant Land

✦ New Multi - Residential

Tax Relief for Low Income Seniors/Disabled -2009

- ✦ 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

Graduated Taxation-2009

- ✦ 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 -2009

- ✦ 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 ?