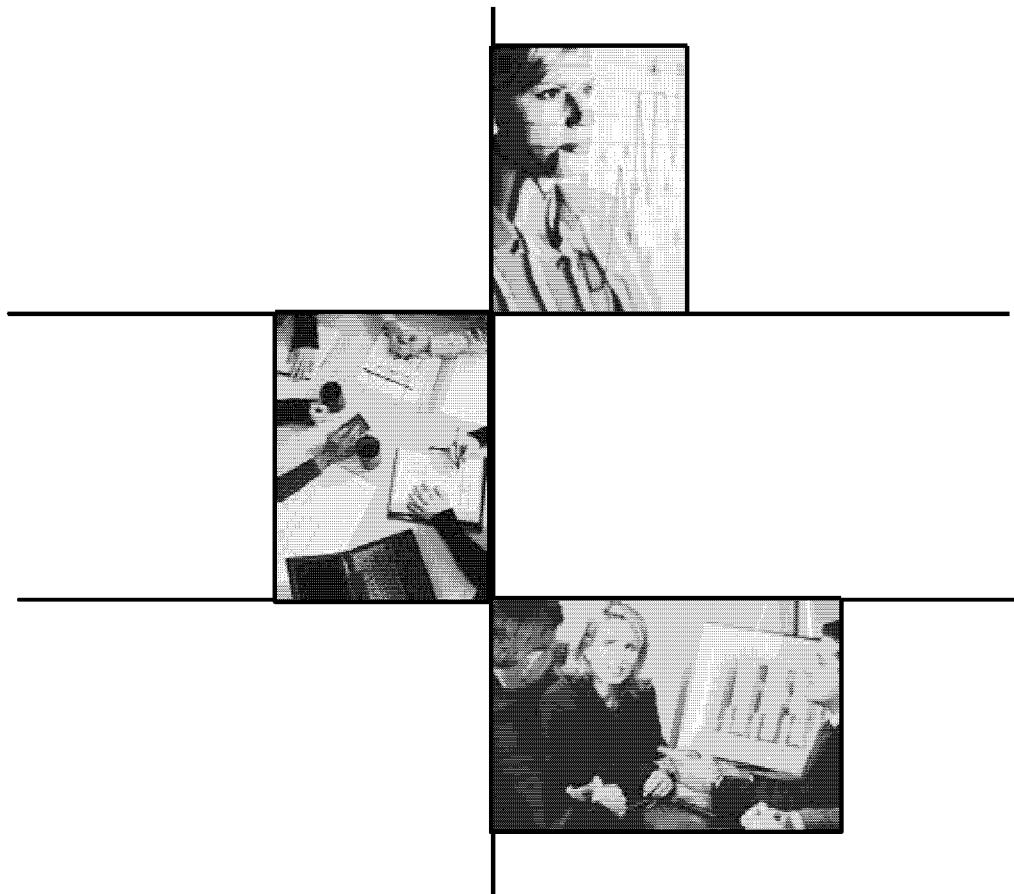


## *Tax Policies*



## Tax Policies

The relative tax burden in each class of property will be impacted by the type of tax policies implemented in each municipality. As such, an analysis of the 2007 tax policies that impact the relative tax position was completed and has been summarized to include the following:

- *Comparison of Tax Ratios*
- *Delegation*
- *Summary of Optional Classes*

### ***Comparison of Tax Ratios***

Tax ratios define each property class's rate of taxation in relation to the rate of the residential property class. The tax ratios for the residential class is set by the province at 1.0000. The different relative burdens are reflected in the tax ratios. These relative burdens are used to calculate the municipal tax rate of each property class in relation to the residential class.

The "**Ranges of Fairness**" represents what the Province determines as a fair level of taxation for various types of properties compared to the tax burden on the Residential class.

According to the legislation, municipalities are not permitted to apply municipal levy increases on the Commercial, Industrial or Multi-Residential classes if the tax ratios for those classes exceed the prescribed "**Threshold Ratios**". These threshold ratios define the average relative municipal tax for each property class in relation to the Residential/Farm class across the Province. For example, across Ontario, on average, Multi-Residential properties pay 2.74 times more municipal property taxes than their Residential counterparts.

### ***Delegation***

Under the rules and regulations established by the Province, upper and single tier municipalities are responsible for property tax policies. An exception to this rule is if an upper-tier municipality elects to delegate the property tax policy responsibility to its lower-tiers. Of the municipalities in this study, only the Region of Peel (consisting of the City of Brampton, City of Mississauga and Town of Caledon) delegated such authority to its lower-tier municipalities. Mississauga's ratios are different from the City of Brampton and the Town of Caledon.

### Comparison of 2007 Tax Ratios

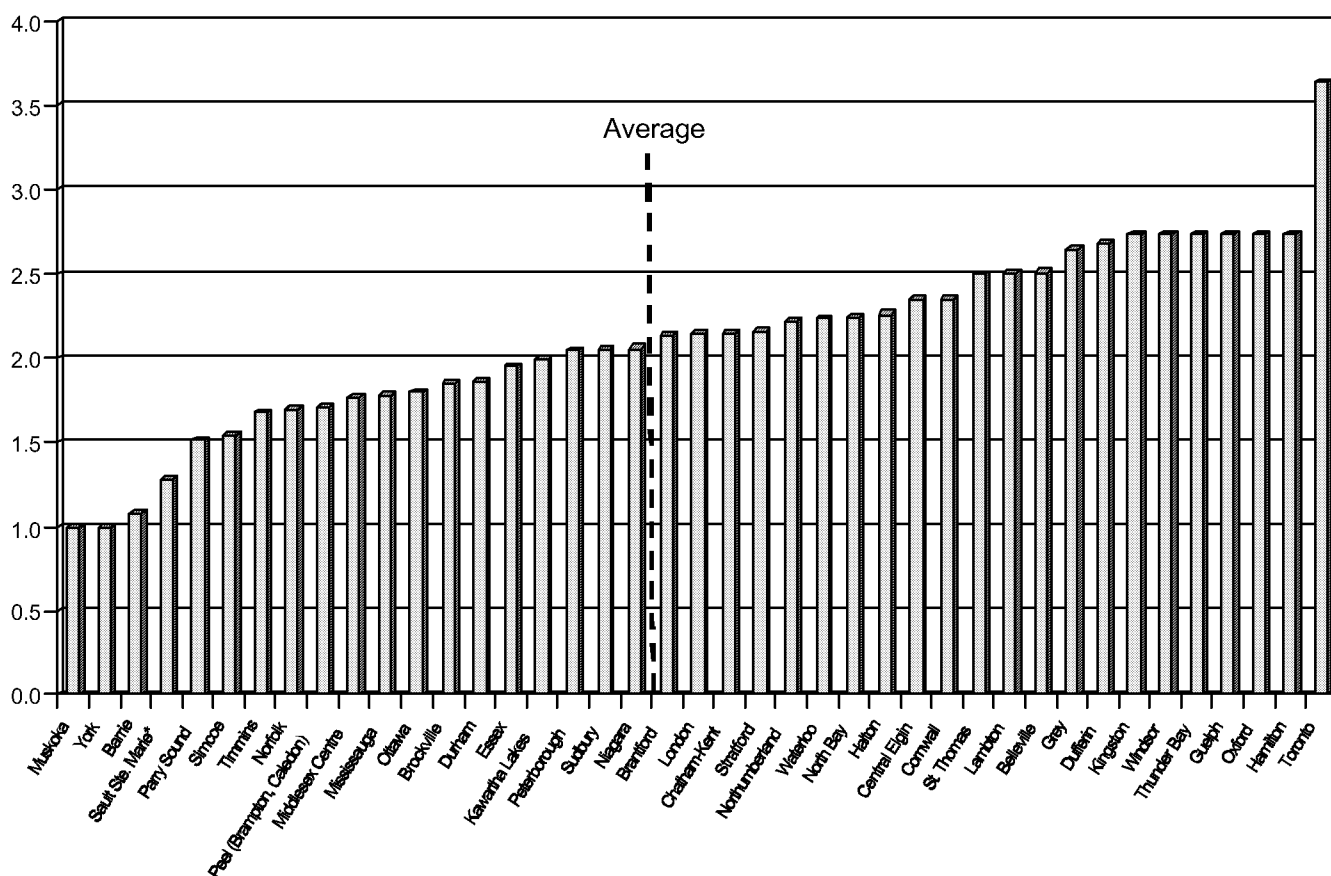
Municipality	Multi-Residential	Commercial (Residual)	Industrial (Residual)	Industrial (Large)
Barrie	1.0787	1.4331	1.5163	
Belleville*	2.5102	1.9191	2.9261	
Brantford*	2.1355	1.9360	2.9842	
Brockville	1.8500	1.9785	2.6276	
Central Elgin*	2.3458	1.6376	2.2251	2.8318
Chatham-Kent*	2.1488	1.9671	2.4370	2.9289
Cornwall	2.3492	1.9650	2.6300	
Dufferin	2.6802	1.2200	2.1987	
Durham	1.8665	1.4500	2.2598	2.2598
Essex*	1.9554	1.0697	1.9425	2.6861
Guelph	2.7400	1.8400	2.6300	
Halton	2.2619	1.4565	2.3599	
Hamilton*	2.7400	2.0591	3.4273	4.0189
Kawartha Lakes	1.9931	1.2782	1.7825	
Kingston	2.7389	1.9800	2.6300	
Lambton*	2.5014	1.6585	2.0536	3.0124
London	2.1455	1.9800	2.6300	
Middlesex Centre	1.7697	1.1449	1.7451	
Mississauga	1.7788	1.4098	1.5708	
Muskoka	1.0000	1.1000	1.1000	
Niagara	2.0600	1.7586	2.6300	
Norfolk	1.6929	1.6929	1.6929	
North Bay	2.2436	1.9048	1.4000	
Northumberland	2.2160	1.5152	2.6300	
Ottawa*	1.8000	2.1461	2.7468	2.3588
Owen Sound	2.6424	2.3683	2.9067	5.0172
Oxford	2.7400	1.9018	2.6300	
Parry Sound	1.5145	1.6646	1.5162	
Peel (Brampton, Caledon)	1.7050	1.2971	1.4700	
Peterborough (City)	2.0440	1.8912	2.6300	
Sault Ste. Marie*	1.2829	1.6730	1.9251	2.7431
Simcoe	1.5385	1.2521	1.5385	
St. Thomas*	2.4987	1.9475	2.2281	2.6774
Stratford*	2.1539	2.1638	3.3123	
Sudbury*	2.0591	1.7206	2.5596	2.9012
Thunder Bay	2.7400	1.9527	2.4300	2.6275
Timmins*	1.6816	1.7501	2.1783	2.7114
Toronto*	3.6350	3.6737	4.0900	
Waterloo	2.2400	1.9500	2.4500	
Windsor*	2.7400	1.9833	2.4233	3.2377
York	1.0000	1.2070	1.3737	
<b>Average</b>	2.1175	1.7536	2.3034	3.0009
<b>Minimum</b>	1.0000	1.0697	1.1000	2.2598
<b>Maximum</b>	3.6350	3.6737	4.0900	5.0172
<b>Provincial Threshold</b>	2.7400	1.9800	2.6300	2.6300

\* denotes municipalities with one or more ratios above the Provincial Threshold  
The highlighted cells reflect changes in tax ratios between 2006 and 2007

XXX reflects increase in tax ratios  
XXX reflects decrease in tax ratios

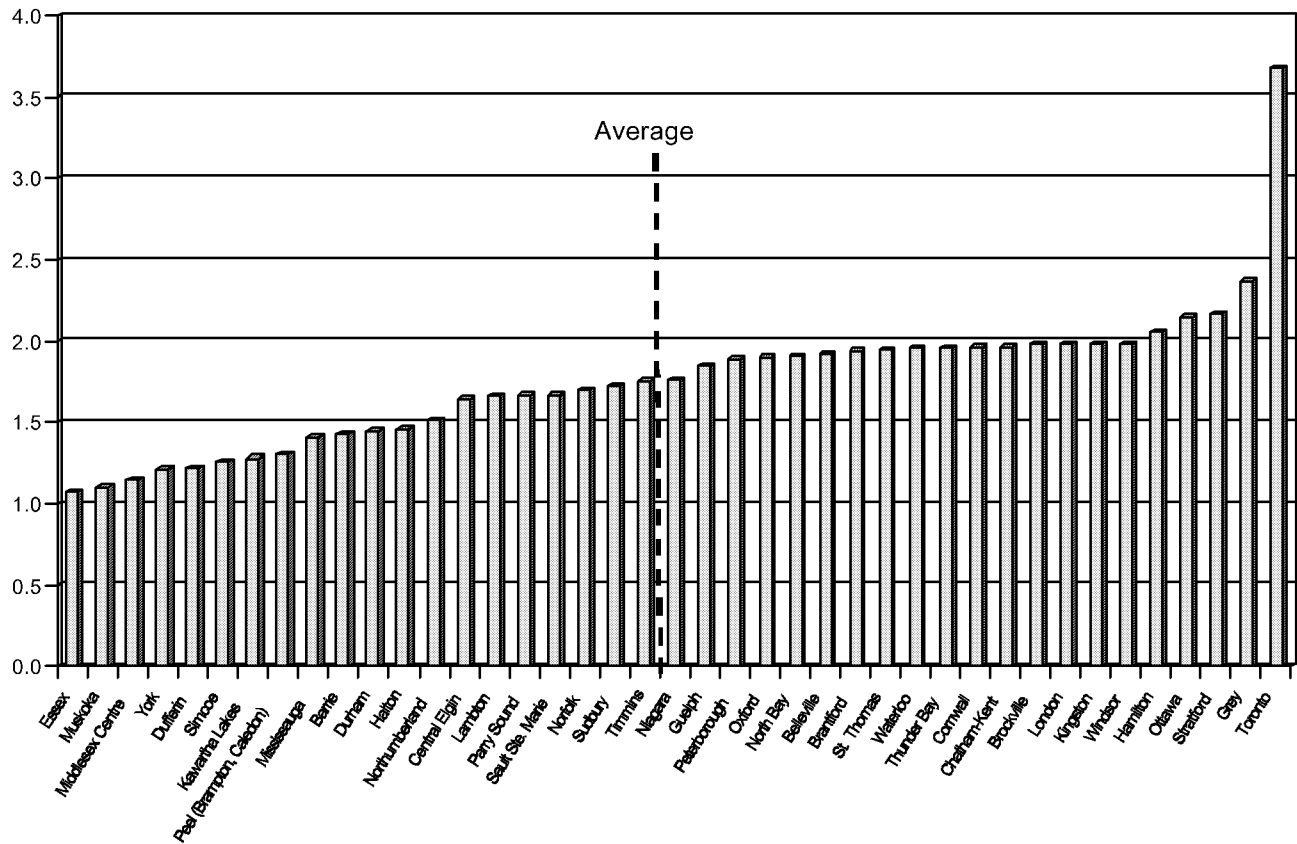
(only for those municipalities that participated in the 2006 Study)

## Trends and Observations - Multi-Residential Tax Ratios



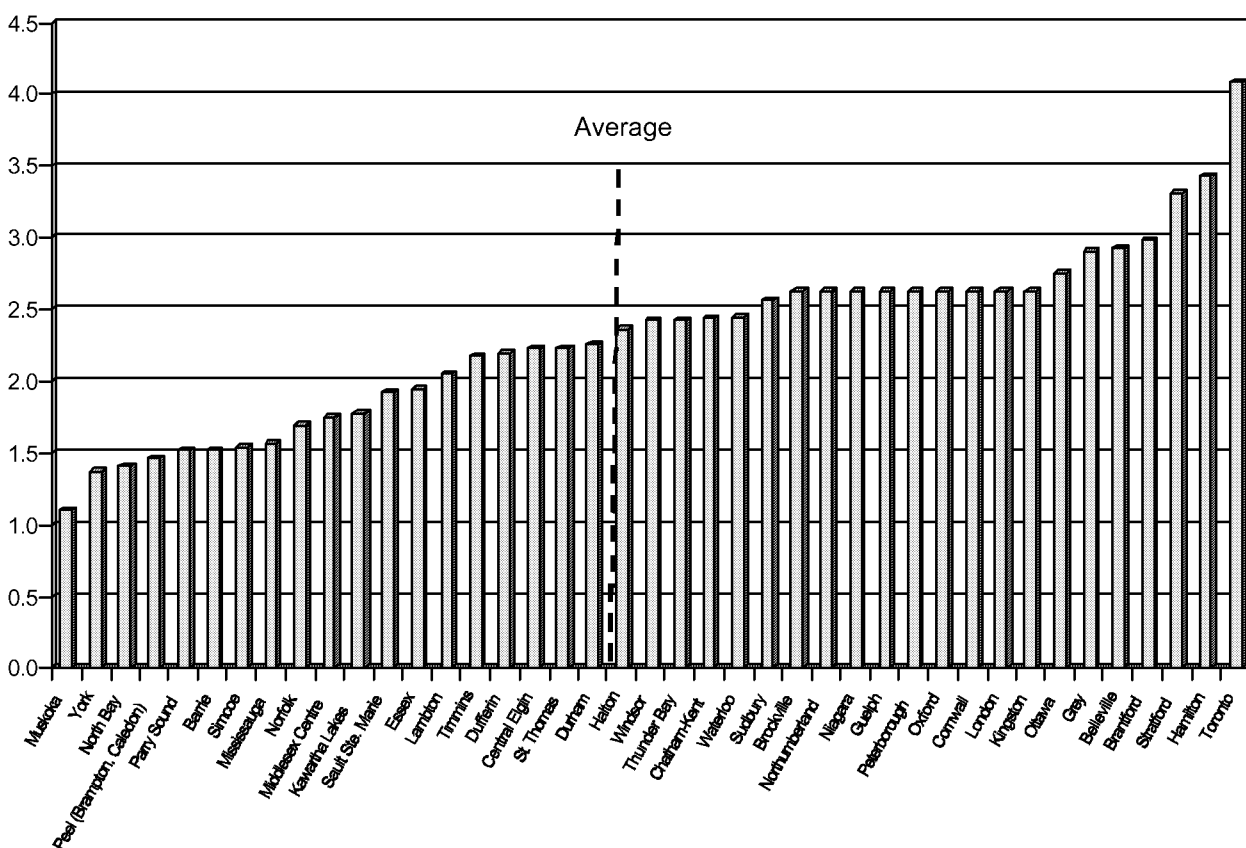
- With the exception of Toronto, all municipalities have a Multi-Residential Tax Ratio at or below the Provincial Threshold of 2.74. Muskoka, Barrie, and York are the only municipalities within the Provincial Range of Fairness (1.00 to 1.10)
- 6 of the 41 municipal entities decreased their Multi-Residential Tax Rate in 2006 including:
  - Region of Durham
  - City of Brantford
  - City of North Bay
  - County of Lambton
  - Region of Waterloo
  - City of Toronto
- All other factors being equal, municipalities with a high Multi-Residential Tax Ratio will have higher relative tax burdens

**Trends and Observations - Commercial (residual) Tax Ratios**



- With the exception of Hamilton, Windsor, Ottawa, Stratford, Toronto and Grey County all municipalities have a residual Commercial Tax Ratio at or below the Provincial Threshold of 1.98
- The County of Essex and the District of Muskoka are the only municipalities that fall within the Provincial Range of Fairness
- 8 of the 41 municipal entities reduced their Commercial Tax Ratio in 2006 including North Bay, Windsor, Toronto, Ottawa, Brantford, Stratford, Hamilton, and Lambton County

## Trends and Observations - Industrial (residual) Tax Ratios



- With the exception of Belleville, Hamilton, Ottawa, Stratford, Toronto, Brantford and Grey County, all municipalities have a residual Industrial Tax Ratio at or below the Provincial Threshold of 2.63
- The District of Muskoka is the only municipality that falls within the Provincial Range of Fairness
- 8 of the 41 municipal entities decreased their Industrial Tax Ratio in 2007 including Windsor, Chatham-Kent, Hamilton, Stratford, Waterloo, Niagara, Brantford and Toronto

## Summary of Optional Classes

	New Multi-Residential	Office Building	Shopping Centre	Park/lot Vacant Land	Large Industrial
Barrie					
Belleville					
Brantford					
Brockville					
Central Elgin					✓
Chatham-Kent		✓	✓	✓	✓
Cornwall					
Dufferin					
Durham					✓
Essex		✓	✓	✓	✓
Grey		✓	✓	✓	✓
Guelph	✓				
Halton	✓				
Hamilton	✓			✓	✓
Kawartha Lakes					
Kingston	✓				
Lambton		✓	✓	✓	✓
London					
Middlesex Centre					
Mississauga					
Muskoka					
Niagara	✓				
Norfolk					
North Bay					
Northumberland					
Ottawa	✓	✓	✓	✓	✓
Oxford					
Parry Sound					
Peel (Brampton, Caledon)					
Peterborough (City)	✓				
Sault Ste. Marie		✓	✓	✓	✓
Simcoe					
St. Thomas					✓
Stratford					
Sudbury	✓				✓
Thunder Bay					✓
Timmins	✓				✓
Toronto	✓				
Waterloo	✓				
Windsor		✓	✓	✓	✓
York	✓				

**New Multi-Residential Property Class**

Municipal Councils have the ability to establish an optional class of property for New Multi-Residential properties. Some municipalities established a New Multi-Residential class to provide a conducive tax environment to encourage the development of additional multi-residential units.

Municipality	Multi-Residential	New Multi-Residential
Guelph	2.7400	1.0000
Halton	2.2619	2.0000
Hamilton	2.7400	1.0000
Kingston	2.7389	1.0000
Niagara	2.0600	1.0000
Ottawa	1.8000	1.0000
Peterborough (City)	2.0440	1.0000
Sudbury	2.0591	1.0000
Timmins	1.6816	1.0000
Toronto	3.6350	1.0000
Waterloo	2.2400	1.0000
York	1.0000	1.0000

**Optional Commercial Classes**

Municipality	Commercial (Residual)	Commercial (Office)	Commercial (Shopping)	Commercial (Parking)
Chatham-Kent	1.9671	1.5853	2.2705	1.3164
Essex	1.0697	1.1640	1.1654	0.5620
Grey	2.3683	2.1461	2.6094	1.1999
Hamilton	2.0591			2.0591
Lambton	1.6585	1.5654	2.1237	1.1122
Ottawa	2.1461	2.5928	1.7852	1.4062
Sault Ste. Marie	1.6730	2.4435	1.7760	1.2372
Windsor	1.9833	2.0165	2.0364	1.0446

**Large Industrial Class**

Municipality	Industrial (Residual)	Industrial (Large)
Central Elgin	2.2251	2.8318
Chatham-Kent	2.4370	2.9289
Essex	1.9425	2.6861
Grey	2.9067	5.0172
Hamilton	3.4273	4.0189
Lambton	2.0536	3.0124
Ottawa	2.7468	2.3588
Sault Ste. Marie	1.9251	2.7431
St. Thomas	2.2281	2.6774
Sudbury	2.5596	2.9012
Thunder Bay	2.4300	2.6275
Timmins	2.1783	2.7114
Windsor	2.4233	3.2377



## **Summary - Tax Policies**

The tax ratios across the survey range significantly in each of the Multi-Residential, Commercial and Industrial classes.

### Provincial Threshold Analysis

- Only 1 municipal entity in the survey has a ratio in the Multi-Residential Class that exceeds the Provincial Threshold of 2.74
- 6 of the 41 municipal entity in the survey have a ratio in the Commercial Class that exceeds the Provincial Threshold of 1.98
- 7 of the 41 municipal entity in the survey have a ratio in the Industrial Class that exceeds the Provincial Threshold of 2.63

### Range of Fairness

- Only 4 municipal entities have established ratios within the Provincial Range of Fairness for one or more of the Multi-Residential, Commercial and Industrial classes including:
  - City of Barrie (Multi-Residential)
  - County of Essex (Commercial)
  - District of Muskoka (Multi-Residential, Commercial, Industrial)
  - Region of York (Multi-Residential)

### Optional Classes

- 22 of the 41 upper tier/single tier municipalities established optional classes, resulting in different tax ratios and relative tax burdens from the residual commercial and industrial classes. This will impact the relative tax position of properties within these classes, compared to the relative tax position of properties in the residual class. The impact may be an increased/decreased burden, depending on the value of the tax ratio. As such, the relative tax burden across the entire Commercial and Industrial classes, particularly for these municipalities may vary.
  - Approximately 29% of the municipal entities have also established a New Multi-Residential optional class to encourage development of rental housing.
  - Approximately 32% of the municipal entities have established a Large Industrial class.
  - Approximately 10% of the municipal entities have established Optional Commercial classes.