



Committee Report

To: Warden Janice Jackson
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: August 12, 2021

Re: Small Business Property Subclass Options

Staff Recommendation:

That the Small Business Property Tax Class not be implemented for the 2022 taxation year.

Background:

The Ontario government introduced the 2020 budget “Ontario’s Action Plan: Protect, Support, Recover” on November 5, 2020. The budget included a section titled “Enabling Property Tax Relief for Small Businesses” wherein it was discussed that legislation would be introduced that would permit municipalities to create an optional Small Business Property Subclass for certain commercial and industrial properties and provide a discounted tax rate. The Province notified municipalities on May 14, 2021 of the new regulations and shared an accompanying bulletin.

Two reports for information were presented to Corporate Services Committee on January 14, 2021 and June 3, 2021. The Director of Corporate Services was requested at the June 3, 2021 meeting to bring back to Committee some options. The purpose of this report is to provide additional information regarding this new legislation including identified challenges for possible implementation, consultation outcomes and any recommendations for consideration.

Identified Challenges regarding Possible Implementation of Legislation:

1. Implementation Timeline Challenges

There are two methods of implementation:

- 1) Determine qualification before October 4, 2021 in order for property tax roll changes to be made in time to update the 2022 property tax roll so that the discounts to the Small Business Property Subclass can be shifted to the other property tax payers.
- 2) Determine qualification after the 2022 property tax roll change deadline of October 4, 2021. Any discounts to the Small Business Property Subclass would be processed as tax write offs for the 2022 taxation year. The County and the lower-tiers would have to budget an additional tens of thousands up to hundreds of thousands of dollars in increased 2022 tax write offs to fund these changes. The amount would depend upon the extent of the discount and which properties may qualify, which are still yet to be determined.

At present there is not sufficient time to implement an application-based system and fully process potentially thousands of applications before the 2022 property tax roll is updated.

November 5, 2020	Province introduces Small Business Property Subclass in 2020 budget
January 14, 2021	First report to Committee on new proposed optional Subclass
April 26, 2021	Province approves 2020 budget
May 14, 2021	Province disseminates Regulations and bulletin for new Subclass
June 3, 2021	Second report to Committee
July 2021	Business community consultation as required by Regulation
July 2021	Survey of Bruce County Treasurers
August 12, 2021	Third report to Committee
October 4, 2021	Deadline to update 2022 property tax roll
October 15, 2021	Estimated date for 2022 property tax roll issuance across Ontario

2. Uncertainty of who can be appointed Program Administrator and Appellate Authority

The legislation requires a single upper-tier or multiple lower-tier Program Administrators and an Appellate Authority to be appointed and that they must be municipal employees. The legislation speaks of the Treasurer as a separate entity from the Program Administrator as if a Treasurer cannot be a Program Administrator. The legislation also notes that the owner of the land or the Treasurer are the only ones who can submit the applications.

If the Treasurer can submit applications to the program then it could be surmised that they cannot also be the Appellate Authority as then they would be tasked with providing a ruling on their own applications. Therefore, the Appellate Authority also cannot be the Treasurer. Neither can the Deputy Treasurer since they have the power of the Treasurer in the Treasurer's absence.

The Program Administrator handles the first level of appeals. The Appellate Authority is the second level of appeal and provides rulings on the appeals of the decisions of the Program Administrator. Property owners have a third level of remedy of appeal to the Assessment Review Board tribunal if they are not satisfied with the decision of the Program Administrator and the Appellate Authority. Referrals to the Assessment Review Board tribunal, a quasi-judicial board, would likely require formal legal representation. It is recommended that the Appellate Authority have legal training and/or seek legal advice on their rulings to mitigate the number of appeals to the Assessment Review Board which could require even more costly legal representation.

It is not recommended that a junior staff member be appointed the Appellate Authority as then they would have the power to make rulings on the decisions of the Treasurer. The lower-tier Treasurers all answered in the survey that they did not want to be involved in managing the applications with the majority stating that it should be the County's responsibility. It is not currently known which County employees could be appointed to the roles of Program Administrator and Appellate Authority if they cannot be the Deputy Treasurer or the Treasurer.

3. How to Define "Small Business"

When the Province crafted the legislation they did not provide a definition of a 'small business' within the legislation instead leaving it to Municipalities to determine the definition.

The definition of a small business varies depending on who is asked. The following are some examples:

- A business that is owned and operated by a family
- A business that only has one location
- An owner of land that rents out the property to a business tenant
- Firms that have fewer than 100 employees - Industry Canada
- Companies that have a credit limit under \$500,000 - Canadian Bankers Association
- Under \$1 million in exports - Export Development Canada
- Annual revenues under \$10,000,000 - Canadian Small Business Financing Program
- Under 100 employees and revenues between \$30,000 and \$5,000,000 - Treasury Board of Canada Secretariat
- Under 100 employees - Ontario Small Business Covid Recovery grants

The survey of business in Bruce County showed a split in criteria for determining a small business. 44% chose number of employees and 39% chose amount of revenue or income. A smaller number of respondents chose type of business or location of business.

Using either of the criteria 'number of employees' or 'amount of revenue or income' would require an application-based program. Applicants would be required to provide either proof of employees or revenue/income or provide a self-declared declaration without proof. Both options present challenges.

An example of a challenge could be that a large national or multi-national firm may own a property using a holding company. Typically a property would be nominally owned by a unique corporation that holds only that property for legal and liability purposes. Then that company's shares are controlled by the larger entity. The property holding company could state that it is a small business deserving of the discount as it is leasing the property out to a third party and that it meets the criteria of a small business as it has few if no actual employees and the annual rent that it collects is well under any reasonable criteria that may be set. There may be little remedy for the County to dispute this and deny the discount. Putting in additional criteria such as establishing who is the owner of the holding company could require additional costly research of information that may not be easily available or have a cost that exceeds the value of the discount.

Businesses may not want to provide what they may consider confidential documents. Self-declared declarations that cannot be verified has its own issues. The County may have to store these documents for up to 7 years as it relates to the property tax rolls. Potentially thousands of businesses could submit applications on an annual basis in order to confirm they are still in business, are at the same location and still qualify. The amount of paperwork to be stored could be quite significant after a few years.

4. Geographical limitations

An overwhelming 83% of survey respondents indicated that the Small Business Property Subclass should apply to businesses anywhere in Bruce County. Restricting the eligibility to Business Improvement Areas (BIAs), Downtown areas only, or some other geographical limitation each had less than 10% support.

5. Determining the amount of Discount

The County sets the tax ratios for different property tax classes used in determining the weighted assessment values used for calculating the property taxes charged to each property. All of the tax ratios are based on the residential rate which is a base 100%. Every County or single-tier can set its own ratios based on certain guidelines. The chart below shows the current set of ratios used in Bruce County.

Property Tax Class	Ratio	Provincial Range of Fairness	Notes
Residential	100%	100% to 100%	Base ratio
Commercial	123%	60% to 110%	County can adjust lower only
Industrial	175%	60% to 110%	County can adjust lower only
Farm	25%	1% to 25%	Maximum permitted is 25%

The Provincial Ranges of Fairness were introduced in the 1990s to restrict a municipality's ability to raise tax ratios for property tax classes if they were not currently within the 'range of fairness'.

The following chart shows how Bruce County compares to its most immediate neighbours. Bruce County has the second lowest tax ratios for businesses. Providing a further discount to small businesses would further lower the tax ratios for businesses in Bruce County.

County	2020 Residential	2020 Commercial	2020 Industrial	2020 Farm
Bruce	100%	123%	175%	25%
Grey	100%	131%	186%	22%
Huron	100%	110%	110%	25%
Perth	100%	125%	197%	25%
Wellington	100%	149%	240%	25%
Average	100%	129%	183%	24%

The next chart compares the net result of the discount, which could be up to 35%, to the residential tax ratio. If the full 35% discount is applied to Commercial Small Businesses then the business property owner of land would be paying only 80% of the taxes that a residential

owner of land would pay. It is not recommended that business property owners of land should pay a lower tax rate than residential owners of land. Before the vacant and excess commercial and industrial tax class discounts were terminated, these property owners were paying a lower tax rate than residential owners of land.

Tax Class	Tax Ratio	Discount	Adjusted Tax Ratio	Notes
Residential	100%			
Commercial	123%	0%	123%	
SB Commercial	123%	10%	111%	At range of fairness
SB Commercial	123%	20%	99%	Below Residential
SB Commercial	123%	30%	86%	Below Residential
SB Commercial	123%	35%	80%	Below Residential
Industrial	175%	0%	175%	
SB Industrial	175%	10%	157%	
SB Industrial	175%	20%	140%	
SB Industrial	175%	30%	122%	Below Commercial
SB Industrial	175%	35%	114%	Below Commercial

6. The financial impact of the property tax class implementation

Any reduction of taxes for one property tax class requires either a reduction in the municipal levy or a tax shift to the other property tax classes to make up for the reduced levy revenue.

There are 2,466 properties in Bruce County that have potentially eligible commercial (2,053) and industrial (413) assessments. These properties, some of which have other tax class assessments that are not eligible for discounting, have a potentially eligible assessment for discounting ranging in value from \$200 to \$14,564,000. The County property levies on the potentially eligible portion of these properties would range from \$1.02 to \$74,207.00. If a 10% discount was applied then the discount would range from \$0.10 to \$7,421. The median average is \$212,000 with the County levy at \$1,080 and a 10% discount at \$108 - assuming a commercial property.

Using the assumption that the County levy is similar in amount to the lower-tier levy then the upper and lower tier reduction in taxes with a 10% discount on commercial properties would average about \$216 per year. These taxes would then be shifted to the other property tax classes by increasing their tax rates.

If all of the properties identified are eligible then the total assessed value that would be subject to discounting is \$527,295,930 (\$442,519,074 Commercial and \$84,776,856 Industrial). At a 10% discount this would result in \$335,831 (\$274,609 Commercial and \$61,222 Industrial) of County levy that would be shifted from business owners of land to other non-business owners of land and business owners of land ineligible for the small business property subclass. This is equivalent to a 0.6% decrease in the County levy if not recovered from other tax classes. The effect of an increase on the other property tax classes has not been calculated at this time. A similar shift, subject to calculations and decision-making, would also occur at each of the lower-tiers.

7. Increased administrative burden on County and lower-tiers

There are 2,466 properties in Bruce County that have potentially eligible commercial (2,053) and industrial (413) assessments. This number could be reduced by establishing restrictive eligibility criteria. With the assumption that managing each application takes on average, 1 hour, it could require up to 1.5 new staff to manage the applications. This would not include the time required of an Appellate Authority to manage the appeals process which could include scheduling hearings, obtaining legal advice for the ruling, and providing written rulings. Also not included is any time and expense required to manage appeals beyond the Appellate Authority through to the Assessment Review Board. These time and expenses are not easy to quantify without having a better understanding of how subjective the eligibility criteria may be and the number of properties that may not be eligible and may have reason to appeal.

The above-mentioned numbers are for the County should it be the County that manages the application process. There is also an administrative burden for the lower-tiers as they each manage their own property tax rolls. They would be responsible for fielding any customer inquiries or complaints as they are the issuers of the property tax bills. They would have to determine if the inquiry is related to a processing issue, which is in their control, or an eligibility issue that could be referred to the County. Any applications for the Small Business Property Subclass that are not processed before October 4 of the prior year would require an in-year adjustment which can only be processed by the lower-tier in order to calculate and issue a tax adjustment and subsequent tax write off. A quantification of the total amount of time required is not calculable at this time. The Treasurers indicated that they do not have sufficient staffing resources to add more administrative burden to the property tax process.

8. Other potential issues:

A tenant receives the discount from the owner of land based on the current valuation. That land then receives an in-year reassessment and the assessed value decreases. Does the owner of land then go back to the tenant and request a portion of the discount back because the taxes were lowered for that year and the adjusted discount is now lower?

Reassessments can apply for many years retroactively with the golf course reassessments going back more than 5 years. Is it possible to recoup a discount that is too large after a number of years? What if the tenant company no longer exists or refuses to reimburse the owner of land?

Consultation with Stakeholders

This potential new property subclass and how the taxation is handled can potentially impact all other property taxpayers. It was determined that performing some consultations would assist in determining how to potentially manage certain aspects of the legislation and how to define which properties would be eligible when determining potential recommendations.

Additionally, the Province noted in the bulletin that municipalities were required to consult business stakeholders in order for the Province to consider matching municipal property tax reductions with education property tax reductions. If the County were to move forward with approving legislation without performing this consultation then this condition would not be met.

Community Consultation:

The Bruce County Economic Development Division facilitated the community consultation through virtual workshops, and an online survey.

- Virtual Workshops - July 20th 5 PM - 6 PM and July 22nd 10 AM - 11 AM
- Online Survey - launched on July 6th and live until July 23rd
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A total of 26 persons attended the two virtual workshops including local municipal Treasurers, other county Treasurers and local Economic Development Officers. Generally the small business owners present were in favour of a tax break. Comments included that the discount should be given to the small business rather than the property owner.

The survey of businesses received a total of 100 responses. 98% of the respondents indicated that they have a home or business or both in Bruce County. Respondents were from all of the 8 lower-tier communities. While 75% of respondents agreed or strongly agreed that the County should lower property tax rates for small business property owners, 80% of them were unsure, disagreed or strongly disagreed that the property taxes should be lowered if it means raising taxes for the other property tax payers like residential and farm property owners to make up for the difference.

Respondents were almost evenly split on defining small business by number of employees or amount of revenue/profit with other determining factors receiving significantly less support. These factors would suggest the desire for an application-based process.

31% of respondents indicated that small business commercial properties should receive a 15% discount with other percentages receiving smaller support. 32% of respondents indicated that they were unsure of the discount for industrial properties with another 24% indicating no discount. Whether the property tax discount for eligible commercial or industrial properties should be similar was almost equally split three-ways between yes or no with unsure being slightly higher.

Respondents overwhelmingly indicated that eligibility should apply to businesses located anywhere in Bruce County rather than restricting to downtown areas only or Business Improvement Areas.

Lower-tier Treasurers Consultation:

The Treasurers of the 8 local municipalities were consulted with a focus on budgeting costs and staffing for implementation of a new tax policy, tax shifting from the small businesses to residential and farm properties, timelines and other factors.

- December 14, 2020 - Bruce County Treasurers' meeting
- April 19, 2021 - Bruce County Treasurers' meeting
- June 9, 2021 - e-mail update
- July 19, 2021 to July 23, 2021 - Survey

In general, there was an overwhelming lack of support for implementing the Small Business Tax class for the 2022 taxation year. Almost 90% disagreed or strongly disagreed with implementation. All municipal Treasurers indicated that they disagreed or strongly disagreed when asked if they have the staff resources to implement and manage the small business tax class. 5 of the 8 answered that the County should manage the applications and the remaining 3 stated that the Province or a Provincial Agency should manage this program, similar to what Agricorp does for the Farm Tax Class.

All 8 Treasurers indicated that they would consider shifting the tax burden (increase the taxes) to the other tax classes to make up for the discounting provided to the eligible small businesses.

The full results of the survey are attached as an appendix.

Consultation with neighbouring County Treasurers:

The Treasurers for Wellington, Huron, Grey and Perth Counties all stated that they were not in favour of implementing the Small Business tax class for the 2022 taxation year, or that the respective Council had already decided not to, or both.

Any implementation by Bruce County would be inconsistent with the direction of its most immediate neighbours.

Consultation with external organizations:

Neither Association of Municipalities of Ontario (AMO) nor Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO) nor Municipal Finance Officers Association (MFOA) are preparing whitepapers on this initiative. MPAC is preparing a whitepaper which is currently scheduled for release in mid-August. At least one municipal property tax consulting firm has released their review of the issues of the legislation but without any recommended method of implementing it. And another municipal property tax consulting firm has recommended not implementing it.

Options for Consideration

Notwithstanding the information and challenges outlined above, County Staff were requested by Committee to present some options for possible consideration and implementation. Four options are presented on the following pages with some potential Pros and Cons for each.

- 1) Activate Optional Tax Classes and adjust commercial and industrial tax rates
- 2) Commercial and industrial properties in Business Improvement Areas are eligible
- 3) Application-based determined by revenue/profit and/or by number of employees
- 4) Automatic approval based on type of business using MPAC property codes

1) Activate Optional Tax Classes and adjust commercial and industrial tax rates

This option assumes that the vast majority of businesses in Bruce County are 'small businesses' and seeks to reduce the tax rates for the broader commercial and industrial tax classes. By activating the Optional Tax Classes it may be possible to have different tax rates for different tax classes and maintain the same existing tax rates for Large Industrial, Parking Lots and Vacant Land, which are not permitted to participate in the Small Business Tax Class. This option would NOT activate the Small Business Tax Class but instead seek to replicate it in a fashion.

Pros:

- Easiest to implement for staff as it does not involve applications and property inclusion does not require annual review by staff.
- Parking Lots and Vacant Lands as well as Large Industrial would retain the same current industrial or commercial tax rate.
- No application forms for businesses as the lower tax rates are automatically applied.
- Does not require the implementation of the Small Business Property Tax Class. This means that no by-law needs to be prepared and reviewed and none of the administrative requirements and appointments such as Program Administrators and Appellate Authority are required.

Cons:

- The discount goes to the owner of the land and not necessarily to the business owner
- Applies the lower commercial and industrial rates indiscriminately to all eligible properties.
- Payment-in-lieu (PIL) properties will receive the lowered tax rate and that may reduce the tax revenue for certain municipalities that have a higher reliance on PIL.
- Maximizes the total reduction of taxes to eligible commercial and industrial properties and thus maximizes the tax shift and tax increases to residential, farm and all other business properties that do not qualify.
- May not be implementable for 2022 taxation year as the timeline for Minister of Finance approval of Optional Tax Classes is unknown.
- The extent of tax shifting at the County level and at each of the municipal levels would require the County's property tax consultants to provide a report to assist County decision making.
- 83% of survey respondents identified that qualification should be based on revenue/income and/or number of employees of the business. This option does not address this preference.
- 80% of survey respondents, including 'unsure', did not want their taxes lowered if it meant shifting their tax reduction to other residential, farm or other businesses not eligible for the discounted rate.
- Any reduction in commercial or industrial tax rates cannot be increased back to the original before the reduction as it is prohibited by Provincial Law. This is due to the existing commercial and industrial tax rates being higher than the Range of Provincial Fairness.

2) Commercial and industrial properties in Business Improvement Areas are eligible

Commercial and industrial properties within designated Business Improvement Areas (BIAs) are automatically eligible for inclusion in the Small Business Property Tax Class.

Pros:

- Some time required of staff to implement so as to sort which properties are within the various BIA boundaries.
- Easier to implement for staff as it does not involve applications and property inclusion does not require annual review by staff.
- No application forms for businesses as the lower tax rates are automatically applied based on location within the BIA.

Cons:

- The discount goes to the owner of the land and not necessarily to the business owner
- Applies the lower commercial and industrial rates indiscriminately to all eligible properties based on location.
- Properties that do not contain 'small businesses' will be eligible as location is the primary criteria and no consideration of other factors provided by an application.
- It is not possible to determine at this time the total reduction of taxes to eligible commercial and industrial properties and thus it is not possible to calculate the tax shift and tax increases to residential, farm and all other business properties that do not qualify.
- 80% of survey respondents, including 'unsure' did not want their taxes lowered if it meant shifting their tax reduction to other residential, farm or other businesses not eligible for the discounted rate.
- Not implementable for 2022 taxation year without budgeting tax write-offs as the timeline for preparing a by-law and determining which properties are included or excluded is not achievable within current timelines.
- Only 6% of survey respondents identified that location within a BIA was preferred.
- 83% of survey respondents identified that qualification should be based on revenue/income and/or number of employees of the business. This option does not address this preference.
- Requires the implementation of the Small Business Property Tax Class. This means that a by-law needs to be prepared and reviewed and none of the administrative requirements and appointments such as Program Administrators and Appellate Authority have been determined yet.
- Some businesses which border on the outside of BIAs or are just a few doors down will not be included and neither will businesses outside of the BIAs. This may result in a desire to expand the boundaries of the BIAs to possibly include the entire lower-tier municipality so as to include every business.

3) Application-based determined by revenue/profit and/or by number of employees

Owners of land must submit an application to determine eligibility of the business. Applications would have to be submitted annually as businesses change or move.

Pros:

- Potentially the most accurate identifier of small businesses based on the criteria set by by-law
- 83% of survey respondents identified that qualification should be based on revenue/income and/or number of employees of the business. This option meets this preference.
- 83% of survey respondents identified that any business in Bruce County should qualify. This option does not have geographical restrictions.

Cons:

- The discount goes to the owner of the land and not necessarily to the business owner
- Requires the most amount of time for staff to implement due to time to process applications and likely requires new staff to be hired at the County and possibly at each of the lower-tiers.
- Business owners may not want to provide their staffing or revenue/income information to their landlords for the application. This may require their applications to be sent to the Treasurers to submit an application on their behalf. This could put the municipality and the owner of the land into an adversarial position if the owner of the land does not want to apply.
- Applications would be required on an annual basis. Staff may need to be hired to process the applications each year. Businesses may not want to provide proof of revenue/income and there is no way to reliably verify employee numbers.
- It is not possible to determine at this time the total reduction of taxes to eligible commercial and industrial properties and thus it is not possible to calculate the tax shift and tax increases to residential, farm and all other business properties that do not qualify.
- 80% of survey respondents, including unsure, did not want their taxes lowered if it meant shifting their tax reduction to other residential, farm or other businesses not eligible for the discounted rate.
- Not implementable for 2022 taxation year without budgeting tax write-offs as the timeline for preparing a by-law and determining which properties are included or excluded is not achievable within current timelines.
- Requires the implementation of the Small Business Property Tax Class. This means that a by-law needs to be prepared and reviewed and none of the administrative requirements and appointments such as Program Administrators and Appellate Authority have been determined yet.

4) Automatic approval based on type of business using MPAC property codes

Commercial and industrial properties would be included or exempted based on their MPAC designated Property Codes.

Pros:

- Minimal time required of staff to implement so as to sort which properties qualify.
- Easier to implement for staff as it does not involve applications.
- Easier method to exclude provincially-owned or large corporation owned properties by removing the issue of holding companies apply for the discount.

Cons:

- Properties require annual review to ensure that the Property Codes have not changed requiring inclusion or exclusion. New properties may have been created and require inclusion.
- The discount goes to the owner of the land and not necessarily to the business owner.
- Applies the lower commercial and industrial rates indiscriminately to all eligible properties based on the property code.
- The property code is that which is the primary use of the property and the property may have eligible secondary assessed values. Providing a discount to municipally owned properties, for example, may be required as there may be commercial or industrial assessments on the property - such as a leased out building on the property.
- The property code may not reflect all of the tenants of the property. For example, financial institution property code may be excluded however a financial institution that is part of a shopping mall would be included as it is part of a shopping mall property code.
- It is not possible to determine at this time the total reduction of taxes to eligible commercial and industrial properties and thus it is not possible to calculate the tax shift and tax increases to residential, farm and all other business properties that do not qualify.
- 80% of survey respondents, including 'unsure' did not want their taxes lowered if it meant shifting their tax reduction to other residential, farm or other businesses not eligible for the discounted rate.
- Not implementable for 2022 taxation year without budgeting tax write-offs as the timeline for preparing a by-law and determining which properties are included or excluded is not achievable within current timelines.
- 83% of survey respondents identified that qualification should be based on revenue/income and/or number of employees of the business. This option does not address this preference.
- Requires the implementation of the Small Business Property Tax Class. This means that a by-law needs to be prepared and reviewed and none of the administrative requirements and appointments such as Program Administrators and Appellate Authority have been determined yet.

After consideration and in light of the significant challenges identified and the lack of support, at present staff recommends not implementing any of the options for the 2022 taxation year. Justification for this recommendation is outlined as follows:

- The Small Business Property Subclass implementation would really be a tax shift from eligible properties with small business occupants to the other property owners rather than a tax break.
- The survey of business owners (attached as an appendix) indicated that 80% of respondents were unsure, disagreed or strongly disagreed that small business property taxes should be lowered if it meant that property taxes for residential, farm and other businesses would increase
 - All 8 of the lower-tier Treasurers indicated in a survey (attached as an appendix) that they would recommend that any reduction in property taxes for the Small Business Subclass would be recouped by raising the taxes on the other property tax payers
- The objective of the initiative is to provide a reduction of taxes to small business owners however the reductions apply to properties. In effect this legislation provides a property tax discount to owners of land that have small business tenants.
 - County staff have not identified a method to ensure that this discount would flow to eligible small businesses that are tenants.
 - The legislation states that “... the owner of the land or the Treasurer of a municipality may submit an application...”. This excludes business owner tenants from applying, if the ‘owner of the land’ and the ‘owner of the small business’ are two separate parties.
 - It could be construed that the ‘owner of the small business’ could make an application to the Treasurer and then the Treasurer could submit the application on their behalf with or without the permission of the owner of the land, if the owner is a separate party.
 - This could place the municipality in an adversarial position with the owner of the land if the owner of the land does not want to apply.
 - The owner of the land may not want their tenant having decision-making power over the property tax classification of their own land.
- None of the neighbouring Counties intend to implement the Small Business Property Subclass for the 2022 taxation year
- None of the 8 lower-tier Treasurers want to implement the Small Business Property Subclass for the 2022 taxation and all of them stated that they do not have the staff resources to implement it for 2022
- The County does not have the staff resources to implement the initiative for the 2022 taxation year due to the extremely short period of time to implement.
 - The Municipal Property Assessment Corporation needs the updated tax roll information by October 4 to finalize the Provincial property tax roll for distribution by mid-October
 - If this deadline is not met then the discounts would not be distributed to other taxpayers and would instead be processed as tax write off expenses which would need to be budgeted for by the County and each of the lower-tier municipalities in Bruce County.
 - It is not possible to determine the amount to budget for tax write offs until the discount percentage and the extent of the eligible businesses are known.

- Several areas in the required by-law still need to be determined such as;
 - what defines a qualifying small business,
 - how does the discount get to the owner of the business instead of the owner of the property,
 - who will be appointed Program Administrator(s) and Appellate Authority and are they to be County employees or lower-tier employees,
 - what new staff resources are required to implement the initiative and process the applications which could be up to several thousand annually.

Financial/Staffing/Legal/IT Considerations:

The financial, staffing, legal and IT considerations are not quantifiable until the extent of the criteria for eligible small business and the methodology for inclusion is further defined. Comments have been included above making general references.

Any implementation of the potential options or of this legislation will affect both the County and the lower-tier municipalities differently.

Interdepartmental Consultation:

The Planning and Economic Development Department assisted with the business community consultation.

Link to Strategic Goals and Elements:

None identified.

Approved for Submission:

Sandra Datars Bere
Chief Administrative Officer