Staff Report to Council - for Direction

Title: 2024 Property Tax Policy Review

From: Lynn Hatten, Deputy Treasurer

Date: February 15, 2024

Staff Recommendation:

That the 2024 County-wide tax ratios and class discounts be approved as set out in Appendix 1 and that staff be directed to prepare the necessary tax rates and ratio by-law; and,

That the tax relief program for charities and other similar organizations be continued for the 2024 taxation year; and,

That the tax relief program for low-income seniors and low-income persons with disabilities be continued for the 2024 taxation year; and,

That no Optional Property Classes are recommended.

Report Summary:

This report provides an explanation and recommendation for the various tax policies enacted by the Province and for those that have either been enacted in Bruce County or that the County has used its discretion in not implementing.

Background:

The 2024-2028 Corporate Budget and Forecast was approved in principle on November 16, 2023 and amended on January 11, 2024.

Chart 1 - List of Municipal Acronyms used in Charts

Acronym	Municipality
AE	Municipality of Arran-Elderslie
BR	Municipality of Brockton
HK	Township of Huron-Kinloss
KI	Municipality of Kincardine
NBP	Municipality of Northern Bruce Peninsula
SB	Municipality of South Bruce
SBP	Town of South Bruce Peninsula
BC	Bruce County

The County tax rate for residential properties will increase from 0.00472736 to 0.00501304. The taxes for the average Bruce County property will increase by $28.56 per $100,000 in assessed value from $472.74 to $501.304.

Each property will have its own assessed value. The 2024 assessed values are based on the January 1, 2016 valuation determined by the Municipal Property Assessment Corporation (MPAC). The average value of a residential property in Bruce County varies dramatically from local municipality to local municipality.

Chart 2 – 2023 Median Average Residential (not on water) Assessed Values across Bruce County

Location	BC	AE	BR	HK	KI	NBP	SS	SB	SBP
Assessed Value	240,000	188,000	209,000	239,000	252,000	192,000	315,000	194,000	214,000

The County property taxes are calculated as:

County property taxes = Property's MPAC assessed value X County tax rate

The Municipal Act sets out the parameters to be followed by municipalities when setting property tax policies. These parameters include:

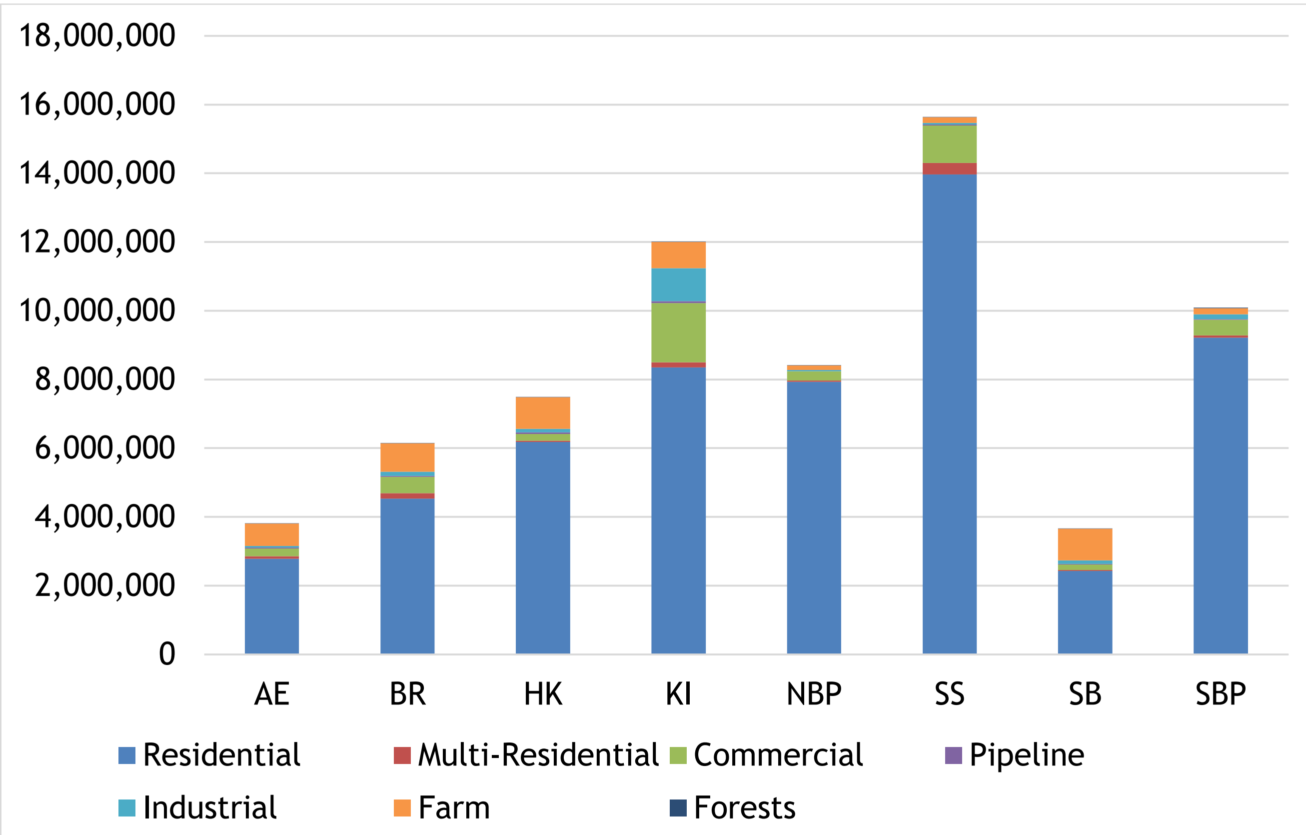
- capping options on multi residential, commercial and industrial properties
  - not applicable to the County with the end of capping in 2019
- levy restriction which prevents municipalities from passing on levy increases to capped classes which have tax ratios in excess of provincial averages
  - not applicable to the County with the end of capping in 2019
- graduated taxation and optional classes
  - not applicable to the County as these options are not activated
- establishing tax ratios and discounts
  - the County ended the discounts for vacant and excess properties in the commercial and industrial property classes in May 2021 to take effect in 2022

The Ministry of Finance introduced new flexibility within the Property Tax System in 2016 through Bill 144, The Budget Measures Act, 2015 and Council adopted the additional enhancements. The enhancements increased municipal flexibility to accelerate progress to Current Value Assessment (CVA) level taxes and to exit or phase-out from the program under certain conditions.

The Government continues to provide municipalities with the tax ratio flexibility that has been provided in previous reassessment years. This will allow municipalities to avoid tax shifts that occur between property classes as a result of reassessment. In 2009, a streamlined approval process for regulating transition ratios was introduced. Municipalities were provided with the option of setting new transition ratios based on a prescribed formula regulated by the Province. The new streamlined process enabled municipalities to reset their own transition ratios in a more efficient manner. Appendix 2 provides a tax ratio comparison to other upper tier municipalities in Ontario.

The main reason for any shifts, is that residential and farmland assessment continues to grow at a much greater rate than all the other classes. As a result, even if the current tax ratios remain the same then the commercial and industrial class will realize a broad class reduction for levy purposes.

Chart 3 – 202 Bruce County Levy by Municipality and Property Tax Class in $ (Excluding PILs)



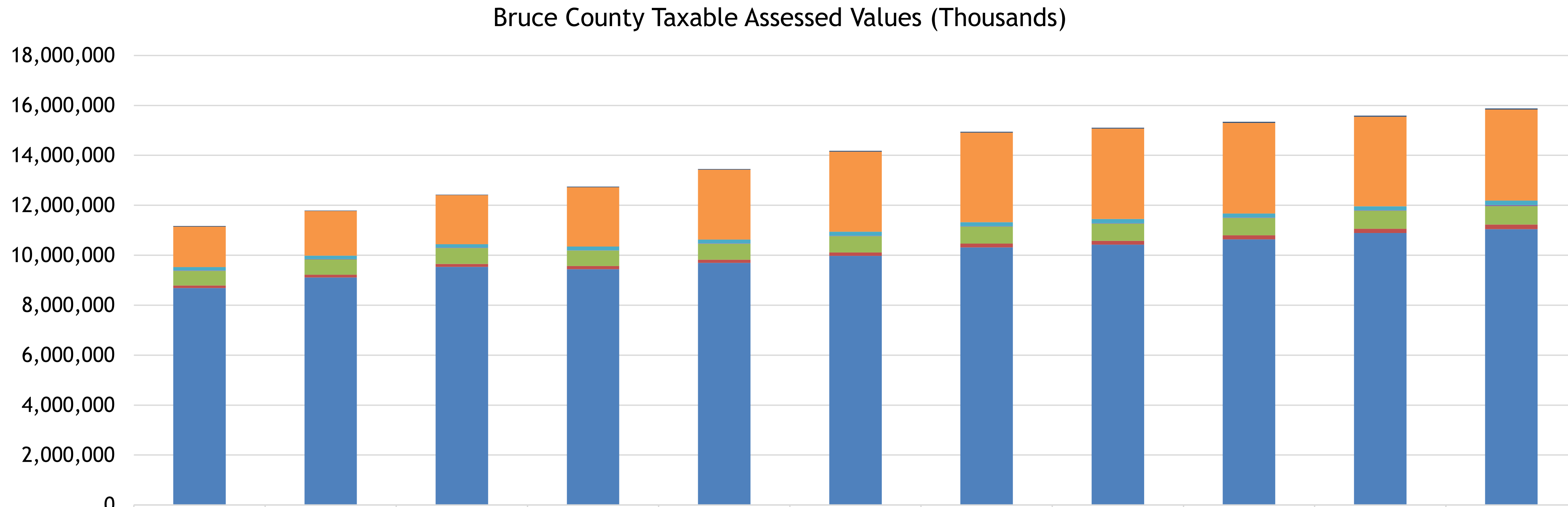
As always, the impact to Payments in Lieu (PILs) (loss of revenue) would be substantial for Northern Bruce Peninsula and the County if the commercial and industrial tax ratio were to be reduced resulting in lower commercial and industrial tax rates used to calculate PILs.

The deadline for establishing an upper tier rating by-law is April 30th, 2024 and the recommendations contained herein form an essential component of the by-law. Appendix 3 provides a comparison of the County's 2023 tax rates with other Ontario upper tier municipalities.

Annual tax policy decisions establish the level of taxation for the various classes of properties. The following provides an overview of the tax policy decisions that must be made by County Council for the 2024 taxation year.

The following charts show the growth of the County's property base by taxable assessed values from 2014 to 2024 and how the percentage of distribution of the assessed values have changed over the same period.

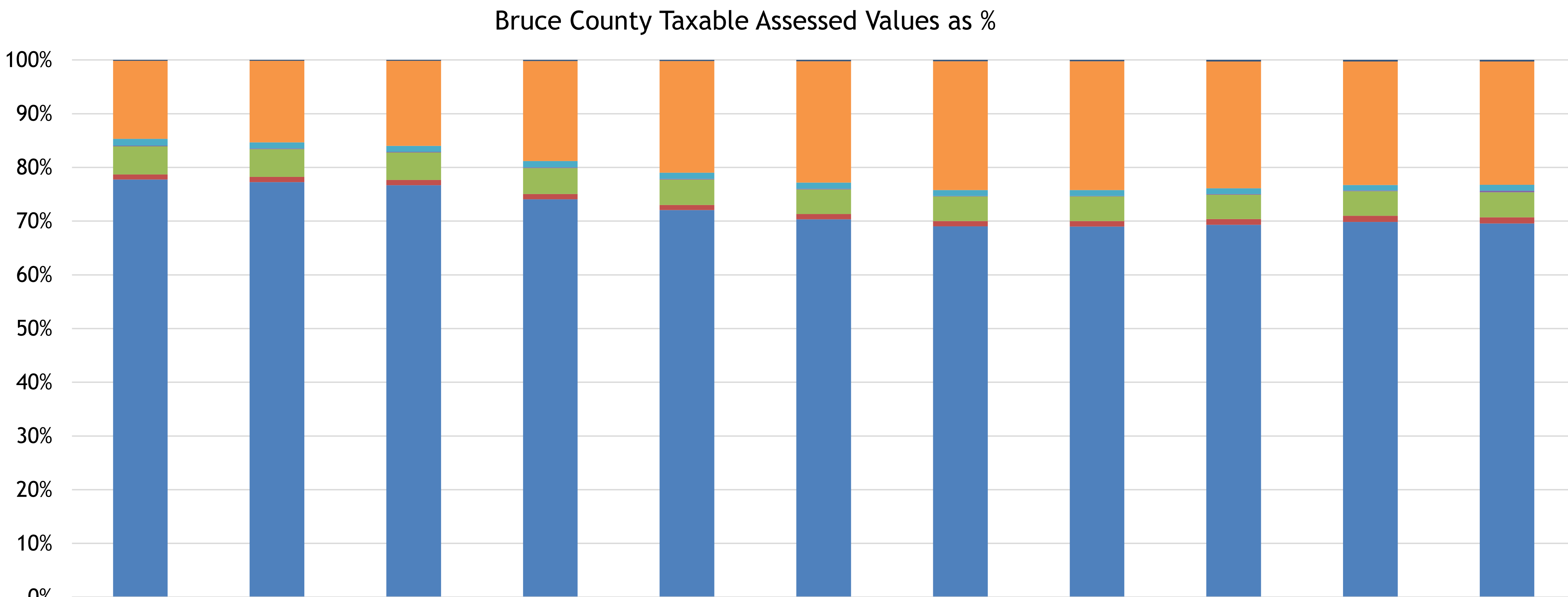
Chart 4 - Bruce County Taxable Assessed Values by Property Tax Class (Thousands)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Forests	18,317	20,201	20,318	23,098	26,503	31,114	36,396	37,233	39,179	41,174	41,323
Farm	1,621,941	1,788,791	1,964,978	2,376,431	2,797,632	3,206,423	3,580,378	3,619,233	3,625,640	3,585,619	3,648,499
Industrial	140,130	135,447	139,730	150,715	154,319	161,967	164,247	167,460	162,437	163,132	176,677
Pipeline	14,374	14,722	15,073	15,395	15,706	16,133	16,703	17,071	17,756	17,887	45,403
Commercial	587,125	608,510	637,039	617,787	635,334	651,007	681,580	689,315	697,165	715,578	739,387
Multi-Res.	102,639	112,161	119,910	121,742	127,718	139,267	147,182	154,121	164,305	173,593	181,601
Residential	8,682,262	9,110,219	9,532,383	9,444,425	9,694,528	9,973,650	10,317,162	10,423,780	10,633,415	10,888,119	11,045,067

This chart shows the increase of the taxable assessment base over time with the values in thousands.

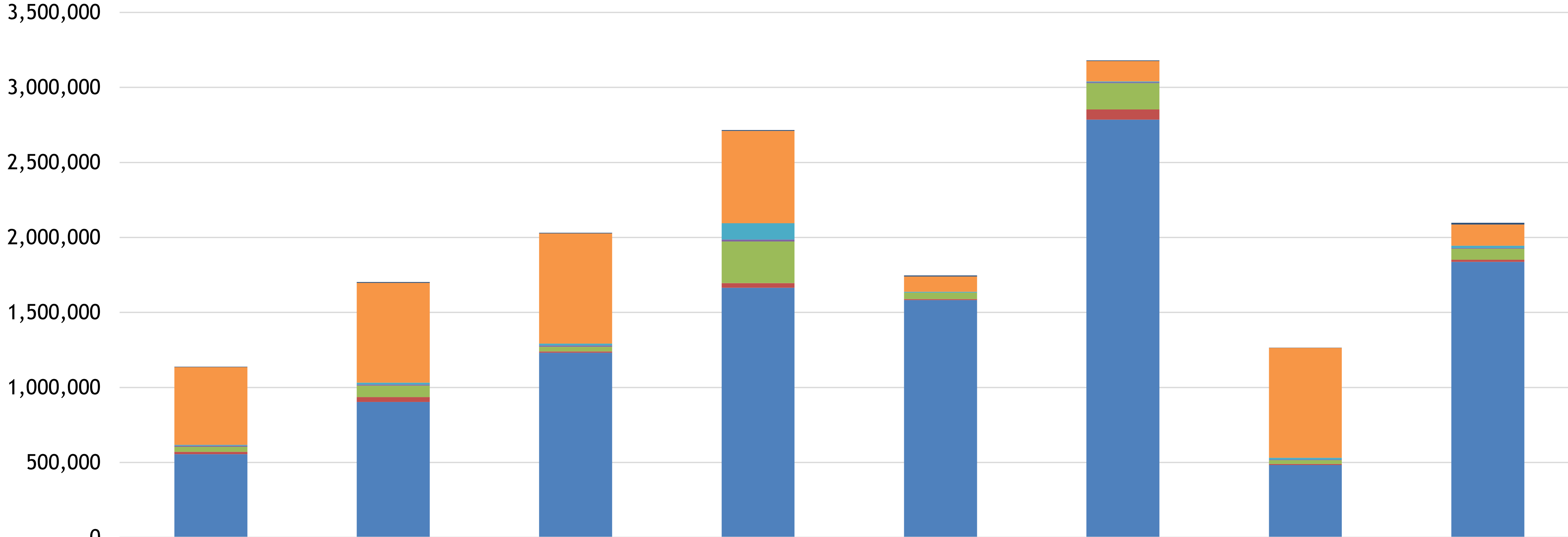
Chart 5 - Bruce County Taxable Assessed Values by Property Tax Class as % of Total



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Forests	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Farm	14.5%	15.2%	15.8%	18.6%	20.8%	22.6%	24.0%	24.0%	23.6%	23.0%	23.0%
Industrial	1.3%	1.1%	1.1%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.1%
Pipeline	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%
Commercial	5.3%	5.2%	5.1%	4.8%	4.7%	4.6%	4.6%	4.6%	4.5%	4.6%	4.7%
Multi-Res.	0.9%	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%
Residential	77.8%	77.3%	76.7%	74.1%	72.1%	70.3%	69.0%	69.0%	69.3%	69.9%	69.6%

This chart shows the distribution of the taxable assessment base over time.

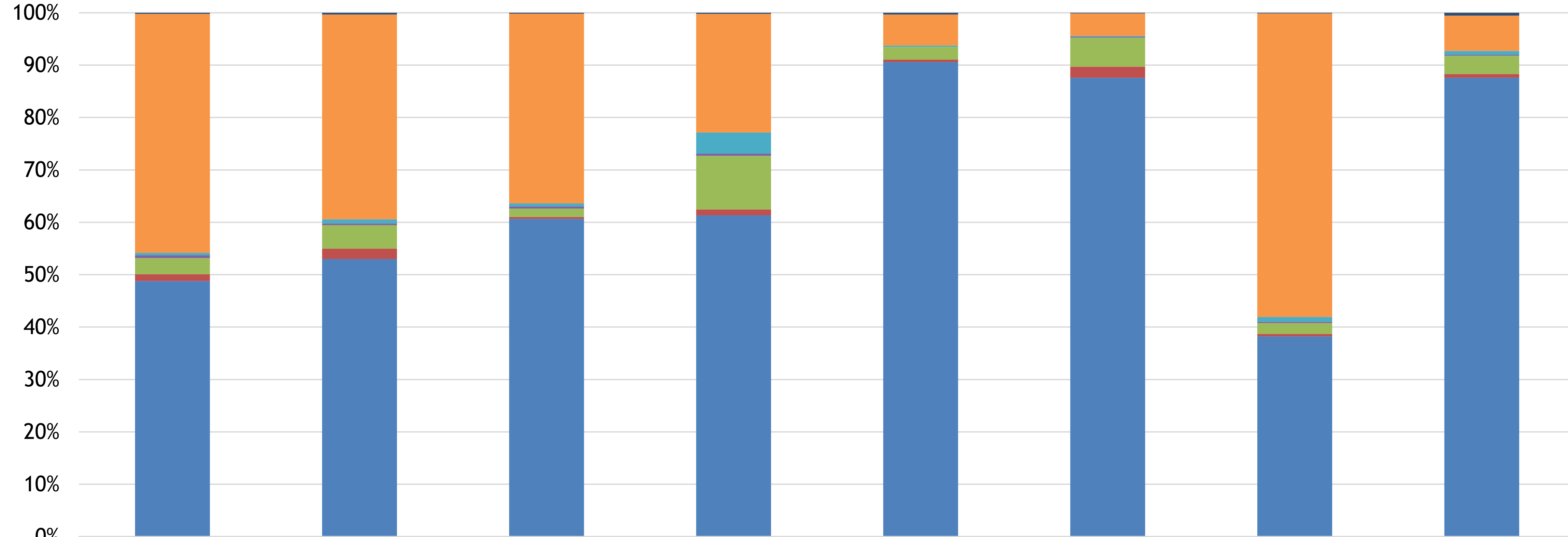
Chart 6 - 2024 Bruce County Taxable Assessed Values (in thousands) by Municipality and Property Tax Class



	AE	BR	HK	KI	NBP	SS	SB	SBP
Forests	2,535	5,925	3,431	5,679	6,144	4,414	1,586	11,612
Farm	519,176	665,538	735,353	615,457	103,072	135,568	733,034	141,302
Industrial	5,513	13,244	11,552	108,932	4,490	5,317	11,599	16,029
Pipeline	6,250	6,120	8,670	11,683	0	6,145	3,315	3,220
Commercial	34,736	76,380	31,901	278,190	42,328	175,976	26,208	73,668
Multi-Res.	14,874	33,104	7,600	30,565	7,979	67,555	5,790	14,134
Residential	555,568	903,183	1,232,318	1,664,874	1,582,390	2,785,168	483,835	1,837,732

This chart shows the very different sizes and compositions of the taxable assessment bases for each lower-tier municipality in the County. Changes in tax ratios for property classes will affect each municipality differently and could shift the tax burden between municipalities.

Chart 7 - 2024 Bruce County Taxable Assessed Values (in thousands) by Municipality and Property Tax Class shown as % of Total



	AE	BR	HK	KI	NBP	SS	SB	SBP
Forests	0.2%	0.3%	0.2%	0.2%	0.4%	0.1%	0.1%	0.6%
Farm	45.6%	39.1%	36.2%	22.7%	5.9%	4.3%	57.9%	6.7%
Industrial	0.5%	0.8%	0.6%	4.0%	0.3%	0.2%	0.9%	0.8%
Pipeline	0.5%	0.4%	0.4%	0.4%	0.0%	0.2%	0.3%	0.2%
Commercial	3.1%	4.5%	1.6%	10.2%	2.4%	5.5%	2.1%	3.5%
Multi-Res.	1.3%	1.9%	0.4%	1.1%	0.5%	2.1%	0.5%	0.7%
Residential	48.8%	53.0%	60.7%	61.3%	90.6%	87.6%	38.2%	87.6%

This chart shows the percentage distribution of the taxable assessment base for each of the municipalities and illustrates the varying sizes of the different property tax classes between lower-tier municipalities.

1. Tax Ratios, Class Discounts and Tax Rates

Tax ratios influence the relative amount of taxation that is borne by each property class. The tax rate for a given property class is determined by multiplying the residential tax rate by the tax ratio for the class. For example, if the proposed tax ratios are adopted, the tax rate for a property in the commercial class would be 1.2331 times the residential tax rate per one hundred dollars of assessment. Appendix 2 shows the tax ratios that the County has compared with other Ontario Upper Tiers.

When the taxable assessed values of properties are modified by tax ratios it has the impact of shifting taxation away from some classes or towards others. Ratios above 1.0 shift taxes towards that property tax class while ratios below 1.0 shift taxes away from that property tax class.

In March 2018 the Bruce County Federation of Agriculture requested that Council give consideration to reducing the Tax Ratio for the Farmland Class, currently set at 0.25. Council did not adjust the ratios for the 2018 taxation year but directed staff to include the option when analyzing the 2019 tax ratios.

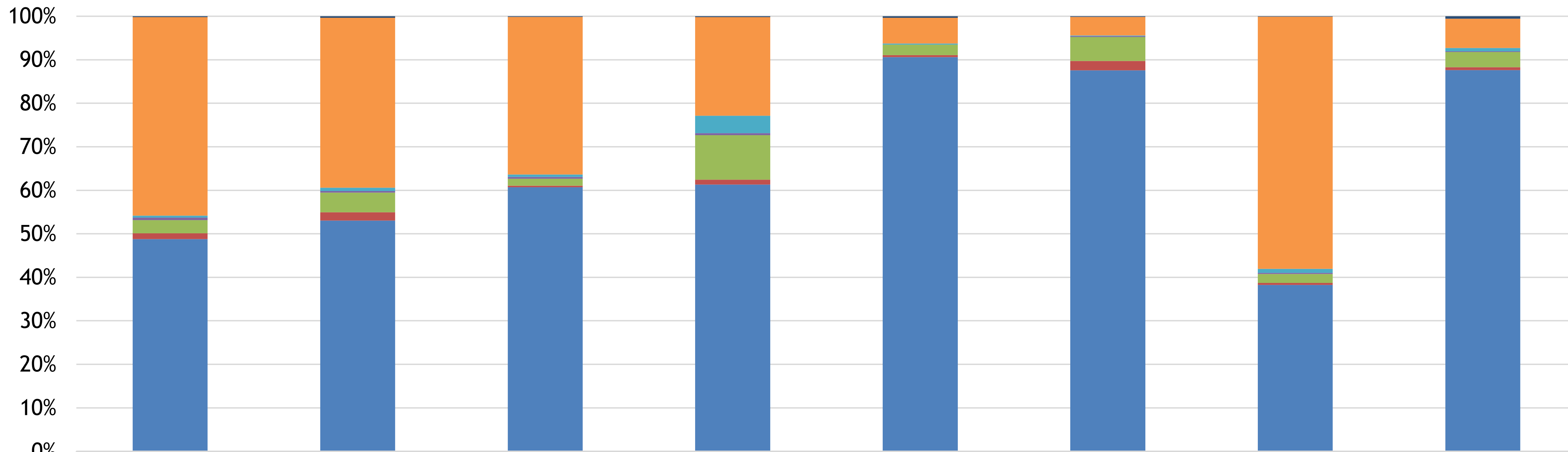
In December 2019 the Christian Farmers Federation of Ontario requested that Council give consideration to reducing the Tax Ratio for the Farmland Class and increase spending on Roads and Bridges. They provided a list of municipalities and farm tax ratios as reference. The Charts below show the farm tax ratios of a variety of municipalities over the current 4-year+ assessment cycle which started in 2017.

Chart 8 – Farm Tax Ratios of Neighbouring Counties

Municipality	Actual % 2017	Actual % 2018	Actual % 2019	Actual % 2020	Actual % 2021	Actual % 2022	Actual % 2023
Bruce County	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Grey County	25.00	25.00	24.00	21.80	21.80	21.80	21.80
Huron County	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Perth County	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Wellington County	25.00	25.00	25.00	25.00	25.00	25.00	25.00

The use of tax ratios changes the distribution of the burden of taxation from the Taxable Assessed Value. The following charts show the 2024 changes in distribution.

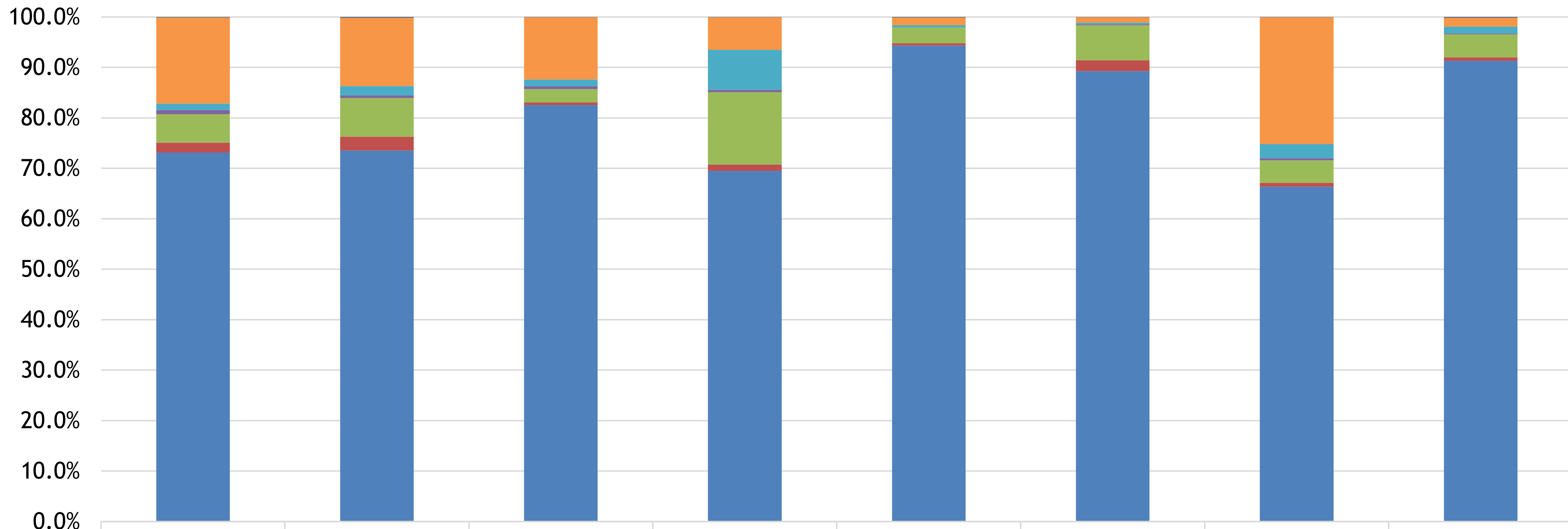
Chart 9 - Before Tax Ratios Applied: 2024 Bruce County Taxable Assessed Values by Municipality and Property Tax Class shown as % of Total



	AE	BR	HK	KI	NBP	SS	SB	SBP
Forests	0.2%	0.3%	0.2%	0.2%	0.4%	0.1%	0.1%	0.6%
Farm	45.6%	39.1%	36.2%	22.7%	5.9%	4.3%	57.9%	6.7%
Industrial	0.5%	0.8%	0.6%	4.0%	0.3%	0.2%	0.9%	0.8%
Pipeline	0.5%	0.4%	0.4%	0.4%	0.0%	0.2%	0.3%	0.2%
Commercial	3.1%	4.5%	1.6%	10.2%	2.4%	5.5%	2.1%	3.5%
Multi-Res.	1.3%	1.9%	0.4%	1.1%	0.5%	2.1%	0.5%	0.7%
Residential	48.8%	53.0%	60.7%	61.3%	90.6%	87.6%	38.2%	87.6%

This chart shows that different property tax classes have different impacts on municipalities. The Farm tax class is dominant in South Bruce and very significant in Arran-Elderslie however they comprise a very small proportion in Northern Bruce Peninsula, South Bruce Peninsula and Saugeen Shores. Reductions in the farm tax ratio would primarily shift taxes to residential class and would result in a shifting of the county levy from farm property class dominant municipalities to residential property class dominant municipalities.

Chart 10 - After Tax Ratios Applied: 2024 Bruce County Levy by Municipality as % of Total



	AE	BR	HK	KI	NBP	SS	SB	SBP
Forests	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%
Farm	17.1%	13.6%	12.3%	6.4%	1.5%	1.1%	25.1%	1.8%
Industrial	1.3%	1.9%	1.4%	7.9%	0.5%	0.3%	2.8%	1.4%
Pipeline	0.8%	0.5%	0.6%	0.5%	0.0%	0.2%	0.5%	0.2%
Commercial	5.6%	7.7%	2.6%	14.3%	3.1%	7.0%	4.4%	4.5%
Multi-Residential	2.0%	2.7%	0.5%	1.3%	0.5%	2.2%	0.8%	0.7%
Residential	73.1%	73.6%	82.5%	69.5%	94.3%	89.3%	66.3%	91.3%

This chart shows how the tax ratios alter the proportion of taxes paid by the various property tax classes in different municipalities. For example, in South Bruce farms make up 57% of the total assessment base however they only pay 25% of the municipality's County levy. Similarly, in Kincardine the commercial tax class makes up 10.1% of the total assessment base however they pay 14.1% of the municipality's County levy.

Chart 11 illustrates the change in a $100,000 Residential, Commercial, Industrial and Farmland assessment should the Farmland Tax Ratio be reduced from 0.25 to 0.24, 0.22 or 0.20. Chart 11 includes the shift in total taxation by class for each scenario. Each chart uses the 2023 assessment and 2023 proposed levy. This only includes the change in the upper tier share. The lower tier share would also be affected.

Chart 11 - Upper Tier Taxation of $100,000 assessment

Farmland Tax Ratio	Residential	Commercial	Industrial	Farmland
0.25	$501.30	$618.16	$876.13	$125.33
0.24	$502.67	$619.84	$878.52	$120.64
0.22	$504.05	$621.54	$880.92	$115.93
0.20	$505.43	$623.24	$883.34	$111.19

Chart 12 - Upper Tier Taxation by Class

Farmland Tax Ratio	Residential	Commercial	Industrial	Farmland
0.25	$55,369,348	$4,570,405	$1,547,915	$4,572,518
0.24	$55,520,334	$4,582,870	$1,552,136	$4,401,587
0.22	$55,672,204	$4,595,403	$1,556,382	$4,229,726
0.20	$55,824,846	$4,608,001	$1,560,649	$4,056,918

Overview / Description

- Legislative reference: Municipal Act 2001 Section 307
- Tax rates are measured as a percentage of the assessed value of a property
- Tax ratios show how a property class' tax rate compares with the residential rate – if a property class has ratio of 2, then it is taxed at twice the rate of the residential class
- Transition ratios were calculated initially in 1998 by the Province and reflected the level of taxation by class at that time
- Tax ratios must be approved annually by County Council, unless delegated to the member municipalities
- Appendix 2 provides a comparison of Upper Tier Tax Ratios.
- Changing ratios shifts the relative burden of property taxes between property classes as illustrated in Charts 11 and 12 above
- The Province established "ranges of fairness" which help protect property classes that are taxed at higher rates.
- If the ratio for a property class is outside the "range of fairness", a municipality can either maintain the ratio or move towards the range of fairness, but may not move further from the fairness range.
- Since 2004 the province has allowed municipalities to establish "revenue neutral" tax ratios – this allows municipalities to prevent shifts in taxes between classes of property as a result of a reassessment
- If a tax ratio is above the provincial threshold average, a levy increase cannot be passed on to that class. However, since 2004 the province has allowed municipalities

to pass along up to 50% of a levy increase to classes which have ratios in excess of the threshold

- Provisions for the taxing of farmland awaiting development are as follows:
  On registration of the plan of subdivision, property assessment changes from being based on farm use to zoned use, and a tax rate of between 25% and 75% of the residential rate will apply (the rate can be adjusted up or down by up to 10 percentage points per year)
- When a building permit is issued, the tax rate may change from 25% to 100% of the rate that would apply to the property's zoned use.

Economic Impact

- Any adjustment to tax ratios involves shifting tax burden to the other property classes.
- The rate of fairness and levy restriction rules are a clear indication that the province wishes to see taxes on commercial, industrial and multi-residential properties reduced and shifted onto residential properties
- The farmland awaiting development properties are taxed at the maximum allowable rate, with discounts of 25% for sub class 1 and 0% for subclass 2

Equity / Fairness

- Higher tax ratios could be perceived as discriminatory by commercial and industrial property owners who may feel that they are overtaxed relative to residential properties
- The disparity between the commercial and industrial tax ratios is difficult to justify
- Nonresidential properties have historically been taxed at higher rates in most municipalities across the province
- Nonresidential properties pay property taxes using pre-tax income, which is not the case for residential property owners and therefore supports the concept of differential tax rates

Administrative impact

- Tax Ratios are adopted annually by by-law

2. Optional Property Classes (Not recommended at this time)

Overview / Description

- Legislative reference: Municipal Act 2001 Section 308 and O. Reg. 282/98
- Council may by by-law establish new property classes for shopping centres, office buildings, parking lots, large industrial, and new multi-residential properties
- Allows for a redistribution of tax burden within the broad commercial and industrial classes based on surface area of buildings
- Allows for new multi-residential properties to be taxed at the lower residential tax rate for a thirty-five year period
  - No change as multi-residential properties in Bruce County have the same tax rate and ratio as residential properties

Details

1) Shopping Centres: rentable area of a Shopping Centre (at least three units) that exceeds 25,000 square feet – the first 25,000 square feet remains in the commercial class
2) Office buildings: rentable area of an office building that exceeds 25,000 square feet – the first 25,000 square feet remains in the commercial class
3) Parking lots: entire assessment of such properties is included in this class
4) Large industrial properties: buildings in excess of 125,000 square feet – entire assessment is included in this class
5) Small-scale on farm business (commercial and industrial)

New multi-residential

- Applies to new multi residential construction (7 or more rental units) or the conversion from a non-residential use pursuant to a building permit issues after date on which the by-law adopting the new class of property was approved.
- The County had already reduced the tax ratio for existing multi-residential properties in 2006 so that their tax rate would be the same as residential. This matches the tax ratio and tax rate for the new multi-residential class that the Province created.
- New multi-residential properties constructed anywhere in the Province will have the same tax ratio and tax rate as residential. There is no tax ratio advantage for new multi-residential properties for any municipality in Ontario as the regulation is province-wide.
- The County has the lowest tax ratio, among its peers noted in Appendix 2, for multi-residential that existed prior to the Province's regulation for new multi-residential properties.

Economic impact

- Establishing separate classes of commercial and industrial property will result in some properties subsidizing others, as the tax rates for these classes would be different from the main class. For example, establishing a separate class for shopping centres would result in a lower tax for shopping centres than for all other commercial properties.

Equity / Fairness

- Use of separate classes could be seen as discriminatory and moving away from fairness, and contrary to basic premise of reassessment

Administrative impact

- Adopting an optional class requires a by-law to be prepared and notification to the Municipal Property Assessment Corporation

3. Current Tax Relief Provisions for Low-income Seniors and Low-income Persons with Disabilities (No Change)

Overview / Description

- Taxes for 2024 will be in comparison to the 2023 annualized taxes
- Tax relief is in the form of a deferral of taxes and requires an application to be completed and sent to their local municipality for processing.
- The amount eligible for deferral is the portion of any increase greater than or equal to $500 annually.
- Eligibility is as set out in by-law 4087 which is summarized below

  Eligibility Criteria (for receipt of property tax relief):

  A) Low-income Seniors
     - Must have attained the age of 65 years and be in receipt of benefits under the Guaranteed Income Supplement (GIS) program

  B) Low-Income Disabled Persons
     - Must be in receipt of benefits under the Ontario Disability
     - Support Program (ODSP)

  Other Provisions

  - To qualify for tax assistance, applicants must have been owners of real property within the County for a period of one (or more) year(s) preceding the application
  - Tax assistance is only allowed on one principal residence of the qualified individual or the qualifying spouse. Appropriate proof of residency establishing continuous (i.e. not part-time) residency must be provided. Verification of documentation provided in conjunction with an application may be carried out independently at the discretion of the County
  - Tax relief applies to current taxes only (not tax arrears)
  - Tax relief amounts are only deferred after payment in full is received for any current or past year amounts payable
  - Applicant responsible to refund any overpayment of tax rebate granted if property assessment is reduced by the Assessment Review Board or Municipal Property Assessment Corporation
  - For properties that are jointly held or co-owned by persons other than spouses, both or all co-owners must qualify under applicable eligibility criteria in order to receive tax relief
  - Tax relief begins in the month in which the low-income senior attains the age of 65 or in which the low-income disabled person becomes disabled

4. Tax Rebates for Charities and Other Similar Organizations (No Change)

Overview / Description

- Legislative reference: Municipal Act 2001 Section 361(4) 1.
- The original intent of the program was to address certain tax impacts relating to the elimination of the Business Occupancy Tax (BOT) – registered charities that previously did not pay the BOT on leased / commercial / industrial properties were put in a position of paying a higher (blended) rate on such properties.
- All upper and single tier municipalities must have a rebate program in place

- An eligible charity is a registered charity in accordance with the Income Tax Act and that has a registration number issued by the Canada Customs and Revenue Agency
- A property is eligible if it is one of the commercial or industrial property classes and meets the criteria set out in by-law 4088.
- Program requirements include:
    - The amount of the rebate must be at least 40% of tax paid (County currently at approximately 40%)
    - One half of the rebate must be paid within 60 days of receipt of the application and the balance paid within 120 days of receipt of the application
    - Applications for a rebate must be made between January 1, of the taxation year and the last day of February of the following taxation year
- Program options include:
    - Other similar organizations may also be provided with rebates
    - Rebates can be provided to properties in classes other than the commercial and industrial classes
    - The rebate % can vary for difference charities or other similar organizations and can be up to 100% of taxes paid
    - Cost of the rebate is shared between the upper tier, lower tier and school boards
    - The organization receiving the rebate shall also be provided with a written statement showing the proportion of costs shared by the school boards
    - Any overpayment of rebated amount to be refunded by Charity if property assessment is reduced by the ARB or Municipal Property Assessment Corporation
    - Taxes must be in good standing to the satisfaction of the local Treasurer

Economic impact

- This by-law provides relief for organizations which were previously exempt from paying the Business Occupancy Tax – results in similar treatment before and after reform
- There has been minimal activity on this program

Equity / Fairness

- The cost of rebates is built-in to the County and member municipality budgets and paid for by other taxpayers

Administrative impact

- Results in some additional staff time to administer the rebates
- Additional efforts have been made to increase taxpayer awareness of the program

5. Tax Rebates for Legion Properties (Province exempted from taxation in 2019)

Overview / Description

- Legislative reference: Section 361(4) 1 of the Municipal Act, 2001.
- The Act states that the council of a municipality “may pass by-laws exempting from taxation, other than school taxes and local improvement rates, land that is used and

occupied as a memorial home, clubhouse or athletic grounds by persons who served in the armed forces of His or Her Majesty or an ally of His or Her Majesty in any war"

Any exemption under this section must not exceed 10 years but may be renewed at any time during the last year of the previous exemption. The County adopted by-law #2012-051 exempting Legion properties until 2020. This by-law does not need to be renewed because the Assessment Act was amended in 2018 to ensure that legion halls occupied by Ontario branches of the Royal Canadian Legion are exempt from property taxation as of the 2019 tax year.

To further ease the burden on Ontario's veterans, the government is proposing an amendment to the Assessment Act to extend this tax exemption to Ontario units of The Army, Navy and Air Force Veterans in Canada. There are currently no units in Bruce County.

Economic impact

- Relatively minor in that there is a small number of properties generating a relatively small amount of taxes

Equity / Fairness

- The cost of rebates will be built-in to the County and member municipality budgets and paid for by all other taxpayers
- Could be perceived as an inequitable and unnecessary exemption

Administrative impact:

- Minor

6. Vacant Unit Rebate and Discounts for Vacant and Excess Commercial and Industrial property classes (Cancelled effective January 1, 2022)

Committee approved staff to perform a public consultation regarding the cancellation of the Vacancy Rebate for 2020. The consultation was deferred to 2021 due to the onset of the pandemic. Committee passed a resolution to cancel the discount for vacant and excess commercial and industrial lands and recommended to the lower-tier municipalities to cancel the vacant unit rebates effective with the 2022 taxation year. A by-law to this effect was passed on June 3, 2021.

The 2022 tax rates have been calculated with the removal of the vacant and excess discounts and the uplift in property tax revenue was assigned to the Affordable Housing reserve as according to the Final Budget approval report recommendation approved by the Corporate Services Committee on January 13, 2022.

Each of the 8 lower-tier municipalities passed by-laws eliminating the vacant unit rebates effective the 2022 property tax year. The expense for the rebates are processed through the County's write-offs expense account. The total write-offs have exceeded the budgeted amount in recent years and so no change was made in the 2022 budget.

7. Optional Small Business Property Tax Class

The County did a consultation on this new property tax option in 2021 and 3 reports were presented to the Corporate Services Committee on January 14, 2021, June 3, 2021 and August 12, 2021. The Committee passed a resolution on August 12, 2021 to not implement this new property tax class due to a number of reasons. Chief among the reasons was that the property taxes reduced for the eligible businesses would be shifted to other taxpayers instead of eliminated in full and due to the complexities in implementation would be excessively complex and the cost of administration was anticipated to be too high and could result in an increase in property taxes.

8. Small Scale On-Farm for Commercial and Industrial Uses

The 2016 Ontario Budget announced that the Ministry of Finance would consult with municipalities and the farming community as part of a review of the property tax treatment of small-scale value-added and commercial activities on farms. Preliminary consultations took place in 2016 with the municipal sector, agriculture sector and partner ministries. Discussions have focused on how to provide sustainable property tax treatment to farmers who engage in small-scale, value-added activities as part of their farming business, while maintaining a level playing field for large agricultural processors located off farms.

Starting in 2018 municipalities had the option to reduce the tax rate on qualifying value-added activities occurring on farms as part of the farming business. Under this program optional new subclasses can be created in the industrial and commercial property classes allowing municipalities to reduce the municipal tax rate by 75% for the first $50,000 of assessment related to the qualifying activities. If adopted the education tax rate would be reduced by 75% of the business education tax (BET) target rate and the reduction would apply to all qualifying properties reflecting the Province's commitment to farmers who engage in small-scale processing or retail activities as a direct extension of the farming business.

A report to Council was presented on March 1, 2018 which recommended that it not be implemented as the County has historically rejected these types of measures which simply shift the tax burden to others rather than reduce them without impacting others.

A review was performed in 2021 and it was found that only 7 properties in 4 municipalities were then affected and the total reduction in County levy was about $400 total for all properties for small scale on-farm commercial and about $100 for 1 property for small scale on-farm industrial. Some properties would only have their taxes reduced by as little as $10. The Bruce County Treasurers met and determined that it was a negligible amount and exceeded the cost of administration to enact these changes.

These properties do receive the benefit of the reduced Education Tax Rate for small scale on-farm businesses as it was enacted Province-wide.

Financial/Staffing/Legal/IT Considerations:

There are no financial, staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

The local municipal Treasurers were consulted for the 2024 tax policy and recommended no changes for 2024 other than those previously approved. There was agreement to conduct a review of the tax ratios at the next assessment cycle. The date of the next assessment cycle was to have occurred for the 2021 property tax year, based on a January 1, 2019 assessment valuation date, however the Province has delayed the implementation and has not yet made any announcements about an upcoming assessment cycle.

Link to Strategic Goals and Objectives:

Growth and Innovation - Promote responsible growth

Link to Departmental Plan Goals and Objectives, if any:

None identified.

Approved for Submission:

Christine MacDonald, Chief Administrative Officer