
From: McPhail, Roxanne <Roxanne.McPhail@york.ca> **On Behalf Of** Regional Clerk
Sent: Monday, April 26, 2021 8:26 PM
To: Fernando Lamanna <flamanna@eastwillimbury.ca>; Gillian Angus-Traill <gillian.angus-traill@townofws.ca>; Kathryn Moyle <kmoyle@king.ca>; Kitteringham, Kimberley <KKitteringham@markham.ca>; Lisa Lyons <llyons@newmarket.ca>; Michael de Rond <mderond@aurora.ca>; Rachel Dillabough <rdillabough@georgina.ca>; Stephen Huycke <stephen.huycke@richmondhill.ca>; Todd Coles <todd.coles@vaughan.ca>
Subject: Regional Council Decision - 2021 Property Tax Rates

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On April 22, 2021 Regional Council made the following decision:

1. Regional property tax rates for 2021 be established for the following property classes:

Broad Property Class	Tax Rates %
Residential/Farm	0.326425
Multi-Residential	0.326425
Commercial	0.434831
Industrial	0.536382
Pipelines	0.299985
Farmland	0.081606
Managed Forests	0.081606

2. Local municipalities pay the final two instalments of their 2021 Regional property tax levy on or before September 30, 2021 and December 15, 2021.
3. Notional tax rate calculation adjustment be adopted.
4. Council approve a bylaw to give effect to these recommendations.
5. The Regional Clerk circulate this report to local municipalities.

The original staff report is attached for your information.

Please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644 if you have any questions with respect to this matter.

Regards,

Christopher Raynor | Regional Clerk, Office of the Regional Clerk, Corporate Services

The Regional Municipality of York | 17250 Yonge Street | Newmarket, ON L3Y 6Z1
1-877-464-9675 ext. 71300 | christopher.raynor@york.ca | york.ca

Our Mission: **Working together to serve our thriving communities – today and tomorrow**

The Regional Municipality of York

Committee of the Whole
Finance and Administration
April 8, 2021

Report of the Commissioner of Finance

2021 Property Tax Rates

1. Recommendations

1. Regional property tax rates for 2021 be established for the following property classes:

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2. Summary

Property tax rates need to be established for various property classes in order for the tax levy component of the Regional Budget to be raised for 2021.

Key Points:

- Tax rates are set annually to raise the tax levy specified in the budget approved by Council

- The relative rates for each of the broad property classes are determined by the weighting prescribed in the Property Tax Ratio bylaw
- The proposed 2021 tax rates are calculated using the 2021 tax ratios approved by Council in March

3. Background

Section 311(2) of the *Municipal Act, 2001* (the Act) requires an upper-tier municipality to pass a tax rating bylaw each year unless otherwise specified by the Province, setting out tax rates for each property class. This allows the Region to raise sufficient revenues to meet its budgetary requirements.

The proposed tax rates are based on the 2020 Returned Roll provided by the Municipal Property Assessment Corporation (MPAC), as well as the approved 2021 tax ratios and the 2021 Budget approved by Council. To minimize any challenges that municipalities, residents and businesses are facing, the Province announced that the planned 2020 reassessment will be postponed and that the 2021 property taxes will be based on assessment values used for the 2020 taxation year. As a result, Council directed that the Region will be maintaining 2020 tax ratios for the 2021 taxation year.

4. Analysis

2021 tax rates are determined using the approved budget, assessment values and tax ratios

Regional property tax rates are calculated based on the following formula:

$$\text{Property Tax Rates} = \frac{\text{Total Property Tax Funding Requirement for 2021}}{\text{Weighted and Discounted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

Weighted and discounted property assessment is assessment returned by the Municipal Property Assessment Corporation for 2021, using the approved tax ratios established in the 2021 Property Tax Ratios Report. Table 1 summarizes revenue neutral tax ratios and 2021 proposed tax rates.

Table 1
2021 Proposed Tax Rates

Property Class	Approved Tax Ratios	Proposed 2021 Tax Rates %
Residential	1.0000	0.326425
Multi-Residential	1.0000	0.326425
Commercial	1.3321	0.434831
Industrial	1.6432	0.536382
Pipelines	0.9190	0.299985
Farmland	0.2500	0.081606
Managed Forests	0.2500	0.081606

In addition, discounted tax rates are offered for certain property subclasses to ensure the special nature of these properties is recognized (see table 2).

Table 2
Prescribed Subclass Discounts for Property Classes

Applicable Property Class	Subclass	Discount
Residential, Multi-Residential, Commercial and Industrial	Farmland Awaiting Development 1	75% of the residential tax rate
Commercial and Industrial	Excess Land	30% of the commercial rate and 35% of the industrial rate
Commercial and Industrial	Vacant Land	30% of the commercial rate and 35% of the industrial rate

The vacant and excess land discount will be reviewed as part of the 2022 taxation process

In 2019, the Province began phasing out the vacant and excess land discount for education property taxes and extended the option for municipalities to do the same. However, due to the delay in the reassessment, Council, at its meeting in May 2020, directed that any decision regarding the elimination of the discount be deferred until the 2022 taxation year.

Annual adoption of the notional tax rate calculation adjustment is required

Notional tax rates are theoretical rates that would raise the same overall tax levy for the municipality as the previous year, using the updated assessment roll information of the current year. While the notional tax rates have no impact on the actual amount of taxes collected, it is used to better explain year over year levy changes.

In 2016, the Province introduced an option for municipalities to adjust the notional tax rate calculation. This option is a technical adjustment allowing municipalities to remove in-year assessment losses due to factual errors and methodological changes when calculating notional tax rates. This adjustment impacts only the overall levy change in the disclosure notice of the final bills.

The notional tax rate adjustment has been used by the Region since 2017.

5. Financial

Tax rates will increase to reflect the 2021 budget increase

Table 3 shows the historical relationship between average assessed value of a single-family detached home and the tax rate for residential property class. Tax rates are adjusted each year to raise the amount needed to fund the Region's approved operating budget. From 2013 to 2020, the annual increase in spending was proportionately lower than the average increase in single-family detached assessment value, and as such tax rates have declined each year. However, as a result of the Province's delayed implementation of the 2020 reassessment due to COVID-19, property assessment values used for the 2020 property values were maintained for the 2021 taxation year. Therefore, the proposed tax rates only reflect the requirement to raise the necessary funds to meet the approved 2021 Budget.

Table 3
Comparison of Residential Assessment to Residential Tax Rates

	Average Single-Family Detached Assessment	Tax Rates (%)
2021	963,247	0.326425
2020	959,600	0.321619
2019	883,328	0.336549
2018	809,104	0.350606
2017	740,630	0.371903
2016	667,714	0.397157
2015	629,000	0.406421
2014	591,000	0.416733
2013	553,000	0.434762

Attachment 1 shows the distribution of Regional revenues by the various property classes and subclasses. The table includes linear properties for which the Province has prescribed a charge per acre. It also includes payments-in-lieu, which are payments made to compensate a municipality for some or all of the tax revenues foregone from tax-exempt properties. The most common payments-in-lieu in the Region are for federally owned properties such as Canada Post, municipal utilities and crown corporations.

6. Local Impact

Subsection 311(11) of the Act requires an upper-tier tax rating bylaw to estimate the amount of upper-tier tax revenue to be raised in each of the local municipalities. The estimate is shown in Table 4.

Table 4
2021 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2020 Tax Requirement (\$)	2020 Share (%)	2021 Tax Requirement (\$)	2021 Share (%)
Aurora	57,732,761	4.87	59,879,284	4.91
East Gwillimbury	26,972,649	2.28	28,446,389	2.33
Georgina	28,139,056	2.37	28,872,375	2.37
King	32,287,076	2.72	33,527,284	2.75
Markham	341,800,283	28.85	350,736,842	28.77
Newmarket	67,618,055	5.71	69,085,689	5.67
Richmond Hill	220,347,551	18.60	225,671,018	18.51
Vaughan	365,593,565	30.85	376,358,186	30.87
Whitchurch-Stouffville	44,428,214	3.75	46,514,849	3.82
Sub-Total	1,184,919,210	100.00	1,219,091,916	100.00
Payments-in-Lieu	3,652,790		4,027,084	
Total Tax Requirement	1,188,572,000		1,223,119,000	

The Municipal Act permits upper-tier municipalities to collect their portion of property tax payments from local municipalities on or before specified dates

Subsection 311(12) of the Act provides that an upper-tier rating bylaw may require specified portions of the estimated taxes to be paid by the local municipalities on or before specified dates. At its meeting of January 28, 2021, Council adopted interim levy payment dates of April 30, 2021 and June 30, 2021. It is recommended that the remaining two instalments for the property tax levy be paid on or before September 30, 2021 and December 15, 2021.

In 2020, due to COVID-19, local municipalities offered various tax relief programs to taxpayers to assist residents and business owners impacted by the pandemic. To support those municipalities, the Region waived interest payments on its tax levy instalments that were the direct result of local tax relief programs. In January 2021, Council directed that this program be extended to the 2021 taxation year.

7. Conclusion

The proposed 2021 tax rates will raise the property tax levy requirement approved by Council in March 2021. As well, the report provides dates for the remittance of remaining instalment payments from local municipalities.

For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

Laura Mirabella

Recommended by:

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

March 25, 2021
Attachments (1)
12473801

Attachment 1

2021 Proposed Regional Revenues and Tax Rates by Class

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Residential		
Residential	0.326425%	1,002,864,142
Residential Taxable (Shared as Payment in Lieu)	0.326425%	31,278
Residential – Farmland Awaiting Development Phase 1	0.081606%	14,952
Residential Taxable (Upper Tier and Education Only)	0.326425%	-
Multi-Residential		
New Multi-Residential	0.326425%	16,801
Multi-Residential	0.326425%	10,226,389
Commercial		
Commercial (Occupied)	0.434831%	87,336,949
Shopping Centre	0.434831%	27,685,875
New Commercial (Occupied)	0.434831%	21,480,358
Office Building	0.434831%	10,083,346
Shopping Centre (New Construction)	0.434831%	5,932,174
Commercial Vacant Land	0.304382%	2,964,523
Office Building Occupied (New Construction)	0.434831%	2,779,707
Commercial Excess Land	0.304382%	1,067,291
Small Scale On Farm Business	0.434831%	261
Commercial Excess Land (New Construction)	0.304382%	166,153
Parking Lot (Full)	0.434831%	866,019
Commercial (previously Ontario Hydro)	0.434831%	143,886
Shopping Centre Excess Land (New Construction)	0.304382%	124,280
Office Building Vacant Units and Excess Land	0.304382%	117,104
Shopping Centre Vacant Units and Excess Land	0.304382%	186,521
Commercial – Farmland Awaiting Development Phase 1	0.081606%	68,060

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Commercial Vacant Land (Shared as Payment in Lieu)	0.304382%	12,878
Office Building Excess Land (New Construction)	0.304382%	8,413
Commercial Excess Land (Shared as Payment in Lieu)	0.304382%	2,227
Industrial		
Industrial (Occupied)	0.536382%	26,740,074
Large Industrial	0.536382%	5,739,374
Industrial Vacant Land	0.348648%	3,548,284
New Industrial (Occupied)	0.536382%	2,530,246
Industrial (previous Ontario Hydro)	0.536382%	664,263
Industrial Excess Land	0.348648%	187,639
Industrial Excess Land (previously Ontario Hydro)	0.348648%	160,364
Industrial Farmland Awaiting Development Phase 1	0.081606%	96,925
New Large Industrial Occupied	0.536382%	759,744
New Large Industrial Excess Land	0.348648%	52,976
Large Industrial Vacant Units and Excess Land	0.348648%	58,474
Industrial (New Construction)	0.536382%	26,293
Industrial Excess Land (New Construction)	0.348648%	15,936
Industrial Vacant Land (Shared as Payment in Lieu)	0.348648%	4,574
Others		
Pipeline	0.299985%	1,223,708
Farmlands	0.081606%	1,474,664
Managed Forest	0.081606%	66,893
Railway Right-Of-Way (Estimated)		592,180
Utility Transmission (Estimated)		969,718
Sub-Total (Estimated)		1,219,091,916
Payment-in-Lieu		4,027,084
Total		1,223,119,000