



General Letter

OFFICE OF THE CITY CLERK
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February 19, 2008

Re: Taxation Matters

At the regular council meeting held on Thursday February 7, 2008, the following resolution was passed:

"Whereas the premise of property tax collection is that each property owner pays their fair share of taxation based on current value assessment;

And whereas the current tax capping regime creates inequities between properties with identical assessments and that the introduction of assessments phase- ins for the residential class further exacerbates this problem;

Therefore be it resolved that the Council of the City of Woodstock requests that the Province of Ontario eliminate tax capping and replace it with an equitable system based on current values assessment;

And that a copy of this recommendation be forwarded to the Ministry of Finance, our local MPP, pertinent municipal associations and all Ontario Municipalities for support."

Yours truly

Louise Gartshore

Louise Gartshore
City Clerk

RECEIVED

FEB 25 2008

TOWN OF MARKHAM
CLERKS DEPT.

To: Paul Bryan-Pulham, Chief Administrative Officer
From: Patrice Hilderley, Director of Administrative Services
Re: Taxation Matters

AIM

To advise Council of various property taxation issues.

BACKGROUND

As Council is well aware, the Province revamped the property taxation system in 1998. The original premise was simple – to create a property tax system that was fair, easily understood and comparable across the province. Current Value Assessment (CVA) assessment was introduced and defined as what a willing buyer would pay a willing seller on a given date. The Municipal Property Assessment Corporation (MPAC) determines assessed values.

The impact of the change was not particularly noticeable for those areas that had regular reassessments. However, some jurisdictions, such as Toronto, had not kept their assessments current. As a result, there were large fluctuations in property values particularly in the commercial, industrial and multi-residential classes. In order to address the Toronto problem, the Province introduced tax capping protection, purportedly as a short term solution. Property owners in those classes were protected from large increases. Taxpayers with decreases, had part of their savings clawed back to finance the shortfall. In Oxford, this happens on a county-wide basis, with taxpayers in one jurisdictions paying for shortfalls in another.

COMMENTS

The capping regime has continued for many years and there is no sign of it disappearing. The results are often unfair. Property owners with identical assessments pay different taxes. Taxpayers with decreasing assessments do not get the full benefit of the potential savings.

For example, based on 2007 information, there are 2,180 properties in the commercial class across the County. 878 (40%) pay taxes, 190 (8%) have tax protection and 1,112 (52%) have a portion of their taxes clawed back to finance the shortfall. In the industrial class, 36% pay full taxes, 28% are protected and 36% pay for the protection.

There have also been many complaints about annual reassessments and the Province has now decided to move to a four year assessment cycle beginning 2009. As part of the plan, assessment increases for the residential, farm and managed -forest classes will be phased in over four years.

In our opinion, this is just another form of capping which further complicates the system. As in the other classes, those residential taxpayers who have their assessments decrease will not realize their full tax savings while those with increases will be protected. We also question the value of reassessment given that many property owners' property tax burdens have little to do with the assessed values of their properties.

Additionally each time there is a reassessment there is the potential a property that is not "protected" can fall back into "protected" status.

We believe it is important to go on record with the Province about our concerns and request the elimination of tax capping. It is increasingly clear that the original provincial objective of a fair, understandable and comparable tax system has fallen by the wayside in favour of a complicated system where certain taxpayers do not realize a reduction in taxes being required to subsidize other taxpayers who, based on their CVA should be paying more.

We have had a number of taxpayers who have successfully appealed their assessments, paying tax consultants to present their cases, only to find they do not realize the expected savings as they end up having a portion of their savings clawed back to pay for the protected properties.

RECOMMENDATION:

Whereas the premise of property tax collection is that each property owner pays their fair share of taxation based on current value assessment

And whereas the current tax capping regime creates inequities between properties with identical assessments and that the introduction of assessments phase- ins for the residential class further exacerbates this problem

Therefore be it resolved that the Council of the City of Woodstock requests that the Province of Ontario eliminate tax capping and replace it with an equitable system based on current values assessment

And that a copy of this recommendation be forwarded to the Ministry of Finance, our local MPP, pertinent municipal associations and all Ontario Municipalities for support.

"Patrice Hilderley"

Patrice Hilderley, CGA
Director of Administrative Services

"Paul Bryan-Pulham"

Paul Bryan-Pulham, P.Eng.
Chief Administrative Officer

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31/01/08

