

## COMMITTEE OF THE WHOLE - NOVEMBER 19, 2001

### DELEGATION OF TAX RATIO SETTING AUTHORITY - 2002

#### Recommendation

The Director of Finance in consultation with the Manager of Property Tax & Assessment recommends:

That Council advise the Region of York that the authority to set property tax ratios not be delegated to the lower tier for 2002.

#### Purpose

The purpose of this report is to provide Council with information relating to the annual consideration for the Region of York to delegate the authority to set tax ratios to lower tier municipalities.

#### Background - Analysis and Options

Commencing with the first current value reassessment in 1998 legislation permitted the Region to delegate the authority to set tax ratios to its lower tiers. The authority was delegated for 1998, 1999 and 2000, however the City and all the other York area municipalities chose not to change the ratios because of the resulting tax shifts.

This issue was reviewed again for 2001 and the City and other York area municipalities requested that the authority not be delegated resulting in the Region of York establishing standard ratios region wide.

Tax ratios represent the relationship between the residential property class and the other classes such as commercial, industrial, etc. These ratios determine the tax burden of each property class relative to the residential class. Table 1 shows the region wide tax ratios established for 2001 compared to the Provincial established range of fairness:

<u>Property Class</u>	<u>Provincial Range of Fairness</u>	<u>Current Ratios</u>
Residential & Farm	1.0	1.000
New Multi-Residential	1.0 – 1.1	1.000
Multi-Residential	1.0 – 1.1	1.650
Commercial	0.6 – 1.1	1.100
Industrial	0.6 – 1.1	1.300
Pipelines	0.6 – 0.7	0.919
Farmlands	0.2500	0.250
Managed Forest	0.2500	0.250

When establishing these ratios for 2001, the ratios for commercial, industrial and multi-residential were reduced, bringing the commercial ratio to the upper end of the range of fairness, and leaving the industrial ratio just above the range of fairness, and the lowest in the GTA. Regional Council also decided to provide additional incentives for the construction of affordable housing, by establishing the "New Multi-Residential" property class with a tax ratio of 1.000 and endorsed a plan to reduce the Multi-Residential property class ratio from 1.650 to 1.300 for the 2002 taxation year and to 1.000 for 2003 taxation. This change in ratios will have a negligible effect on the other property classes in the City since the amount of assessment in the multi-residential class is small.

The next Province wide reassessment will be effective in 2003; therefore there will not be any significant shifts in the assessment base for 2002 taxation. The benefits of setting tax ratios at the lower tier are limited since taxes reduced by ratio changes are shifted to the residential class, it changes the equity of the regional levy between municipalities, it limits the use of the Provincial On-line Property Tax Analysis tool (OPTA) for billing purposes and limits the Region's ability to administer region-wide policies consistently, such as funding the mandatory tax caps.

**Conclusion**

Staff recommends that the Region of York retain the authority to set tax ratios for 2002, in consultation with area Municipal Finance staff.

**Attachments**

None

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Respectfully submitted,

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