

UPDATE – REGIONAL TAX RATIOS

Recommendation

The Commissioner of Finance & Corporate Services recommends:

That the following update with respect to the City of Vaughan's successful efforts in avoiding a shift in the property tax burden from the commercial/industrial property tax classes to the residential class through the setting of the Regional tax ratios be received.

Purpose

To update Members of Council with respect to Vaughan's successful effort in avoiding a reassessment related property tax shift burden to the residential class from the industrial/commercial class.

Background - Analysis and Options

As a result of reassessment, residential assessments have increased proportionally more than other property tax classes. As a consequence the residential property tax payers would pick up an increased portion of the property tax burden in 2004. The amount of the tax burden born by the various property tax classes can be shifted through the use of the property tax ratios. Regulations governing changes to the ratios are set out by the province. To respond to concerns raised regarding this issue the province, in early 2004 municipalities were given a one time opportunity to change the ratios such that the property tax shift to the residential class could be avoided.

Tax ratios in York Region are set by Regional Council. The Region of York has very competitive tax ratios relative to other jurisdictions in the GTA and throughout the province. This tool provided an opportunity to increase the ratios without adversely impacting economic development. Despite the increase, the tax ratios would remain competitive. However, the Regional report did not support changing the ratios to avoid the tax shift referred to above. The Region's position was discussed with the area Treasurers the majority with the exception of Vaughan supported the Regional position. The tax shift in Vaughan for both the City and Region would result in an increase in residential property taxes of approximately \$34.00 per household. Similar shifts would be experienced by the other municipalities in the Region.

Finance staff brought this issue to the attention of Vaughan's Members of Council. Staff are pleased to advise that, notwithstanding the regional report, Regional Council approved the change in the ratios to avoid the tax shift. The tax ratios are still subject to approval by the Minister of Finance.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

Staff are pleased to advise that notwithstanding the Region's report to the contrary, Regional Council has supported an increase to the industrial and commercial tax ratios to avoid a property tax shift onto the residential property tax payer.

Attachments

None

Respectfully submitted,

Clayton D. Harris, CA
Commissioner of Finance & Corporate Services