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Ontario

→ orig to S. Cartwright
→ CAO 28/4/04

April 26, 2004

Dear Municipal Chief Administrative Officer, Treasurer and Clerk Treasurer:

This letter is to inform you that the regulations governing education tax rates for the 2004 taxation year were filed on April 26, 2004.

- Ontario Regulation 115/04 prescribes the education tax rates for the residential and business property classes for 2004.

The information set out below addresses the following:

- 2004 uniform residential education tax rate;
- 2004 business education tax rates; and
- the method for calculating business education tax rates for optional classes.

2004 UNIFORM RESIDENTIAL EDUCATION TAX RATE

The Province has lowered the uniform residential education tax rate from 0.335 per cent in 2003 to 0.296 per cent in 2004. The 2004 residential education tax rate has been set to account for the impact of an average 13 per cent increase in assessed values across the Province.

2004 Provincial Uniform Education Rates

Residential	Multi-Residential	Farm	Managed Forest
0.296%	0.296%	0.074%	0.074%

2004 BUSINESS EDUCATION TAX RATES

To take into account the 2004 reassessment, the Province has also reset the business education tax rates. The revenue-neutral education tax rates for the broad commercial and industrial property classes and for the pipeline class are set out in the regulation.

Business Education Tax Rates on Optional Classes

Municipalities that have adopted optional classes should calculate class specific education tax rates according to the regulation. The following summarizes the steps to be followed:

Step 1: Calculate the education tax revenue for the broad class by applying the regulated broad class rate to the entire assessment base for the class, (include properties with RTQ's of T, U, X, P, Q, and R and exclude PIL properties, farmland pending development and tenanted provincially-owned properties), after applying the standard reduction to the assessment of vacant/excess land.

Step 2: Calculate the total tax ratio weighted assessment for the broad class by applying the relevant tax ratio to the assessment of each optional class adopted by the municipality and then summing these assessments.

Step 3: Calculate an "average TR-weighted" tax rate for the broad class by dividing the education tax revenue calculated in step 1 by the tax ratio weighted assessment calculated in step 2. This average rate is for calculation purposes only and does not replace the regulated rate for the broad class.

Step 4: Calculate the tax rates for each optional class by multiplying the "average TR-weighted" rate calculated in step 3 by the tax ratio for that class.

The Regulation also provides authority for a municipality that has adopted graduated tax rates to modify the business education property tax rates accordingly.

This regulation is available on the E-Laws website at:
http://www.e-laws.gov.on.ca/

The Ministry of Finance will continue to work closely with municipalities on property tax policy issues.

Sincerely,

Nancy Naylor

Nancy Naylor
Assistant Deputy Minister