1
2009 PROPERTY TAX RATIOS

The Finance and Administration Committee recommends

1. receipt of the presentation by Ed Hankins, Director, Policy, Risk and Treasury regarding the 2009 Property Tax Ratios;

2. receipt of the communication from Kimberley Kitteringham, Town Clerk, Town of Markham, dated April 1, 2009, forwarding a resolution adopted by Markham Council at its meeting on March 31, 2009, regarding the 2009 Tax Ratios; and

3. adoption of the recommendations contained in the following report dated March 20, 2009, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. The property tax ratios for the 2009 taxation year be maintained at the existing levels as follows:

Broad Property Class	2009 Tax Ratios
Residential/Farm	1.0000
Multi-Residential	1.0000
New Multi-Residential	1.0000
Commercial	1.2070
Industrial	1.3737
Pipelines	0.9190
Farmlands	0.2500
Managed Forests	0.2500

2. The Regional Solicitor be authorized to prepare the necessary by-laws to give effect to the above recommendation.

2. PURPOSE

At its March 5, 2009 meeting, the Finance and Administration Committee requested that staff incorporate comments of the area municipalities with respect to the proposed tax ratios in this report. The Committee further directed staff to provide an analysis of the impact of moving the multi-residential property class ratio from 1.0 to 1.1.

This report recommends property tax ratios for the 2009 taxation year. The report also provides an analysis of tax shifts arising from the 2008 general property assessment and reports on the implications of moving the multi-residential property tax ratio to 1.1000.

3. BACKGROUND

Tax ratios represent the amount of taxation to be borne by each property class in relation to the Residential class. The ratios reflect how the tax rate of a property class compares to the residential tax rate, with the Residential class tax ratio being equal to "one".

Subsection 308(5) of the *Municipal Act, 2001* requires that Regional Council establish tax ratios through a by-law in each year for the upper-tier and lower-tier municipalities. The by-law must be passed on or before April 30 in each year, unless otherwise specified by the Province.

Unless otherwise approved by the Province, municipalities may only move their ratios within or closer to the "Ranges of Fairness". Table 1 below illustrates Council's policy of moving tax ratios towards the Ranges of Fairness. The 2003 reassessment created a significant tax shift to the Residential property class with the result that Council, with the approval of the Minister of Finance, sought to mitigate this shift by adjusting the Commercial and Industrial tax ratios away from the Ranges of Fairness.

The 2005 reassessment did not create a significant enough shift that Council felt a change in tax ratios was warranted.

Table 1
Historical Tax Ratios and the Ranges of Fairness

Broad Property Class	Ranges of Fairness	1999 - 2000	2001	2002	2003	2004 - 2008
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.0 to 1.1	2.0875	2.0875	1.3000	1.0000	1.0000
Commercial	0.6 to 1.1	1.1190	1.1190	1.1000	1.1000	1.2070
Industrial	0.6 to 1.1	1.3427	1.3427	1.3000	1.3000	1.3737
Pipelines	0.6 to 0.7	0.9190	0.9190	0.9190	0.9190	0.9190
Farmland	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Managed Forests	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500

While the tax ratios for the Multi-Residential, Commercial, Industrial and Pipelines classes are determined by Council, the tax ratio for Managed Forests is prescribed by the Province at 25% of the Residential tax rate. The Region has the option to use the provincially prescribed tax ratio for Farmlands set at 0.25, which the Region has adopted, or apply a tax ratio of less than this amount.

In addition, certain sub-classes are subject to discounts under the *Municipal Act, 2001* which prescribes these reductions unless Council chooses to pass a bylaw prescribing other rates. In 2004, as part of a review of its long term tax policy, Council approved maintaining the discounts on vacant land and excess land subclasses in the Commercial class at 30% and in the Industrial class at 35%. Discounts for the first and second subclasses for farmland awaiting development were maintained at 75% and 0% respectively.

3.1 The Province Introduces Phased-in Assessment for 2009

In response to the Ombudsman's report, the Province's 2007 Ontario Budget announced changes to the property assessment system to enhance the fairness and predictability of assessments for property owners.
These changes included the following:

- A four year reassessment cycle;
- A mandatory phase-in of residential assessment increases spread equally over four years; and
- Enhancements to the fairness and effectiveness of the assessment appeal system.

In the 2008 Ontario Budget, the phase-in program was extended to all property classes for any assessment increases. The Region had advocated for this amendment in the Report of the Commissioner of Finance received by Council on January 24, 2008 and through correspondence from the Regional Chair to the Premier of Ontario. *Bill 44, the Budget Measures and Interim Appropriation Act, 2008* passed the extension with the first of the 4 year cycle beginning in the 2009 taxation year (based on a January 1, 2008 valuation date).

Under the four-year phase in cycle, if assessed value increases because of general reassessment, the annual current value increase is 25% of the total increase to reach its destination value or 100% of the reassessed value by 2012. However, decreases in a property's assessed value due to reassessment will be fully realized in 2009.

4. ANALYSIS AND OPTIONS

While the Region's assessment base has increased due to reassessment, this does not result in an increase in overall property tax revenue received. Those properties for which the increase of assessment value is greater than the average will generally be subject to a property tax increase, while those with an increase less than the average (4.82% for residential properties) will generally be subject to a decrease in the tax bill from the effect of reassessment. Table 2 illustrates the 2009 increase per broad property class in the column titled “Reassessment Increase”.

4.1 Reassessment May Create Tax Shifts between Property Classes

Whenever reassessment is undertaken, three types of tax shifts are possible:

1. between property types within property tax classes
2. among property tax classes
3. among local municipalities within the Region

A tax shift occurs when the assessed value of one property type increases more than that of another property type thereby redistributing the tax burden between property types. Similarly, when a property tax class experiences overall valuation increases more than another property tax class, this reallocates a greater burden of taxes from one class to another. In addition, local municipalities within the Region that have reassessment increases on a property class greater than that of other municipalities of the same property class are likely to experience a shift in tax burden.

The Region can use tax ratio policy to offset or mitigate reassessment related tax shifts. However, the Region’s ability to adjust tax ratios and redistribute the tax burden between the property classes is limited by statutory provisions. As indicated in the background section of the report, the Region is restricted in moving tax ratios closer to or within the “Ranges of Fairness” established by the Province without the specific permission of the Minister of Finance.

4.2 The 2008 Reassessment Will Shift Taxes to the Business Property Classes

As a result of the 2008 reassessment, with the current tax ratios there will be a shift in property taxes from the residential class to primarily the commercial, industrial, and farm property classes. Table 2 illustrates the dollar and percentage magnitude of the reassessment changes and shift in taxation by broad property class for 2009.

Table 2
2009 Phase in Assessment Impact

Broad Property Class	Reassessment Increase ($)	Reassessment Increase (%)	Shift in Taxation ($)	Shift in Taxation (%)
Residential	$5,327,271,969	4.82%	$(2,595,451)	-0.45%
Multi-Residential	$53,693,826	5.41%	$(38,452)	-0.76%
Commercial	$1,323,837,288	7.89%	$2,143,169	2.09%
Industrial	$380,133,522	6.98%	$457,467	1.26%
Pipelines	$6,378,250	3.23%	$(17,660)	-1.88%
Farmland	$81,927,806	10.07%	$50,800	4.86%
Managed Forests	$1,555,119	5.33%	$127	0.34%

Source: Ontario Property Tax Analysis system

The full effect of the four-year phase in of assessment increases is shown in Table 3 following. The “destination assessment” is the full value of the assessment at the end of the four-year phase in period.

Table 3
Estimated 2012 Destination Assessment Impact

Broad Property Class	Assessment Increase ($)	Assessment Increase (%)	Shift in Taxation ($)	Shift in Taxation (%)
Residential	$21,548,337,740	19.50%	$(12,154,698)	-2.13%
Multi-Residential	$216,836,610	21.80%	$(13,807)	-0.27%
Commercial	$5,573,354,857	33.20%	$10,703,602	10.44%
Industrial	$1,555,280,226	28.60%	$1,368,677	3.75%
Pipelines	$25,513,000	12.90%	$(71,047)	-7.60%
Farmland	$335,907,941	41.30%	$166,519	15.88%
Managed Forests	$7,188,745	24.70%	$754	2.01%

Source: York Region Finance Department

4.3 Adjusting Tax Ratios Can Mitigate the Tax Shift

Revenue neutral tax ratios are those tax ratios that mitigate shifts in taxation resulting from the reassessment of properties in order to restore the relative proportion of taxes collected from each property class prior to reassessment. Table 4, summarizing the revenue neutral tax ratios for 2009, has been prepared from the Ontario Property Tax Analysis System (OPTA); however, OPTA does not calculate the revenue neutral farmland tax ratio.

Table 4
Revenue Neutral Tax Ratios for 2009

Property Class	Revenue neutral tax ratios
Residential	1.0000
Multi-Residential	1.0032
Commercial	1.1770
Industrial	1.3505
Pipelines	0.9325
Farmland	0.2500
Managed Forests	0.2500

Source: Ontario Property Tax Analysis System

4.4 Local Municipal Treasurers Recommend No Change in the 2009 Tax Ratios

In addition to an initial consultation with the area municipal tax collectors, staff further consulted with the area municipal treasurers as directed by the Finance and Administration Committee.

In consultation with York Region local municipal treasurers, the treasurers have recommended that there be no change to the current tax ratios. The treasurers feel that the analysis of the implications of the four-year phase in of property assessment and the associated shift in taxes between property classes presents significant challenges and that insufficient information is currently available to complete a full analysis.

Further, the statutory April 30 deadline for a decision on tax ratios precludes a fuller analysis, including the impact of a policy change on property tax capping. The treasurers recommend that there be no change for the 2009 fiscal year and that further analysis be undertaken after the completion of the property tax capping for 2009 to provide a clear picture of the full impact of a potential change in the property tax ratios for the years 2010-2012.

4.5 The Reassessment Will Increase Capping Protection

A shift in taxation from the residential property class to the business classes will be capped to some extent. Therefore, the multi-residential, commercial, and industrial property classes may not receive the full extent of the tax shift in the first few years until the capping policies mandated by the Province and previously adopted by Council reduce the capping protection over the full phase-in period.

With no mitigation of this shift, the clawback of tax decreases to property owners will increase substantially with the possibility of a shortfall in available decreases in the commercial property class. New legislative provisions that allow the Region to hold properties at CVA level taxes may effectively reduce or eliminate a shortfall but it is not possible to complete the required analysis at this time. Further capping analysis will be provided in the capping authorization report to Council in June and the subsequent report in the fall of 2009.

4.6 Implications of a Change to the Multi-Residential Tax Ratio

The multi-residential property class consist primarily of land used for residential purposes that has seven or more self-contained units (e.g. apartment buildings). It does not include land or units that are defined as condominiums or owned by a co-operative, which are assessed as part of the residential property class.

Moving the multi-residential tax ratio to 1.0 from 1.1 would shift approximately $500,000 of taxes to this class in the first year although some of this increase will be capped. Currently only two of the 243 properties in the class are capped and therefore the capping protection would be expected to increase dramatically.

4.6.1 A Change in the Multi-Residential Tax Ratio Will Negatively Affect Affordable Housing Funding

The Canada-Ontario New Affordable Housing Program (2003) (the “Housing Program”) requires that affordable housing properties receiving assistance under this program must have a municipal property tax rate equivalent or lower than the single residential rate for the area.

A change in the ratio, and thus a change in the tax rate, would place the Region in default of the current agreement and jeopardize anticipated future funding. With a change in the tax ratio, the Region would have to immediately create a by-law to provide tax relief to all units funded under the Housing Program to effectively equalize the tax rate to that of the residential class. The Region has received approximately $26 million of assistance under this program to date.

On the basis of the above, no change to the multi-residential property tax ratio is recommended.

4.7 York Region's Tax Ratios Are the Lowest in the GTA

Table 5 following provides an illustration of current or proposed property tax ratios for the GTA municipalities.

Table 5
Comparison of Property Tax Ratios for 2009

Broad Property Class	York	Peel[1]		Halton[2]	Durham[3]	Toronto[4]
		Mississauga	Brampton/ Caledon			
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.0000	1.7788	1.7050	2.2619	1.8665	3.4689
New Multi-Residential	1.0000	n/a	n/a	2.0000	n/a	1.0000
Commercial	1.2070	1.4098	1.2971	1.4565	1.4500	3.5216
Industrial	1.3737	1.5708	1.4700	2.3599	2.2598	3.7412
Pipelines	0.9190	1.1512	0.9239	1.0617	1.2294	1.9236
Farmland	0.2500	0.2500	0.2500	0.2000	0.2000	0.2500
Managed Forests	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500

1, 3 No changes are expected on tax ratios

2 Currently under review, it is expected that there will be no changes to tax ratios

4 Currently under review, it ix expected that a decision will be made at the end of March/09

5. FINANCIAL IMPLICATIONS

There are no direct financial impacts as a result of the recommendations contained in the report. However, the indirect financial impact is that property taxes will shift within the property classes and between municipalities.

6. LOCAL MUNICIPAL IMPACT

Similar to the effect at the Regional level, each of the local municipalities within the Region will observe tax shifts between property classes unique to the composition of their property assessment. The local municipalities will also experience tax shifts between municipalities, again depending on the composition of their assessment base.

Any tax shift to the business property classes will be subject to capping and therefore an analysis this shift has not be undertaken pending the broader capping analysis.

7. CONCLUSION

As a result of the January 1, 2008 property reassessment, a tax shift to business property classes will occur using the adopted 2008 tax ratios. After consultation with the local municipal treasurers, it is recommended that the tax ratios for 2009 remain the same as the tax ratios adopted by Council in 2008. A fuller analysis of the impact of the assessment phase in and the tax shift to the business classes can be completed subsequent to the capping reconciliation for 2009.

For more information on this report, please contact Brian Parrott, Manager, Fiscal Policy at extension 1667.

The Senior Management Group has reviewed this report.





2009 Property Tax Ratios

Finance and Administration Committee

April 9, 2009

Background

- Tax ratios are used to adjust relative tax burden that each property class pays per dollar of assessment
- Normally, can only be moved toward or within legislated Range of Fairness
- April 30^{th} deadline for tax ratio and tax rate by-law (extended to June 30^{th} for 2009)

Tax Ratios Since 1998

Broad Property Class	Ranges of Fairness	1999-2000	2001	2002	2003	2004-2008
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.0 to 1.1	2.0875	2.0875	1.3000	1.0000	1.0000
Commercial	0.6 to 1.1	1.1190	1.1190	1.1000	1.1000	1.2070
Industrial	0.6 to 1.1	1.3427	1.3427	1.3000	1.3000	1.3737
Pipelines	0.6 to 0.7	0.9190	0.9190	0.9190	0.9190	0.9190
Farmland	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Managed Forest	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500

How York Region Compares…





Broad Property Class	York ('08)	Peel ('08)		Halton ('08)	Durham ('08)	Toronto ('08)
		Mississauga	Brampton/Caledon			
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.0000	1.7788	1.7050	2.2619	1.8665	3.4689
New Multi-Residential	1.0000	n/a	n/a	2.0000	n/a	1.0000
Commercial	1.2070	1.4098	1.2971	1.4565	1.4500	3.5216
Industrial	1.3737	1.5708	1.4700	2.3599	2.2598	3.7412
Pipelines	0.9190	1.1512	0.9239	1.0617	1.2294	1.9236
Farmland	0.2500	0.2500	0.2500	0.2000	0.2000	0.2500
Managed Forest	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500

2008 Reassessment





- Overall increase for York Region was 21.69%; however increases for business classes (28% - 33%) were significantly higher than residential
- Increase for both residential and business classes to be phased in over four years: 2009 to 2012; as a result, average increase for 2009 is 5.32%
- However, decreases must be provided in the first year
- Past practice of Region has been to adjust tax ratios to achieve revenue neutrality for each property broad class

As Originally Proposed, 2009 Impact of Reassessment



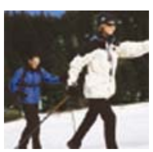


(assumed revenue neutral (hybrid) tax ratios)

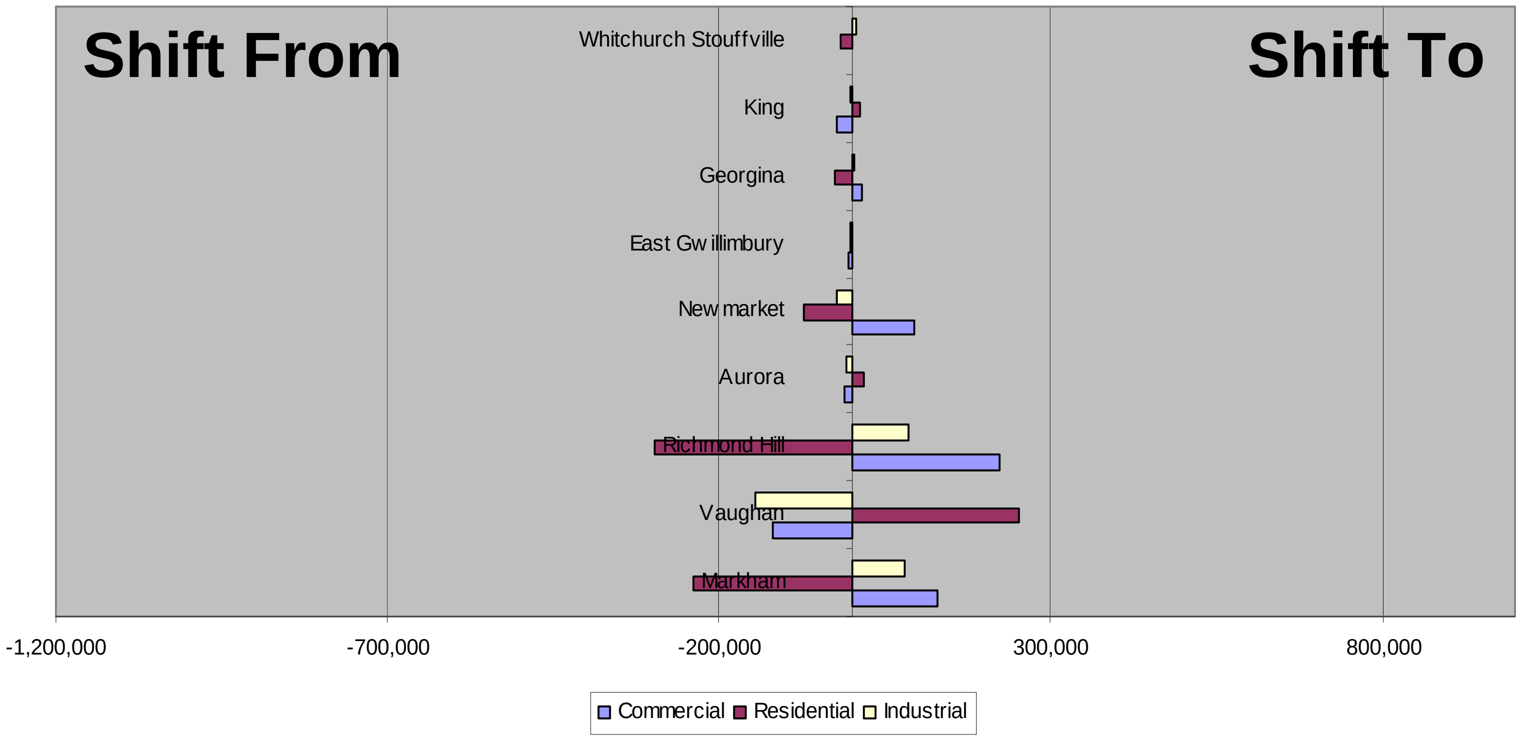
Broad Property Class	Reassessment Increase ($000)	Reassessment Increase (%)	Shift in Taxation ($000)	Shift by Average Assessment ($)
Residential	$5,327,272	4.82%	$(294)	$(1)
Multi-Residential	$53,694	5.41%	$(18)	$(75)
Commercial	$1,323,837	7.89%	$245	$16
Industrial	$380,134	6.98%	$26	$8
Pipelines	$6,378	3.23%	$(14)	$(606)
Farmland	$81,928	10.07%	$55	$20
Managed Forests	$1,555	5.33%	$0.274	$1

Source: OPTA



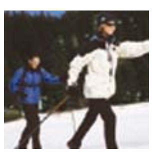




2009 Inter-Class Tax Shift Using Revenue Neutral (Hybrid) Tax Ratios for Commercial, Industrial and Residential



*** A revenue neutral (hybrid) assumes no change in farmland tax ratio, i.e. 0.25**

March 5th Finance and Administration Committee Meeting



- Staff were requested to undertake further consultation with local municipal treasurers regarding proposed changes to tax ratios for 2009, and

- Assess the impact of moving the multi-residential tax ratio from 1.0 to 1.1

Actions Taken



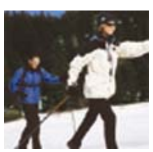


- Staff met with the local municipal treasurers or their delegates on March 12th

- Treasurers recommended that the tax ratios remain the same as in 2008, including the multi-residential tax ratio, pending further analysis; staff will report back with recommendations for 2010 to 2012

As Currently Recommended, 2009 Impact of Reassessment

(based on no change to 2008 tax ratios)



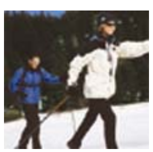
Broad Property Class	Reassessment Increase ($000)	Reassessment Increase (%)	Shift in Taxation ($000)	Shift in Taxation (%)	Shift by Average Assessment ($)
Residential	$5,327,272	4.82%	$(2,595)	(0.45)%	$(8)
Multi-Residential	$53,694	5.41%	$(38)	(0.76)%	$(158)
Commercial	$1,323,837	7.89%	$2,143	2.09%	$138
Industrial	$380,134	6.98%	$457	1.26%	$144
Pipelines	$6,378	3.23%	$(18)	(1.88)%	$(768)
Farmland	$81,928	10.07%	$51	4.86%	$19
Managed Forests	$1,555	5.33%	$0.127	0.34%	$1

Source: OPTA and York Region Finance Department

Potential Full Impact of Reassessment

(assumes no change to tax ratios through to 2012)




Broad Property Class	Reassessment Increase ($000)	Reassessment Increase (%)	Shift in Taxation ($000)	Shift in Taxation (%)	Shift by Average Assessment ($)
Residential	$21,548,337	19.50%	$(12,154)	(2.13)%	$(42)
Multi-Residential	$216,836	21.80%	$(13)	(0.27)%	$(57)
Commercial	$5,573,354	33.20%	$10,703	10.44%	$694
Industrial	$1,555,280	28.60%	$1,368	3.75%	$432
Pipelines	$25,513	12.90%	$(71)	(7.60)%	$(3,091)
Farmland	$335,907	41.30%	$166	15.88%	$61
Managed Forests	$7,188	24.70%	$0.754	2.01%	$4

Source: York Region Finance Department

Capping/Clawback Impact

- Status quo ratios for 2009 add an estimated $2 million in capping protection, and
- Increases the estimated clawback rate as follows:

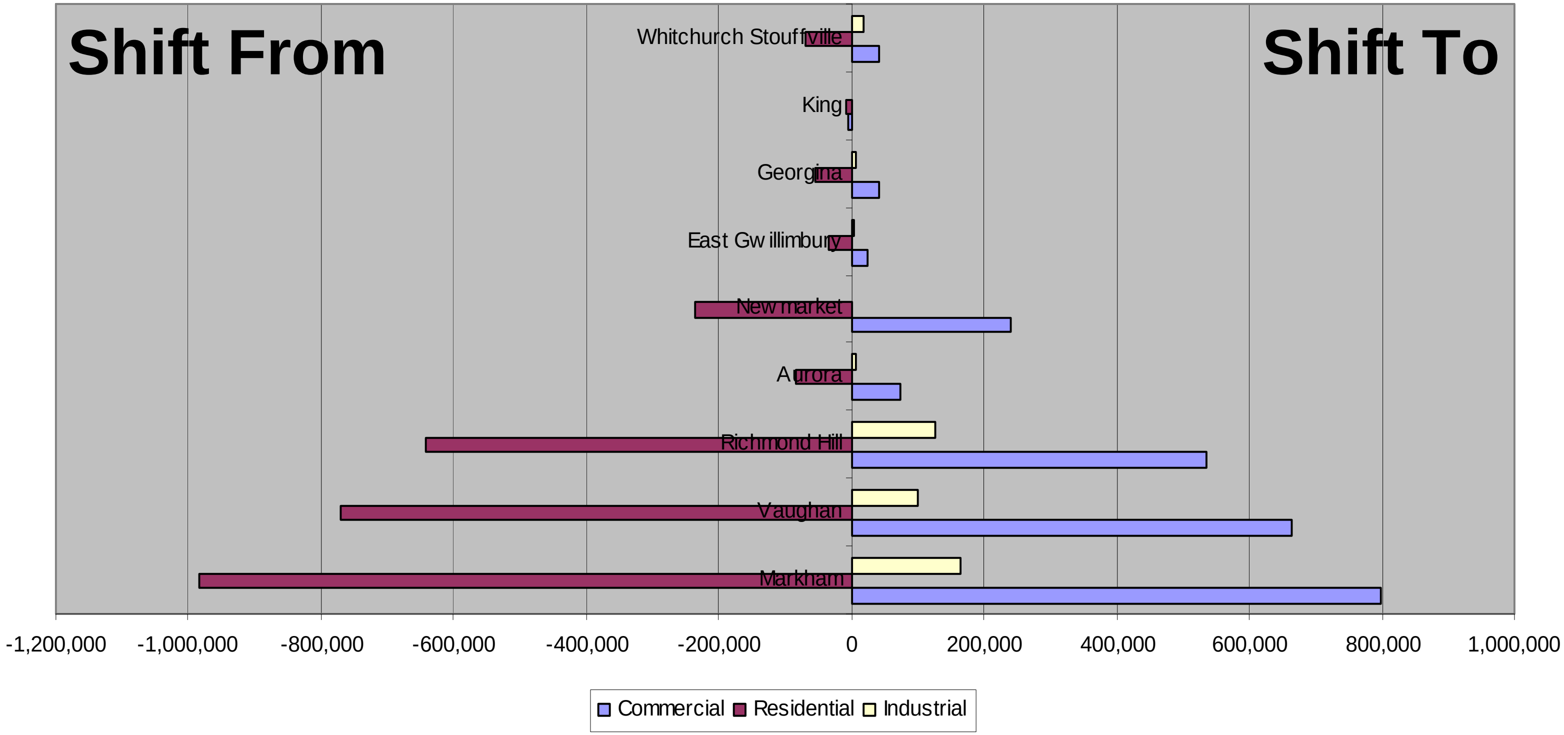
	Multi-Residential	Commercial	Industrial
Revenue neutral (hybrid) tax ratios *	17.21%	66.33%	74.63%
Status Quo Ratios *	15.39%	78.22%	84.97%
2008 actual rates	44.80%	64.30%	69.40%

* The table is presented for illustration only; final rates will change
* Source: OPTA as of April 2nd, using currently approved capping options



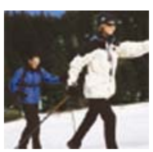


2009 Inter-Class Tax Shift Using Status Quo (2008) Tax Ratios for Commercial, Industrial and Residential



Impact of Moving Multi-Residential Tax Ratio From 1.0 to 1.1




- Tax ratio adjustment would result in tax shift of approximately $500,000 from residential to multi-residential

- Approximately 80 affordable housing properties subsidized by the Region, of the 243 in the class, would require tax relief creating further regional budgetary pressures.

- Using currently approved capping options, a tax ratio of 1.1 creates a capping shortfall projection of approximately $60,000; that would be shared proportionately by the Region and local municipalities

Questions?

MARKHAM

REG... YORK
CLERK'S OFFICE

FILE No. - P04

April 1, 2009

RECEIVED
APR 08 2009
R.M.Y.
CLERK

Mr. Denis Kelly
Regional Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y 6Z1

RE: 2009 TAX RATIOS (7.1)

Dear Mr. Kelly:

This will confirm that at a meeting held on March 31. 2009, Town of Markham Council adopted the following resolution:

"1) That the report entitled "2009 Tax Ratios" be received for information; and,

2) That Council support retaining the same 2008 ratios as established by Regional Council for the 2009 tax year; and,

3) That the Region of York be informed of Council's decision; and further,

4) That staff be authorized and directed to take the actions set out in this report." (Item 4 of Report No. 18)

If you have any questions, please contact Paul Wealleans, Director, Revenues at 905-477-7000 ext. 4734.

Yours sincerely,

Kimberley Kitteringham
Town Clerk

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Agenda Item 9.

MARKHAM

Report to: General Committee | Report Date: March 20, 2009

SUBJECT: 2009 Tax Ratios
PREPARED BY: Paul Wealleans, Director, Revenues

RECOMMENDATIONS:

1) THAT the report "2009 Tax Ratios" be received for information;
2) AND THAT Council support retaining the same 2008 tax ratios as established by Regional Council for the 2009 tax year;
3) AND THAT the Region of York be informed of Council's decision;
4) AND THAT staff be authorized and directed to take the actions set out in this report.

EXECUTIVE SUMMARY:
Staff recommends that the 2009 tax ratios for the Region of York remain unchanged from 2008.

PURPOSE:
To advise Council of the issue of setting tax ratios for the 2009 tax year.

BACKGROUND:
Tax ratios represent the relative tax burden borne by each property class relative to the residential class. The residential ratio is always 1.0. In 2008, the commercial tax ratio was 1.2070, which means that commercial tax rate is 1.2070 times higher than the residential tax rate. Each property class has a specific ratio. The Region of York must, annually, pass a bylaw to set its tax ratios for the year for both upper tier and lower tier municipalities.

Table 1 shows the tax ratios for the Region of York from 1999 to 2008:

Property Class	Ranges of Fairness	1999 & 2000	2001	2002	2003	2004 to 2008
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-residential	1.0 to1.1	2.0875	2.0875	1.3000	1.0000	1.0000
Commercial	0.6 to 1.1	1.1190	1.1190	1.1000	1.1000	1.2070
Industrial	0.6 to 1.1	1.3427	1.3427	1.3000	1.3000	1.3737
Pipelines	0.6 to 1.1	0.9190	0.9190	0.9190	0.9190	0.9190
Farmland	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Managed Forests	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500

Unless provincial approval is obtained, municipalities may only move their ratios closer to the Ranges of Fairness. Provincial approval must be obtained to move ratios further away from the ranges. The 2003 reassessment caused a significant shift to the residential class and Regional Council, with the approval of the Province, increased the ratios for the commercial and industrial classes to offset the shift. The ratios have remained constant since 2004.

The 2009 reassessment resulted in the commercial and industrial classes increasing in assessed value by approximately 30% while the residential class tax increased by 20%. The higher assessment value increase experienced by the commercial and industrial classes (30% compared to 20% for residential) has the affect of shifting tax burden to these classes. Reducing the commercial and industrial tax ratios is a technique to reverse this tax shift back to the residential class.

On March 5, 2009, Regional staff brought forward a report to the Region's Finance and Administrative Committee recommending that the commercial and industrial ratios for 2009 be reduced to offset the tax increase to those two classes. The Committee referred the report back to the April 9, 2009 committee meeting and directed regional staff to consult with staff from all lower tier municipalities. The ratios must be approved by Committee at that meeting as the provincial deadline to set ratios is April 30th.

Regional staff recommended reducing the commercial and industrial ratios for two likely reasons: regional policy to move ratios toward the Ranges of Fairness where possible; and to provide the best economic climate for business owners. Table 2 (below) shows that York Region already has the lowest tax ratios in the GTA and a further reduction may not be necessary at this time. No other region in the GTA, that staff is aware of, is planning to move their ratios this year.

Table 2: 2008 Tax ratios for the surrounding GTA regions:

Broad Property Class	York	Peel		Halton	Durham	Toronto
		Mississauga	Brampton/ Caledon			
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.0000	1.7788	1.7050	2.2619	1.8665	3.4689
Commercial	1.2070	1.4098	1.2971	1.4565	1.4500	3.5216
Industrial	1.3737	1.5708	1.4700	2.3599	2.2598	3.7412
Pipelines	0.9190	1.1512	0.9239	1.0617	1.2294	1.9236
Farmland	0.2500	0.2500	0.2500	0.2000	0.2000	0.2500
Managed Forests	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500

OPTIONS/ DISCUSSION:

The York Region lower tier treasurers met last week with Regional staff and discussed the region's report and reached a consensus that no change to the ratios is necessary for 2009 but the ratios should be reviewed again in 2010. Next year, a better understanding of the full data impact of the four year reassessment will be known.

The information required for a complete detailed analysis is not currently available. The data required for commercial and industrial billing purposes will not be finalized until

June 1, 2009, which prevents a complete analysis of the impacts of capping, and assessment phase-ins for the commercial and industrials classes before June 1st.

Retaining the ratios at 2008 levels benefits the residential class while reducing the ratios benefits the commercial and industrial classes. However, the commercial and industrial classes not only have the protection of the 4 year phase-in of assessment related increases (protection also available for residential class), but also continue to benefit from capping protection as well as opportunities to deduct expenses from income (protection not available for residential class).

As the current reassessment covers a four year period, it is recommended that the ratios be reviewed again in 2010 when the data from the first year of the reassessment (2009) will be fully known and a better understanding of impacts can be determined.

The funding requirements for the capping of commercial and industrial properties are pooled across the Region lower tier municipalities. The Region calculates the proportion to be received or paid by the lower tier municipalities. Markham has always been a net beneficiary due to its large commercial assessment base that requires capping protection. This determination can only be completed after June 1, 2009 when all the changes to the commercial and industrial classes have been completed and input into a regional database. This is another uncertainty that currently exists that requires caution in changing the ratios for 2009.

Staff recommends that the 2008 tax ratios for the Region be retained for 2009 and that the ratios be revisited in 2010.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)
Not applicable.

HUMAN RESOURCES CONSIDERATIONS
Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:
Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:
Not applicable.

RECOMMENDED BY:

Barb Cribbett, Treasurer

Andy Taylor, Commissioner of Corporate Services

ATTACHMENTS:
None.

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