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2011 PROPERTY TAX RATES

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated March 24, 2011, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. The broad property class tax rates for 2011 be established as follows:

Broad Property Class	2011 Tax Rates %
Residential/Farm	0.463520
Multi-Residential	0.463520
Commercial	0.529850
Industrial	0.616713
Pipeline	0.425975
Farmland	0.115880
Managed Forests	0.115880

2. The local municipalities pay the final instalments of property tax, as raised on behalf of the Region, on or before September 30, 2011 and December 15, 2011.

3. That a by-law be presented to Council to give effect to these recommendations.

2. PURPOSE

This report requests that Council adopt the 2011 proposed tax rates needed to raise the property tax levy portion of the 2011 Regional Budget.

3. BACKGROUND

Tax rates reflect the phasing-in of reassessment

For the purpose of this report, the property values used for the 2011 taxation year are based on the 2008 reassessment, as returned by the Municipal Property Assessment Corporation, and represent the phased-in assessment of the four-year cycle ending 2012.

Tax Rate By-law is required annually

Section 311(2) of the Act requires that an upper-tier tax rating by-law be passed each year, unless otherwise specified by the Province, which sets out the tax rates for each property class that would raise sufficient revenues to meet its budgetary requirements.

4. ANALYSIS AND OPTIONS

2011 tax rates are determined by the approved budget requirements, assessment values and tax ratios

Tax 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”. The ratios used for determining our tax rates are those approved by Council on March 24, 2011 for 2011.

The 2011 Budget approved by Regional Council on March 24, 2011 requires a property tax levy of $789,414,000. Table 1 illustrates a comparison of the 2010 approved Regional tax rates and the proposed 2011 rates.

Table 1
2010 Approved Regional Tax Rates and 2011 Proposed Rates

Broad Property Class	2010 Approved Regional Tax Rates %	2011 Tax Rates %
Residential/Farm	0.477021	0.463520
Multi-Residential	0.477021	0.463520
New Multi-Residential	0.477021	0.463520
Commercial	0.562885	0.529850
Industrial	0.647556	0.616713
Pipeline	0.438382	0.425975
Farmland	0.119255	0.115880
Managed Forests	0.119255	0.115880

As well, Table 2 shows the relationship between the increases in average residential assessment in York Region historically and the declining tax rates for the residential broad class.

Table 2
Comparison of Residential Assessment to Residential Tax Rates

	Average Residential Assessment	Tax Rates %
2011	426,300	0.463520
2010	407,200	0.477021
2009	400,000	0.500083
2008	370,450	0.515464

Along with the 2008 reassessment, the Province introduced the phase in of assessment increases for the 2009 to 2012 taxation years. Therefore it is typical that when the assessment base of all classes has increased at a greater rate than the property tax funding requirement that tax rates decrease relative to the previous year.

5. FINANCIAL IMPLICATIONS

Table 3 lists a distribution of Regional revenues by class based on the proposed tax rates. The table also includes linear properties that are a prescribed charge per acre as well as payments-in-lieu which are payments made to compensate municipalities for some or all of the tax revenue that it might have otherwise been lost because of the nature of the ownership such as exempt properties. Among the most familiar payments-in-lieu in York Region are the federal owned properties such as Canada Post, municipal utilities and crown corporations.

Table 3
2011 Tax Rates and Regional Revenues by Class for Illustration

Property Assessment Class	2011 Regional Revenue Generated	2011 Proposed Regional Tax Rate
Residential	619,787,551	0.463520%
Residential Taxable (Shared as PIL)	46,436	0.463520%
Multi-Residential	6,587,038	0.463520%
Commercial Occupied	74,846,242	0.529850%
Commercial Excess Land	1,537,025	0.370895%
Commercial Vacant Land	2,664,203	0.370895%
Commercial – FAD Phase 1	34,181	0.115880%
Commercial (previous Ontario Hydro)	123,364	0.529850%
Commercial Vacant (Shared as PIL)	19,675	0.370895%
Office Building	10,243,813	0.529850%
Office Building Vacant Units and Excess	120,261	0.370895%
Shopping Centre	22,113,884	0.529850%
Shopping Centre Vacant Units and Excess	125,442	0.370895%
Commercial Occupied (New Construction)	4,553,235	0.529850%
Commercial Excess Land (New Construction)	178,293	0.370895%
Office Building (New Construction)	482,294	0.529850%
Shopping Centre (New Construction)	2,115,851	0.529850%
Shopping Centre Excess (New Construction)	68,734	0.370895%
Parking Lot (Full)	17,063	0.529850%
Industrial Occupied	26,343,362	0.616713%

Industrial Excess Land	220,610	0.400864%
Industrial Vacant Land	3,021,591	0.400864%
Industrial FAD Phase 1	63,287	0.115880%
Industrial (previous Ontario Hydro)	328,920	0.616713%
Industrial (previous Ontario Hydro) Excess	80,359	0.400864%
Industrial Occupied (New Construction)	653,072	0.616713%
Industrial Excess Land (New Construction)	33,986	0.400864%
Large Industrial (New Construction)	96,092	0.616713%
Large Industrial	6,423,305	0.616713%
Large Industrial Vacant Units and Excess	81,079	0.400864%
Pipeline	959,013	0.425975%
Farmland	1,272,025	0.115880%
Managed Forest	36,794	0.115880%
Railway Right-Of-Way	569,615	*
Utility Transmission	1,064,305	*
Payments-in-Lieu	2,502,000	N/A
Total 2011 Regional Tax Requirement	**$ 789,414,000**	

* Tax rates for linear properties have been prescribed by the Minister of Finance.

6. LOCAL MUNICIPAL IMPACT

Subsection 311(11) of the Act requires that an upper-tier rating by-law shall estimate the amount of upper-tier tax to be raised in each of the local municipalities. A table of the estimated Regional tax revenue to be raised by the local municipalities is shown below based on the proposed 2011 tax rates.

Table 4
2011 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2010 Tax Requirement	2010 Share	2011 Tax Requirement	2011 Share
	$	%	$	%
Aurora	36,377,838	4.82	38,007,474	4.83
East Gwillimbury	14,801,684	1.96	15,401,980	1.96
Georgina	22,012,849	2.92	22,468,458	2.86
King	18,858,726	2.50	19,883,973	2.53
Markham	209,147,567	27.75	219,109,155	27.84
Newmarket	47,923,239	6.35	49,228,142	6.26
Richmond Hill	133,873,600	17.81	138,802,102	17.64
Vaughan	244,219,572	32.40	255,605,193	32.48
Whitchurch-Stouffville	26,316,925	3.49	28,405,523	3.60
Sub-Total	753,532,000	100.00	786,912,000	100.00
Payments-in-Lieu	2,538,000		2,502,000	
Total Tax Requirement	**736,192,000**		**789,414,000**	

Dates for instalment payments for 2011 are determined in the Municipal Act

Subsection 311(12) of the Act provides that an upper-tier rating by-law may require specified portions of the estimate to be paid by the local municipalities on or before specified dates. It is recommended that the Regional Treasurer request that the remaining instalments for the property tax levy estimate be paid on or before September 30, 2011 and December 15, 2011.

7. CONCLUSION

This report recommends that Council adopt the proposed 2011 tax rates required to raise the property tax levy requirement that was approved by Council on April 21, 2011. As well, the report provides the 2011 proposed tax rates and the dates for the remittance of the remaining instalment payments.

For more information on this report, please contact Clayton Pereira, Tax Policy Specialist at Ext. 1679.

The Senior Management Group has reviewed this report.