2
2012 PROPERTY TAX RATES

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated February 27, 2012, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. The broad property class tax rates for 2012 be established as follows:

Broad Property Class	2012 Tax Rates %
Residential/Farm	0.452889
Multi-Residential	0.452889
Commercial	0.505968
Industrial	0.594372
Pipeline	0.416205
Farmland	0.113222
Managed Forests	0.113222

2. The local municipalities shall pay the final two instalments of the 2012 Regional property tax levy on or before September 28, 2012 and December 14, 2012.

3. Council approve a by-law to give effect to these recommendations.

2. PURPOSE

This report recommends that Council adopt the 2012 proposed tax rates needed to raise the tax levy component of the 2012 Regional Budget.

3. BACKGROUND

Tax rates reflect the phasing-in of reassessment

The property values used for the 2012 taxation year are based on the 2008 reassessment and represent the final year of a four year phase-in of assessment increases. The next province-wide reassessment is to take place in 2012. Increases in assessment will then be phased in from 2013 through to 2016, while any decreases in assessment will be implemented in 2013.

A Tax Rate By-law is required annually

Section 311(2) of the *Municipal Act, 2001* ("the Act") requires that an upper-tier municipality pass a tax rating by-law each year, unless otherwise specified by the Province, that sets out the tax rates for each property class that would raise sufficient revenues to meet its budgetary requirements.

4. ANALYSIS AND OPTIONS

2012 tax rates are determined by the approved budget requirements, assessment values and tax ratios

Tax ratios reflect how the tax rate of a business or multi-residential property class compares to the residential tax rate, with the residential class tax ratio being equal to "one". These ratios were approved by Council on March 22, 2012 for the 2012 taxation year.

The 2012 Budget approved by Regional Council on January 26, 2012 requires a property tax levy of $826,464,000.

Table 1 lists a distribution of Regional revenues by class based on the proposed tax rates that totals $826,464,000. The table includes linear properties that are a prescribed charge per acre as well as payments-in-lieu, which are payments made to compensate a municipality for some or all of the tax revenues that are foregone from tax-exempt properties. Among the most common payments-in-lieu in York Region are federally-owned properties such as Canada Post, municipal utilities and crown corporations.

Table 1
2012 Proposed Regional Revenues and Tax Rates by Class for Illustration

Property Assessment Class	2012 Regional Revenue Generated	2012 Tax Rates
Residential	650,835,405	0.452889%
Residential Taxable (Shared as PIL)	45,873	0.452889%
New Multi-Residential	12,251	0.452889%
Multi-Residential	7,043,522	0.452889%
Commercial Occupied	75,962,044	0.505968%
Commercial Excess Land	1,582,218	0.354177%
Commercial Vacant Land	2,970,556	0.354177%
Commercial – FAD Phase 1	36,935	0.113222%
Commercial (previous Ontario Hydro)	122,996	0.505968%
Commercial Vacant (Shared as PIL)	22,476	0.354177%
Office Building	10,193,073	0.505968%

Office Building Vacant Units and Excess	117,371	0.354177%
Shopping Centre	22,722,930	0.505968%
Shopping Centre Vacant Units and Excess	118,730	0.354177%
Commercial Occupied (New Construction)	6,936,282	0.505968%
Commercial Excess Land (New Construction)	233,448	0.354177%
Office Building (New Construction)	817,320	0.505968%
Office Building Excess (New Construction)	8,280	0.354177%
Shopping Centre (New Construction)	2,354,557	0.505968%
Shopping Centre Excess (New Construction)	66,317	0.354177%
Parking Lot (Full)	24,415	0.505968%
Industrial Occupied	26,192,766	0.594372%
Industrial Excess Land	228,289	0.386342%
Industrial Vacant Land	3,084,957	0.386342%
Industrial FAD Phase 1	68,411	0.113222%
Industrial (previous Ontario Hydro)	349,107	0.594372%
Industrial (previous Ontario Hydro) Excess	80,274	0.386342%
Industrial Occupied (New Construction)	902,783	0.594372%
Industrial Excess Land (New Construction)	27,353	0.386342%
Large Industrial (New Construction)	96,532	0.594372%
Large Industrial	6,524,575	0.594372%
Large Industrial Vacant Units and Excess	90,338	0.386342%
Pipeline	985,004	0.416205%
Farmland	1,340,023	0.113222%
Managed Forest	39,554	0.113222%
Railway Right-Of-Way	580,390	*
Utility Transmission	1,081,045	*
Payments-in-Lieu	2,565,600	N/A
Total 2012 Regional Tax Requirement	**$ 826,464,000**	

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

Link to Key Council–approved Plans

By collecting the 2012 final tax levy, the Region is able to maintain continuity of operations and the delivery of programs and services that are deemed a priority in the 2011 to 2015 Strategic Plan.

5. FINANCIAL IMPLICATIONS

Table 2 provides a comparison of the 2011 approved Regional tax rates and the proposed 2012 rates.

Table 2
2011 Approved Regional Tax Rates and 2012 Proposed Rates

Broad Property Class	2011 Approved Tax Rates %	2012 Proposed Tax Rates %
Residential/Farm	0.463520	0.452889
Multi-Residential	0.463520	0.452889
New Multi-Residential	0.463520	0.452889
Commercial	0.529850	0.505968
Industrial	0.616713	0.594372
Pipeline	0.425975	0.416205
Farmland	0.115880	0.113222
Managed Forests	0.115880	0.113222

As well, Table 3 shows the historical relationship between the increases in average residential assessment in York Region and declining tax rates for the residential broad class.

Table 3
Comparison of Residential Assessment to Residential Tax Rates

	Average Residential Assessment	Tax Rates %
2008	370,450	0.515464
2009	400,000	0.500083
2010	407,200	0.477021
2011	426,300	0.463520
2012	449,000	0.452889

Along with the 2008 reassessment, the Province introduced the phase-in of assessment increases for the 2009 to 2012 taxation years. Tax rates decrease when the value of the assessment base of all classes increases at a greater rate than the property tax funding requirement in a given year.

6. LOCAL MUNICIPAL IMPACT

Subsection 311(11) of the Act requires that an upper-tier tax rating by-law shall estimate the amount of upper-tier tax revenue to be raised in each of the local municipalities. A table of the estimated Regional tax revenue to be raised by local municipalities is shown below based on the proposed 2012 tax rates.

Table 4
2012 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2011 Tax Requirement	2011 Share	2012 Tax Requirement	2012 Share
	$	%	$	%
Aurora	38,007,474	4.83	39,591,495	4.81
East Gwillimbury	15,401,980	1.96	15,876,348	1.93
Georgina	22,468,458	2.86	23,150,294	2.81
King	19,883,973	2.53	20,992,936	2.55
Markham	219,109,155	27.84	228,854,008	27.78
Newmarket	49,228,142	6.26	50,712,665	6.16
Richmond Hill	138,802,102	17.64	144,388,180	17.52
Vaughan	255,605,193	32.48	269,253,204	32.68
Whitchurch-Stouffville	28,405,523	3.60	31,079,270	3.76
Sub-Total	786,912,000	100.00	823,898,400	100.00
Payments-in-Lieu	2,502,000		2,565,600	
Total Tax Requirement	**789,414,000**		**826,464,000**	

King, Vaughan and Whitchurch-Stouffville will contribute a slightly greater amount towards the 2012 share of the Regional tax revenue in comparison to the remaining municipalities. This is due to the three municipalities experiencing stronger growth in assessment during 2011 relative to their neighbouring municipalities.

Dates for instalment payments for 2012 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. At the Regional meeting of January 26th, 2012, Council adopted the interim levy payment dates of April 30, 2012 and June 29, 2012. It is recommended that the Regional Treasurer request that the remaining two instalments for the property tax levy estimate be paid on or before September 28, 2012 and December 14, 2012.

7. CONCLUSION

This report recommends that Council adopt the proposed 2012 tax rates required to raise the property tax levy requirement that was approved by Council on January 26, 2012. As well, the report provides the 2012 proposed tax rates and the dates for the remittance of the remaining instalment payments.

For more information on this report, please contact Ed Hankins, Director, Policy, Risk and Treasury at Ext. 1644.

The Senior Management Group has reviewed this report.