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PROPERTY TAX RATES FOR 2004

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, May 5, 2004, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Subject to the approval by the Minister of Finance of the tax ratios adopted by Council at its meeting of April 29, the 2004 property tax rates for Regional services be established as follows:

Property Class	Tax Rates
Residential	.485717%
Multi-Residential	.485717%
New Multi-Residential	.485717%
Commercial	.586260%
Industrial	.667229%
Pipeline	.446374%
Farmland	.121429%
Managed Forests	.121429%

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

2. PURPOSE

On March 25, 2004, Council approved the 2004 Regional Budget which had property tax funded expenditures of $514,951,000. The purpose of this report is to recommend the property tax rates required to generate this revenue requirement.

3. BACKGROUND

Section 311(11) of the *Municipal Act, 2001*, requires that Council pass a rating by-law that sets out the tax rates for each property class along with an estimate of the amount to be raised by each lower tier municipality needed to satisfy the Regional tax requirement prior to April 30. However, for the 2004 taxation year, Ontario Regulation 67/04 extended this deadline to May 31, 2004.

Tax ratios for the Region must be finalized prior to Council establishing its 2004 tax rates. For the 2004 taxation year only, municipalities were permitted to increase the business class tax ratios that are currently above the Range of Fairness to a level which would be sufficient to neutralize assessment-related tax shifts to all classes. Since Council chose to utilize this option to neutralize assessment related tax shifts from the Commercial and Industrial classes at its meeting of April 29, 2004, final approval of the proposed tax ratios be obtained by the Minister of Finance.

For 2004, properties in York Region will be taxed based on their current value assessment as at June 30, 2003, which reflects a two year assessment update.

4. ANALYSIS AND OPTIONS

Table 1 lists the tax ratios adopted by Council for the 2004 taxation year. These ratios are still subject to the approval of the Minister of Finance which is expected to be received prior to Council's meeting on May 20, 2004.

Table 1
2004 Proposed Tax Ratios

Property Class	Ranges of Fairness	Approved 2003 Tax Ratios	Proposed 2004 Tax Ratios
Residential	1.0	1.0000	1.0000
Multi-Residential	1.0 to 1.1	1.0000	1.0000
New Multi-Residential	1.0 to 1.1	1.0000	1.0000
Commercial	0.6 to 1.1	1.1000	1.2070
Industrial	0.6 to 1.1	1.3000	1.3737
Pipeline	0.6 to 0.7	0.9190	0.9190
Farmland	0.2500	0.2500	0.2500
Managed Forest	0.2500	0.2500	0.2500

Tax ratios are a critical element in determining tax rates since they determine the relative amount of taxation to be borne by each property class in relation to the Residential class. While the tax ratios for the Multi-Residential, Commercial and Industrial classes are within limits and determined by Council, the tax ratios for Farmland and Managed Forest are prescribed by the Province.

Furthermore, certain prescribed sub-classes are also subject to discounts. At its April 29, 2004 meeting, Council maintained its current policies with respect to approved discounts for the vacant and excess land subclasses in the Commercial class at 30% and in the Industrial class at 35% and discounts for the first and second subclasses for farmland awaiting development at 75% and 0% respectively.

Property tax rates are established by taking the property tax funding requirement for 2004 multiplied by the total weighted and discounted assessment for the class (current assessment adjusted for the tax ratio and or discounted tax ratio) divided by the current value assessment for each class/sub-class.

5. FINANCIAL IMPLICATIONS

Table 2 lists the proposed tax rates required to raise the approved 2004 Regional tax revenue requirement of $514,951,000.

Table 2
Proposed 2004 Regional Tax Rates

Property Assessment Class	Regional Revenue Generated	Regional Tax Rate
Residential	405,056,993	.485717%
Residential – FAD Phase 1	658	.121429%
Residential Taxable (Shared as PIL)	772	.485717%
Multi-Residential	4,021,700	.485717%
New Multi-Residential	0	.485717%
Commercial Occupied	71,727,765	.586260%
Commercial Excess Land	1,793,018	.410382%
Commercial Vacant Land	1,325,047	.410382%
Commercial Taxable (Shared as PIL)	103,380	.586260%
Commercial – FAD Phase 1	53,692	.121429%
Industrial Occupied	22,313,723	.667229%
Industrial Excess Land	338,204	.433699%
Industrial Vacant Land	2,226,514	.433699%
Industrial Taxable (Shared as PIL)	404,687	.667229%
Industrial Taxable Excess Land (Sh'd as PIL)	39,441	.433699%
Industrial – FAD Phase 1	70,269	.121429%
Pipeline	741,297	.446374%
Farmland	966,228	.121429%
Managed Forest	60,366	.121429%
Railway-Right-of-Way (Estimated)	405,507	*
Utility Transmission (Estimated)	1,101,739	*
Payments-in-lieu (Estimated)	2,200,000	N/A
Total 2004 Regional Tax Requirement	**514,951,000**	

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

6. LOCAL MUNICIPAL IMPACT

Local municipalities will collect property taxes to fund the 2004 Regional property tax funding requirement based on the tax rates contained in this report. The local municipalities will also set property tax rates to fund their local services. The education portion of the property tax bill will be raised by the local municipalities based on the educations tax rates that have been prescribed by the Province.

Table 3
Regional Tax Burden by Local Municipality

Municipality	2003 Estimated Tax Burden	2003 Share	2004 Estimated Tax Burden	2004 Share
	$	%	$	%
Aurora	22,422,483	4.81	24,611,536	4.80
East Gwillimbury	9,852,741	2.12	10,554,889	2.06
Georgina	15,045,082	3.23	16,127,244	3.15
King	13,297,112	2.85	13,951,871	2.72
Markham	133,262,945	28.61	146,080,963	28.49
Newmarket	31,004,362	6.66	34,115,820	6.65
Richmond Hill	82,651,065	17.75	92,006,469	17.94
Vaughan	144,063,188	30.93	160,518,839	31.31
Whitchurch-Stouffville	14,152,022	3.04	14,783,369	2.88
Sub-Total	465,751,000	100.00	512,751,000	100.00
Payments-in-Lieu	2,200,000		2,200,000	
Total Tax Requirement	**467,951,000**		**514,951,000**	

Note: Revenues for Railway Right-of-Ways and Utilities have been estimated at this time.

7. CONCLUSION

This report contains recommendations for Council to set region-wide property tax rates to fund Regional services for the 2004 taxation year subject to the requested tax ratios being approved by the Minister of Finance. The provincially legislated deadline for the setting of 2004 property tax rates is May 31, 2004.

The Senior Management Group has reviewed this report.