

To: Warden and Members of County Council

From: Director of Corporate Services

2023 Tax Policy By-law

RECOMMENDATION

1. That By-law No. 6527-2023, being a by-law to establish tax ratios and levy tax rates for upper-tier purposes for the year 2023, be presented to Council for enactment.

REPORT HIGHLIGHTS

- To enact the necessary by-law to set the County's tax policy for the 2023 taxation year
- Average residential property tax bill will increase by \$38; typical farm related property tax bill will increase by \$71 in 2023 – for County purposes only

Implementation Points

Upon passing the by-law introduced under this report, County and Area Municipal Finance staff will proceed with the annual assessment review and tax calculation process necessary for final billings.

Financial Impact

The approval of the recommendations contained in this report will have no financial impact beyond what has been approved in the current year's budget.







Tax policy decisions will reflect how the County and Area Municipalities' tax levies will be distributed among the various property tax classes and by property based on 2023 property assessment values determined by MPAC.

Communications

The 2023 Tax Ratios and Rates By-law will be circulated to the Area Municipal Treasurers for billing purposes and remitting final 2023 levy instalment payments to the County – set for September 30 and December 15, 2023.

The County’s webpage [Property Taxes – Your County tax dollars explained](#) will be updated accordingly.

Strategic Plan (2020-2022)

					
<i>WORKS WELL TOGETHER</i>	<i>WELL CONNECTED</i>	<i>SHAPES THE FUTURE</i>	<i>INFORMS & ENGAGES</i>	<i>PERFORMS & DELIVERS</i>	<i>POSITIVE IMPACT</i>
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DISCUSSION

Background

On an annual basis, County Council is required to establish tax policy that determines the apportionment of the tax burden within and between tax classes, and among area municipalities. In setting these policies the following relationships need to be considered:

1. Effect of tax ratios on the distribution of the tax burden between tax classes, and “levy restriction” provisions;
2. Implications of use or discontinuation of other optional tax policy tools i.e. optional tax classes and graduated taxation; and/or,
3. Changes to existing tax policies affecting taxation on vacant property or land and farmland awaiting development, and programs that provide relief for charitable organizations, and low-income seniors and persons with disabilities.

Many of the tax policy decisions are required to be enacted by by-law on an annual basis to recognize the importance of the responsibility and the impacts of the decisions that fluctuate from year to year due to changes in assessment and the economic environment.

Tax policy recommendations, contained in Report No. CS 2023-08 entitled “2023 Tax Policy”, were presented at County Council’s March 8, 2023 meeting. The recommendations were formed based on collaborative perspectives of the Area Municipal Treasurers and/or Tax Collectors having regard for local impacts. There were no tax policy changes recommended from those adopted in 2020, 2021 and 2022 contained in that report and no direction or further analysis was requested from Council with respect to the 2023 tax policy recommendations.

Comments

Tax Rate Discounts – Excess and Vacant Lands Program

As indicated in Report No. CS 2023-08, the Area Municipal Finance Group have discussed whether the excess and vacant lands tax rate discount program remains relevant in Oxford and, in order to make that determination, staff will undertake a review in 2023 to inform any recommended changes that may be brought forward for setting 2024 tax policy.

Vacant Unit Rebate Program

Also addressed in Report No. CS 2023-08, based on information gathered by the Area Municipal Finance Group, it has been determined that the Vacant Unit Rebate program has experienced a significant decline in applications since the program was modified in 2018. More specifically, the number of vacant unit rebates approved in 2018 were 76 followed by a notable reduction in 2019 to 27, gradually declining to 20 applications in 2022.

As it stands now, the County's Vacant Unit Rebate program authorized under O.Reg. 325/01 subsection 20 (2) states "Oxford County - No rebate is payable under section 364 of the Act for a taxation year in respect of a building, structure or portion of a building if the municipality paid or credited a rebate in respect of the building, structure or portion, as the case may be, for any five previous taxation years."

Based on comments received from the Area Municipal staff who administer the program, general consensus suggests that tracking the number of years each property has remaining for eligibility under the program is an administrative burden that is difficult to justify considering the number of applications now being approved.

As this policy is an area municipal decision, each Area Municipality has the ability to exercise the opt-out provision to eliminate the vacant unit rebate program. In the event that any Area Municipality chooses not to proceed, the County's regulated program under O.Reg. 325/01 will continue to apply. The Area Municipal Finance Group also expressed the desire to maintain consistency in tax policy among all of Oxford's municipalities for fair and equitable treatment of business properties regardless of where it is located in Oxford County.

Ontario's Property Assessment and Taxation Review

Over the course of the past few years, the Provincial Government has been conducting a review of Ontario's property tax and assessment system. The review is intended to explore opportunities to support a competitive business environment, enhance the accuracy and stability of property assessments, and strengthen the governance and accountability of the Municipal Property Assessment Corporation (MPAC). As part of the review, the Province has been consulting with municipalities, including seeking input through the Property Assessment and Taxation Review Municipal Advisory Committee.

While the consultation process remains ongoing, property tax decisions for the 2023 taxation year were considered by the Province and announced in their *2021 Economic Outlook and Fiscal Review* that property assessments for the 2022 and 2023 tax years will continue to be

based on the same valuation date (January 1, 2016) as was used for 2020 and 2021 in order to maintain stability for municipalities and taxpayers.

Although we recognize how important it was to pause the planned 2020 reassessment during the pandemic, municipalities are now advocating to proceed with reassessment in time for the 2024 tax year to provide stability and predictability for municipalities and property owners as we face uncertain economic times.

Predictability in a sound assessment base is also a particular interest to the County and our Area Municipal partners as a significant portion of our industrial assessment base is comprised of the auto industry which has struggled for decades to achieve fair and equitable assessment in the absence of a defensible valuation methodology. This unpredictability comes at a cost to all property taxpayers in Oxford County, resulting in millions of dollars of taxation being refunded several years after being collected and invested in our community.

Over the years, staff and Councillors have advocated for a review of the methodology used to assess these provincially significant properties, through municipal associations, Ministry of Finance - Property Assessment and Taxation Review Municipal Advisory Committee, Minister of Finance and MPAC, to no avail.

In spite of the efforts of the past, staff will continue to advocate for a reliable valuation methodology for auto manufacturing properties throughout Ontario to avoid perpetual appeals that hold municipalities hostage for years and threatens our communities' sustainability.

[2023 Tax Policy](#)

The 2023 tax policy provisions are summarized in Table 1, and have been incorporated in the by-law before Council for consideration in accordance with the recommendations presented in Report No. CS 2023-08. They have been prepared in keeping with the Province's initiative to maintain stability in the property tax system by deferring implementation of revised assessment values for purposes of tax distribution in 2021 to 2023. In light of the foregoing, the County's 2021, 2022 and 2023 tax ratios and rates by-laws have been prepared on the basis of the same tax policy provisions employed in 2020.

Table 1 – 2023 Tax Policy

	Tax Policy	Highlights
1.	Tax Ratios	Residential 1.0 Multi-Residential 2.0 New Multi-Residential 1.0 Farm 0.2177 Managed Forest 0.25 Commercial 1.9018 Landfill 1.9018 Industrial 2.63 Large Industrial 2.63 Pipeline 1.2593
2.	Tax Rate Reductions for Prescribed Property Subclasses	Tax rate discounts – for vacant lands and farmland awaiting development Farm 55% Commercial 30% Industrial 35%
3.	Tax Rates for Upper Tier Purposes	Tax rates are calculated using the ratios and tax reductions set out above and the levy amount required to be raised for the following purposes: <ul style="list-style-type: none"> ▪ General - \$70,759,302 ▪ Library - \$4,288,199 ▪ Woodstock Police Services Court Security and Prisoner Transportation - \$10,276

Tables 2 and 3 present the impact of 2023 tax policy on the average residential household and typical farm related properties, indicating that the average residential household will see an increase of approximately \$38 in their 2023 property tax bill related to County services, including area rated services, while the typical farm related properties will experience an approximate \$71 increase.

Impact on Typical Properties

Table 2 – Tax Impact on Average Single Family Residential Property – Total County Levy

Single Family Detached Residential	2022 Tax	2023 Tax	\$ Change	% Change
Phased CVA	\$277,846	\$277,846	\$0	0.00%
Composite tax rate	0.00412477	0.00426166	0.00013689	3.32%
Total tax	\$1,146	\$1,184	\$38	3.32%
Single Family Detached Residential	2022 Tax	2023 Tax	\$ Change	% Change
Phased CVA	\$250,000	\$250,000	\$0	0.00%
Composite tax rate	0.00412477	0.00426166	0.00013689	3.32%
Total tax	\$1,031	\$1,065	\$34	3.32%

Table 3 – Tax Impact on Farm Related Properties – Total County Levy

Farm Related Properties	2022 Tax	2023 Tax	\$ Change	% Change
Farm House CVA	\$201,500	\$201,500	\$0	0.00%
Composite tax rate	0.00412477	0.00426166	0.00013689	3.32%
Total tax	\$831	\$859	\$28	3.32%
Farm Related Properties	2022 Tax	2023 Tax	\$ Change	% Change
Farm Land CVA	\$1,471,700	\$1,471,700	\$0	0.00%
Composite tax rate	0.00089796	0.00092776	0.00002980	3.32%
Total tax	\$1,322	\$1,365	\$44	3.32%
Total Property Tax	\$2,153	\$2,224	\$71	3.32%

Conclusions

The by-law being introduced to Council under this report has been prepared on the basis of distributing the County’s tax levy among the various property classes that conforms with 2020 to 2022, in keeping with the Province’s initiative to pause implementation of revised property assessment values during times of instability in property values and the economy.

SIGNATURES

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer