

To: Warden and Members of County Council

From: Director of Corporate Services

2021 Tax Policy By-law

RECOMMENDATION

1. **That By-law No. 6335-2021, being a by-law to establish tax ratios and levy tax rates for upper-tier purposes for the year 2021, be presented to Council for enactment.**

REPORT HIGHLIGHTS

- To enact the necessary by-law to set the County's tax policy for the 2021 taxation year
 - Amended to waive interest for deferred payment arrangements necessary for area municipalities to employ tax relief programs to assist taxpayers in financial need due to implications of COVID-19
- Average residential property tax bill will decrease by \$6; typical farm related property tax bill will decrease by \$10 in 2021 – for County general levy 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.

As further details regarding the optional small business subclass are set in provincial regulation, the County Treasurers will conduct a more fulsome review to inform a report and recommendations to County Council.

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.

Communications

The 2021 Tax Ratios and Rates By-law will be circulated to the Area Municipal Treasurers for billing purposes and remitting final 2021 levy instalment payments to the County – set for September 30 and December 15, 2021.

The County's webpage [Property Taxes – Your 2021 County tax dollars explained](#) will be updated accordingly.

Strategic Plan (2015-2018)

					
<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

Tax policy recommendations, contained in Report No. CS 2021-13 entitled “2021 Tax Policy”, were presented at County Council's March 10, 2021 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.

There was no direction given by Council in response to the aforementioned report.

Comments

The 2021 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 2021-13. 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, subsequently extended to delay implementation in 2022. In light of the foregoing, the County's 2021 tax ratios and rates by-law has been prepared on the basis of the same tax policy provisions employed in 2020.

The proposed by-law also includes a provision to defer portions of the area municipal instalment payments to address cashflow needs that may result from tax deferral programs designed to provide financial relief to eligible taxpayers due to implications of the COVID-19 pandemic. In addition, the proposed by-law effectively waives the *Municipal Act* provision that requires the lower-tier municipality to pay interest on the amount of any payment or portion of payment that is not paid by the instalment due dates set out in the by-law, by setting the interest rate at 0%.

Table 1 – 2021 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 - \$63,724,374 ▪ Library - \$3,994,008 ▪ Woodstock Police Services Court Security and Prisoner Transportation - \$95,088

As explained in Report No. CS 2021-13, in response to some municipalities requesting additional property tax tools that would provide targeted tax relief to small businesses and increase business competitiveness, through the Province's review of Ontario's property tax and assessment system, an optional small business class program was introduced for 2021.

Based on the information available to date, municipalities would be able to provide a property tax reduction for eligible small businesses through the adoption of a new optional small business property subclass. The Province will also consider matching these municipal property tax reductions in order to provide further support for small businesses.

Amendments are being proposed to the *Assessment Act* that would allow municipalities to define small business eligibility in a way that best meets local needs and priorities. Further details on the optional small business subclass have yet to be set in provincial regulation.

In the absence of a regulation and based and having experienced a prolonged implementation for a new sub-class for small-scale on-farm business, consideration of this option for 2021 was not recommended. Due to the limited information available to date, staff are concerned with programs that may present unintended conflict between properties that meet the criteria and

those that do not – missing out on the benefit, which has the potential for posing costly challenges. A more fulsome review will be conducted when more information becomes available with the County's Treasurers forming recommendations for Council's consideration.

Tables 2 and 3 present the impact of 2021 tax policy on the average residential household and typical farm related properties, indicating that the average residential household will see a decrease of approximately \$6 in their 2021 property tax bill related to County services, excluding area rated services, while the typical farm related properties will experience an approximate \$10 decrease.

Impact on Typical Properties

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

Single Family Detached Residential	2020 Actual	2021 Preliminary	\$ Change	% Change
Phased CVA	\$271,277	\$271,277	\$0	0.00%
General tax rate	0.00369205	0.00367037	-0.00002168	-0.59%
General tax	\$1,002	\$996	(\$6)	-0.59%
Single Family Detached Residential	2020 Actual	2021 Preliminary	\$ Change	% Change
Phased CVA	\$250,000	\$250,000	\$0	0.00%
General tax rate	0.00369205	0.00367037	-0.00002168	-0.59%
General tax	\$923	\$918	(\$5)	-0.59%

Table 3 – Tax Impact on Farm Related Properties – General Levy

Farm Related Properties	2020 Actual	2021 Preliminary	\$ Change	% Change
Farm House CVA	\$182,100	\$182,100	\$0	0.00%
General tax rate	0.00369205	0.00367037	-0.00002168	-0.59%
General tax	\$672	\$668	(\$4)	-0.59%
Farm Related Properties	2020 Actual	2021 Preliminary	\$ Change	% Change
Farm Land CVA	\$1,331,000	\$1,331,000	\$0	0.00%
General tax rate	0.00080376	0.00079904	-0.00000472	-0.59%
General tax	\$1,070	\$1,064	(\$6)	-0.59%

Similarly, Tables 4 and 5 present the impact of 2021 tax policy based on the composite tax rates, including the general levy and the two special levies – Library services and Woodstock Police Services Court Security and Prisoner Transportation Grant, both of which apply to all area municipalities with the exception of Woodstock.

Table 4 – Tax Impact on Average Single Family Residential Property – Composite Levy

Single Family Detached Residential	2020 Tax	2021 Tax	\$ Change	% Change
Phased CVA	\$271,277	\$271,277	\$0	0.00%
General tax rate	0.0040655	0.00404134	-0.00002416	-0.59%
General tax	\$1,103	\$1,096	(\$7)	-0.59%
Single Family Detached Residential	2020 Tax	2021 Tax	\$ Change	% Change
Phased CVA	\$250,000	\$250,000	\$0	0.00%
General tax rate	0.0040655	0.00404134	-0.00002416	-0.59%
General tax	\$1,016	\$1,010	(\$6)	-0.59%

Table 5 – Tax Impact on Farm Related Properties – Composite Levy

Farm Related Properties	2020 Tax	2021 Tax	\$ Change	% Change
Farm House CVA	\$182,100	\$182,100	\$0	0.00%
General tax rate	0.0040655	0.00404134	-0.00002416	-0.59%
General tax	\$740	\$736	(\$4)	-0.59%
Farm Related Properties	2020 Tax	2021 Tax	\$ Change	% Change
Farm Land CVA	\$1,331,000	\$1,331,000	\$0	0.00%
General tax rate	0.00088506	0.00087980	-0.00000526	-0.59%
General tax	\$1,178	\$1,171	(\$7)	-0.59%
Total Property Tax	\$1,918	\$1,907	(\$11)	-0.59%

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, which for 2021, is presented as status quo in order to support family and business property owners who are experiencing financial hardship due to economic pressures imposed by the ongoing pandemic.

In addition, the provision to apply interest to any payment or portion of a tax instalment that is not met by an area municipality on the due dates has been waived in the proposed by-law to allow the area municipalities to manage their cashflow requirements as they offer tax relief programs to taxpayers who are experiencing financial hardship as a result of the pandemic.

SIGNATURES

Departmental Approval:

Original signed by

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

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer