

To: Warden and Members of County Council

From: Director of Corporate Services

2023 Preliminary Assessment and Tax Analysis

RECOMMENDATION

1. **That Report No. CS 2022-46 entitled “2023 Preliminary Assessment and Tax Analysis”, be received for information.**

REPORT HIGHLIGHTS

- 2022 estimated preliminary net assessment growth \$423.5 million (\$341.7 million – 2021)
- 2023 estimated County taxes on an average single family detached residential property valued at \$275,022 is anticipated to increase by \$29 over 2022

Implementation Points

The information contained in this report is intended to provide Council with a preliminary view of the potential growth and other changes to the County’s assessment base, based on new assessment recorded to date. Once the revised assessment roll is released from the Municipal Property Assessment Corporation, municipalities will have the necessary information for purposes of assessment analysis and tax policy modeling in 2023.

Financial Impact

The information contained in this report has no impact on the County’s budget or tax levy; rather it reflects a preliminary indication of how the County’s budget and tax levy will be distributed among the various property classes and average properties based on assessment values. Considering there is no phase-in of reassessed values, with 2022 tax being based on full CVA of the January 2016 property values, changes to the roll for 2023 will only reflect assessment generated by new and improved property, net of any deletions that occurred in 2022.







The assessment and tax revenue data referenced in this report is based on information compiled by Municipal Tax Equity¹ using assessment data generated by the Municipal Property Assessment Corporation (MPAC).

¹ Preliminary In-Year Assessment and Levy Growth Summary 2022, Municipal Tax Equity (MTE) Consultants Inc., dated November 7, 2022

Communications

The information contained in this report is intended to inform how preliminary assessment growth in the current budget year will impact the distribution of tax to be levied to taxpayers in the new year. As the assessment data is preliminary, it is subject to change at the time the final roll for 2023 tax purposes is received in December 2022. County Council considers the information in this report as integral to the annual budget approval process as it provides an indicator of the levy's impact on taxpayers.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.			

DISCUSSION

Background

The content of this report illustrates growth related implications recorded to date to the County's assessment for 2023 taxation and does not include market changes and the phase-in program that are typical annual adjustments as the Province delayed implementation of the four-year assessment cycle that was to be implemented in 2021 due to economic pressures caused by COVID-19. As part of the Ontario Government's 2022 Budget, the Minister of Finance announced the Province's decision to continue postponement of a province-wide property assessment update due to the pandemic into 2023.

On the basis of the foregoing, property assessments for the 2023 property tax year will continue to be based on January 1, 2016 current values. This means property assessment remains the same as it was for the 2022 tax year, unless there have been changes to the property, for example:

- changes to property including an addition, new construction, or renovation;
- a structure on a property was assessed for the first time;
- change to property's classification;
- property no longer qualifies as farmland, conservation land or managed forests; or
- all or part of a property no longer qualifies to be tax exempt.

The analysis contained in this report is based on use of tax rates for County general purposes only. Education tax rates and area municipal tax rates have not been included.

All tax calculations and tax levies have been calculated based on the following:

- assessment values have been derived from the County's 2022 roll revised by in-year assessment additions and deletions up to November 3, 2022;
- 2022 tax calculations are based on actual 2022 tax rates;
- revenue neutral rates have been calculated for the purposes of 2023 which, due to the absence of reassessment phase-in, are the same as the 2022 actual tax rates;

- the County's current tax ratio schedule has been applied for 2023; and
- tax rate calculations are based on taxable assessment and exclude payment in lieu properties unless explicitly illustrated.

Comments

2021 was intended to mark the first year of a revised four-year assessment cycle based on January 1, 2019 market values. In the absence of new assessment values being introduced in 2021 and further postponed for 2022 and 2023 there are no year over year phase-in increases or decreases that will affect taxation results. Nevertheless, the County continues to experience significant growth in assessment in spite of the ongoing pandemic. The contents of this report have been prepared to provide a preliminary review of the growth in assessment at the property class level – see Tables 1 through 6 below that illustrate the following:

[Table 1 – 2022 Preliminary Assessment Growth](#)

[Table 2 – 2022 Preliminary Revenue Growth \(Annualized\)](#)

[Table 3 – Annual Growth Comparison – 2021 Actual to 2022 Preliminary](#)

[Table 4 – Preliminary General Levy Change](#)

[Table 5 – Preliminary 2023 Rates](#)

[Table 6 – Preliminary Tax Impact on Average Single Family Residential Property](#)

[Table 1 – 2022 Preliminary Assessment Growth](#) – provides a summary of the net effect of the annualized in-year changes to assessment for 2022 tax purposes. Growth includes physical changes to property such as new construction, additions, improvements and demolitions, as well as equity changes in value that are triggered by Minutes of Settlement, decisions of the Assessment Review Board, and refund applications – representing real changes in the County's tax base, including growth and loss.

Property Tax Class	2022 Full CVA		Preliminary Growth	
	As Returned	Year to Date	\$	%
Taxable				
Residential	11,458,269,516	11,844,686,611	386,417,095	3.37%
Farm	6,461,846,045	6,434,092,188	-27,753,857	-0.43%
Managed Forest	13,208,100	13,650,500	442,400	3.35%
New Multi-residential	27,381,700	51,236,700	23,855,000	87.12%
Multi-residential	202,127,110	205,373,891	3,246,781	1.61%
Commercial	1,238,568,236	1,269,592,259	31,024,023	2.50%
Industrial	288,859,716	293,838,711	4,978,995	1.72%
Large Industrial	386,047,540	387,869,909	1,822,369	0.47%
Pipeline	266,830,000	266,305,000	-525,000	-0.20%
Sub-total Taxable	20,343,137,963	20,766,645,769	423,507,806	2.08%
Payments in Lieu				
Residential	2,098,300	1,862,300	-236,000	-11.25%
Commercial	68,640,000	64,759,000	-3,881,000	-5.65%
Industrial	2,692,300	2,814,300	122,000	4.53%
Landfill	1,493,700	1,493,700	0	0.00%
Sub-total PIL	74,924,300	70,929,300	-3,995,000	-5.33%
Total	20,418,062,263	20,837,575,069	419,512,806	2.05%

Table 2 – 2022 Preliminary Revenue Growth (Annualized) – provides data illustrating the net revenue growth calculated as the difference in the returned roll tax amount and the preliminary year-end/revised roll. These calculations represent a full year of taxation and therefore are not a true representation of the revenues that would have been realized in 2022 as many changes would not have been in effect for the full tax year.

Property Tax Class	2022 General Levy		Revenue Growth	
	As Returned	As Revised	\$	%
Taxable				
Residential	43,059,803	44,529,981	1,470,178	3.41%
Farm	5,288,634	5,265,918	-22,716	-0.43%
Managed Forest	12,413	12,829	416	3.35%
New Multi-residential	102,941	192,623	89,682	87.12%
Multi-residential	1,519,789	1,544,202	24,413	1.61%
Commercial	8,769,381	8,988,473	219,092	2.50%
Industrial	2,777,168	2,813,091	35,923	1.29%
Large Industrial	3,759,232	3,773,531	14,299	0.38%
Pipeline	1,263,262	1,260,777	-2,485	-0.20%
Sub-total Taxable	66,552,623	68,381,425	1,828,802	2.75%
Payments in Lieu				
Residential	7,888	7,001	-887	-11.24%
Commercial	484,212	457,791	-26,421	-5.46%
Industrial	24,870	26,170	1,300	5.23%
Landfill	10,680	10,680	0	0.00%
Sub-total PIL	527,650	501,642	-26,008	-4.93%
Total	67,080,273	68,883,067	1,802,794	2.69%

Table 2a – 2021 Preliminary Revenue Growth (Annualized) 6 Year Comparative – provides data illustrating the percentage increases net revenue growth over the past six-year period ending in 2022.

Year	Increase
2017	2.39%
2018	2.93%
2019	2.33%
2020	2.00%
2021	1.96%
2022*	2.75%

*Note: As the 2022 preliminary assessment growth figures contained in this report are based on November 3, 2022 data, the analysis is subject to change with potential updates prior to being finalized and released by year end.

Table 3 – Annual Growth Comparison – 2021 Actual to 2022 Preliminary – illustrates how assessment growth related changes have occurred between 2021 and 2022 relative to property tax class.

Property Tax Class	Annualized Levy Growth			
	2021 Actual		2022 Preliminary	
	\$	%	\$	%
Taxable				
Residential	901,015	2.19%	1,470,178	3.41%
Farm	28,374	0.55%	-22,716	-0.43%
Managed Forest	783	6.91%	416	3.35%
New Multi-residential	92,694	1187.32%	89,682	87.12%
Multi-residential	-781	-0.05%	24,413	1.61%
Commercial	198,761	2.38%	219,092	2.50%
Industrial	234,158	9.45%	35,923	1.29%
Large Industrial	-213,842	-5.51%	14,299	0.38%
Pipeline	9,393	0.77%	-2,485	-0.20%
Sub-total Taxable	1,250,555	1.96%	1,828,802	2.75%
Residential	-7	-0.09%	-887	-11.24%
Commercial	28,266	6.36%	-26,421	-5.46%
Industrial	-4,737	-16.32%	1,300	5.23%
Landfill	0	0.00%	0	0.00%
Sub-total PIL	23,522	4.78%	-26,008	-4.93%
Total	1,274,077	1.98%	1,802,794	2.69%

2021 Actual Revenue Growth was measured as of roll return for 2022 taxation and 2022 Preliminary Growth contained in this report is based on data extracted on November 3, 2022.

Table 4 – Preliminary General Levy Change – compares the 2023 preliminary tax levy (\$70,317,804 – subject to rounding) to the 2022 annualized year-end levy as distributed to each of the property tax classes.

Property Tax Class	Preliminary General Levy Change		Levy Change	
	Year to Date	Proposed 2023		
	\$	\$	\$	%
Taxable				
Residential	44,529,981	45,790,966	1,260,985	2.83%
Farm	5,265,918	5,415,043	149,125	2.83%
Managed Forest	12,830	13,193	363	2.83%
New Multi-residential	192,624	198,079	5,455	2.83%
Multi-residential	1,544,202	1,587,930	43,728	2.83%
Commercial	8,988,478	9,243,008	254,530	2.83%
Industrial	2,813,091	2,892,751	79,660	2.83%
Large Industrial	3,773,532	3,880,389	106,857	2.83%
Pipeline	1,260,776	1,296,477	35,701	2.83%
Sub-total Taxable	68,381,432	70,317,836	1,936,404	2.83%
Residential	7,001	7,200	199	2.84%
Commercial	457,789	470,753	12,964	2.83%
Industrial	26,170	26,911	741	2.83%
Landfill	10,680	10,982	302	2.83%
Sub-total PIL	501,640	515,846	14,206	2.83%
Total	68,883,072	70,833,682	1,950,610	2.83%

Table 5 – Preliminary 2023 Rates – compares the 2023 preliminary tax rates to the actual 2022 tax rates as applied.

Property Tax Class	General Tax Rates		% Change
	2022 Actual	2023 Preliminary	
Residential	0.00375949	0.00386595	2.83%
Farm	0.00081844	0.00084162	2.83%
Managed Forest	0.00093987	0.00096649	2.83%
New Multi-residential	0.00375949	0.00386595	2.83%
Multi-residential	0.00751898	0.00773190	2.83%
Commercial	0.00714980	0.00735226	2.83%
Industrial	0.00988746	0.01016745	2.83%
Large Industrial	0.00988746	0.01016745	2.83%
Landfill	0.00714980	0.00735226	2.83%
Pipeline	0.00473433	0.00486839	2.83%
Taxable Levy	66,552,568	70,317,804	5.66%

Table 6 – Preliminary Tax Impact on Average Single Family Residential Property – this table compares the 2022 average single family detached residential property to the 2023 average single family detached residential property in terms of assessment and the resulting tax based on the 2022 actual residential tax rate and the 2023 preliminary residential tax rate, calculated using the draft 2023 general levy of \$70,317,804. The illustration also provides similar calculations based on each \$250,000 of residential property assessment.

Single Family Detached Residential	2022 Actual	2023 Preliminary	\$ Change	% Change
CVA	\$275,022	\$275,022	\$0	0.00%
General tax rate	0.00375949	0.00386595	0.00010646	2.83%
General tax rate	\$1,034	\$1,063	\$29	2.83%
Single Family Detached Residential	2022 Actual	2023 Preliminary	\$ Change	% Change
CVA	\$250,000	\$250,000	\$0	0.00%
General tax rate	0.00375949	0.00386595	0.00010646	2.83%
General tax rate	\$940	\$966	\$27	2.83%

Conclusions

This report provides a preliminary indication of the County's draft 2023 budget impact on tax distribution among the various property tax classes and the average single family residential property.

The information presented in this report provides a preliminary view of the information typically presented to Council to establish annual tax policies. It is important to note that tax policy decisions should not be based on the content of this report.

SIGNATURES

Departmental Approval:

Original signed by

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

Approved for submission:

Original signed by

Benjamin R. Addley
Interim Chief Administrative Officer