



Committee of the Whole Report

To: Chair and Members of the Committee of the Whole
From: Christine Staley, Manager of Taxation and Revenues
Date: February 1, 2024
Report #: RPT-0151-24
Subject: Property Tax Ratios
Purpose: For Approval

Recommendation

That the following tax ratios be approved:

Residential	1.0000
Multi-Residential	1.7000
Farmland	0.2400
Managed Forest	0.2500
Commercial	1.9000
Industrial	2.5500
Pipelines	1.7750
Landfill	1.1000

And that a reduction in the Tax Rate of 35% apply to the following:

- Farmland Awaiting Development
- Commercial Vacant and Excess Land
- Industrial Vacant and Excess Land

And that a reduction in the Tax Rate of 75% apply to the following:

- Commercial small scale on farm subclasses 1 and 2
- Industrial small scale on farm subclasses 1 and 2

Strategic Plan Priority

Strategic Priority 6 - Stable and Responsive Governance

Impacts and Mitigation

Social Impacts

The application of tax ratios ensures that the tax burden is fairly distributed by the County's ratepayers in accordance with Provincial guidelines.

Environmental Impacts

No environmental impacts are anticipated because of this recommendation.

Economic Impacts

Any change to the tax ratio for a particular class will have tax implications for the other classes and should be evaluated carefully based on the County's overall tax levy burden.

Report

Background

Property taxes in Ontario are calculated based on the following equation:

$$\text{Tax Rate} \times \text{Assessed Value} = \text{Tax Bill}$$

Property tax rate calculations are based on the Residential Tax Ratio, assigned a value of 1.0. Once the total funds to be raised from property taxes is known, the base (residential) tax rate is calculated and then applied to all property classes by multiplying by the applicable tax ratio. These tax ratios are intended to represent the portion of overall tax burden that each class of property benefits from. For example, farmland is deemed to have less tax burden per assessment dollar than a residential property, recognizing that these are large parcels with limited servicing needs. As such, the farmland tax ratio is 0.24. This is offset by the fact that these properties also generally have higher overall assessments, which are reflected on the tax bill. Similarly, multi-residential, commercial and industrial class properties are determined to have higher tax levy burdens per assessment dollar and their ratios reflect that accordingly.

In 1999, the Province of Ontario established "Target Ranges" (sometimes referred to as the 'range of fairness') for each property class. Although municipalities set their own tax ratios and the Province has not imposed ratios, any changes to the ratios must be either within the target ranges or moving towards the ranges, with the exception of Farmland, which must be 0.25 or lower. Any changes not in one of these directions, requires Provincial approval, which is generally only considered in an assessment year.

Analysis

The County of Brant Tax Ratios are currently:

Residential	1.0000
Multi-Residential	1.7000
Farmland	0.2400
Managed Forest	0.2500
Commercial	1.9000
Industrial	2.5500
Pipelines	1.7750
Landfill	1.1000

The County has also approved a tax rate reduction in certain transition classes, including the following:

- Farmland Awaiting Development
- Commercial Vacant and Excess Land
- Industrial Vacant and Excess Land

The County has also previously approved a reduction for the following optional property class:

- Small On-Farm Business Subclass (allows for a reduction for businesses on an operating farm that sells the product on the property).

Other optional property classes which the County does not currently have a reduction for include new multi-residential and small business property.

A comparison of tax ratios with other comparator municipalities. This information is summarized below:

Class	Provincial Target Range	Brant	Brantford	Norfolk	Haldimand	St. Thomas	Stratford	Cambridge	Blanford Blenheim
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.1000	1.7000	1.8628	1.6929	2.0000	1.9895	2.0000	1.9500	2.0000
Farmland	0.2500	0.2400	0.2500	0.2300	0.2500	0.2500	0.2500	0.2500	0.2176
Managed Forest	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	n/a	0.2500	0.2500
Commercial	0.6 – 1.1	1.9000	1.7457	1.6929	1.6929	1.7926	1.9759	1.9500	1.9018
Industrial	0.6 – 1.1	2.5500	2.2482	1.6929	2.3274	2.2546	2.5420	1.9500	2.6300
Pipelines	0.6 – 1.1	1.7750	1.7404	1.4893	1.4894	1.2270	1.5090	1.1613	1.2593
Landfill	1 – 1.1	1.1000	1.5000	n/a	1.6929	n/a	1.9759	1.5400	n/a

Calculation of Changes to the Tax Ratios

As noted above, the Council may consider changes to the tax ratios, provided that they are within or heading closer to the Provincial Target Range. If Council were to reduce the tax ratio of any of its classes, the savings to that class of property would be re-distributed as an additional burden on the other classes, based on their tax ratios and total assessment within each class.

Summary and Recommendations

It is the staff’s recommendation that there be no change to the 2024 Property Tax Ratios.

Attachments

None

Reviewed By

Heather Mifflin, Director of Finance, Treasurer
 Heather Boyd, General Manager of Corporate Services

Copied To

N/a

By-law and/or Agreement

By-law Required	Yes
Agreement(s) or other documents to be signed by Mayor and /or Clerk	No