

## 2026 Property Tax Policy and Other Property Tax Matters

Presented To:	City Council
Meeting Date:	April 28, 2026
Type:	Managers' Reports
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Recommended by:	Chief Financial Officer

### Report Summary

This report provides recommendations regarding tax policy choices and other property tax matters that will be used in determining final and supplementary/omitted tax bills for 2026 and the interim tax bills for 2027.

### Resolutions

THAT the City of Greater Sudbury direct staff to present by-laws to approve the 2026 tax rates as outlined in Appendix 'A' of this report entitled 2026 Property Tax Policy and Other Property Tax Matters from the Chief Financial Officer presented at the City Council meeting on April 28, 2026;

AND THAT the by-laws include property tax ratios as follows where the Residential class is set at 1.000000:

New Multi-Residential	1.000000
Multi-Residential	1.965000
Commercial	1.912000
Industrial	3.326534
Large Industrial	3.861378
Aggregate Extraction	2.758751
Pipeline	2.179489
Farm	0.200000
Managed Forest	0.250000

AND THAT the by-laws include the use of capping and clawback tools as follows:

- a) Implement a 10% tax increase cap
- b) Implement a minimum annual increase of 10% of current value assessment level taxes for capped properties
- c) Move capped and clawed back properties within \$500 of current value assessment taxes directly to Current Value Assessment taxes
- d) Eliminate industrial properties that were at Current Value Assessment in 2025 from the capping exercise
- e) Eliminate industrial properties that crossed between capping and clawback in 2026 from the capping exercise

AND THAT the by-laws include the clawback percentage of 1.64178% for industrial, as calculated by the Online Property Tax Analysis (OPTA) System;

AND THAT the by-laws include the following 2026 property tax due dates:

- a) 2026 final tax due dates of June 30, 2026, and July 31, 2026
- b) 2026 omitted and supplementary on the last working day of each month for assessments added to the tax roll before the 10<sup>th</sup> day of each month.

AND THAT the City of Greater Sudbury direct staff to present a by-law in December 2026 or January 2027 to approve the following 2027 property tax and due date provisions:

- a) 2027 interim property tax billing at 50 per cent of the 2026 adjusted/annualized taxes as permitted by legislation
- b) 2027 interim tax due date of February 26, 2027, and March 31, 2027.

## **Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans**

This report refers to operational matters.

## **Financial Implications**

There are no financial implications associated with this report. Council approved a budget for 2026 with a total municipal levy in the amount of \$395 million and the set of policy decisions which are addressed in this report determine the relative share of the net budget allocated to each property tax class.

## **Background**

The purpose of this report is to establish the 2026 property tax ratios to determine final property tax bills.

There are two factors to be considered when establishing tax policy and tax rates:

- a) Determine the property tax ratios applicable for 2026 tax bills
- b) Determine the approach for managing tax capping and clawback provisions

Property tax ratios determine how property tax revenue requirements, established when Council approved the 2026 Budget, will be allocated among property classes. Determining property tax ratios enables the production and issuance of final tax bills.

The recommendations in this report are consistent with property tax policy decisions adopted in prior years and reflect the established method for Area Rating, which assigns specific taxation requirements to specified parts of the city based on different service levels approved by Council.

## **Calculation of Property Taxes**

Rules governing property assessment values in Ontario are complex. However, the ultimate purpose of property assessment values is straightforward – to determine how the City's tax levy is allocated to each property class.

Provincial regulations require decisions regarding tax policy options to be made prior to issuing final property tax bills, even if existing tax ratios (status quo) are being maintained.

Property tax calculations are based on information provided by the Municipal Property Assessment Corporation (MPAC), under the authority of the Assessment Act and Municipal Act, 2001. MPAC is responsible for the classification and identification of property values for all individual properties in Ontario. Municipalities use MPAC data to assign property tax obligations to each property.

The City must establish tax rates through a by-law on an annual basis to raise the required revenue from property taxes planned in the budget. The municipal tax rates are based on assessed values, tax ratios and the annual tax-based operating budget. Tax rates are calculated as follows:

$$\text{Property Tax Rate} = \frac{\text{Property Tax Levy}}{\text{Weighted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

As described in the 2026 Budget approved by City Council, the City of Greater Sudbury will levy \$395 million in municipal property taxation.

### **Deciding Whether to Adjust Tax Ratios**

Property tax policy differs from the annual budget process, although both the budget and the choices in this report affect the amount of tax payable by each tax class. It is useful to think of the budget process as determining the “size of the pie”; it establishes how much tax needs to be collected.

Property tax ratios, the subject of this report, determine “how the pie is sliced”. Property tax ratios are used to calculate the tax rates. The tax rates are then used to calculate the specific amounts each property owner pays. Unlike the budget process, property tax policy decisions do not change the amount of money the City receives through taxation.

In Greater Sudbury, the Industrial and Aggregate Extraction tax ratios are currently above the provincial threshold limit of 2.63. This means only 50% of the levy increase can be applied to industrial and aggregate extraction properties, resulting in approximately \$1,179,000 in budgeted tax revenue allocated to all other classes. The effect of such requirements is that some property tax classes could have a municipal tax increase that is marginally higher than the 3.9% (residential 4.2%) increase Council approved in December 2026. If Council wanted to move the Industrial and Aggregate tax ratio so that it was at the provincial threshold, this would further shift taxation requirements to other property tax classes of approximately \$6.4 million. This amount of taxation would be removed from the Industrial and Large Industrial classes and the burden put on all other classes. Staff do not recommend this change.

The recommended tax ratios in the chart below are based on the 2025 approved ratios adjusted only by the restricted amounts governed by regulation:

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**Table 1: Proposed 2026 Tax Ratios**

	<b>2026 Proposed</b>	<b>2025 Approved</b>
Residential	1.000000	1.000000
New Multi-Residential	1.000000	1.000000
Multi-Residential	1.965000	1.965000
Commercial	1.912000	1.912000
Industrial	3.326534	3.387738
Large Industrial	3.861378	3.932421
Aggregate Extraction	2.758751	2.809507
Pipelines	2.179489	2.179489
Farm	0.200000	0.200000
Managed Forest	0.250000	0.250000

If approved, the tax rates can be generated, and the billing process can proceed. See Appendix 'A' for Tax Rates.

**Residential Property Tax Distribution**

This next chart reflects the tax impact in the residential class (municipal and education) of the approved tax rates.

**Table 2: Typical Property Tax Changes For Residential Properties**

<b>Tax Change</b>	<b># Properties</b>
0 - \$100	11,019
\$100 - \$200	30,591
> \$200	16,899
Total	58,509

There are 41,610 (71%) of the total 58,509 residential properties that will experience an increase of less than \$200 on their 2026 property tax bill. The average increase for all residential properties would be \$178, but this figure will vary depending on area of the City and the valuation of the dwelling.

**Impact of Provincially Regulated Education Tax Rates**

For 2026, the Ministry of Finance regulated the business class education tax rate at 0.88% consistent with 2025. Education tax rates for the residential and multi-residential classes remained at 0.153%.

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**Table 3: Education Tax Rates**

<b>Education Tax Rates</b>			
	<b>2026</b>	<b>2025</b>	<b>% Change</b>
Residential, Multi-Residential	0.153%	0.153%	0.0%
Commercial, Industrial, Pipeline	0.880%	0.880%	0.0%

**Tax Change by Property Class**

Council will recall the 2026 approved budget anticipated a 3.9% property tax increase to support planned service levels. It is important to remember the corporation’s planned taxation revenues will increase in accordance with the amounts determined in the 2026 Budget. Based on the property tax ratios recommended here, excluding the effects of area rating, the following tax changes for specific property types would be as follows:

**Table 4: Tax Change by Property Class**

	Residential	Commercial	Industrial
Municipal Tax Increase	4.2%	4.3%	0.7%

As this chart illustrates, the final tax impacts for other property classes resulting from the 50% levy cap in the Industrial class shifts taxation to the other classes and these classes experiencing a slightly higher increase than the anticipated 3.9%.

**Area Rating**

Area rating is a policy choice that municipalities can make to recognize that some municipal services are provided at different levels across a community. In Greater Sudbury, area rates exist for Fire and Transit Services.

The major variations in taxes levied in the four different service areas are predominately affected by the fire area rate. This changes taxes payable for a property depending on whether it is primarily served by career firefighters, a mix of career and volunteer firefighters (a “composite” service level), or primarily by volunteer firefighters.

This policy was incorporated into the calculation of recommended tax rates, inclusive of education. The following is the effective dollar impact for the residential class for a single family detached home defined as a detached three-bedroom single storey home with 1.5 bathrooms and a one car garage. The total area of the home is approximately 1,200 sq. ft. and the property is situated on a lot that is approximately 5,500 sq. ft. with a 2016 assessed value of \$230,000:

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**Table 5: Representative Effects of Area Rating on 2026 Property Taxes**

	Career / Urban	Composite/ Commuter	Volunteer/ Commuter	Volunteer
Municipal Portion – 2025	\$3,849	\$3,641	\$3,452	\$3,285
Education Portion - 2025	352	352	352	352
Total Taxation - 2025	\$4,201	\$3,993	\$3,804	\$3,637
Municipal Portion - 2026	\$4,035	\$3,767	\$3,571	\$3,448
Education Portion - 2026	352	352	352	352
Total Taxation - 2026	\$4,387	\$4,119	\$3,923	\$3,800
Dollar Change - Total Taxation	\$186	\$126	\$119	\$163
Percentage Change - Total Taxation	4.4%	3.2%	3.1%	4.5%

### Tax Capping and Clawback Provisions

As a result of provincial legislation, there are limits to tax increases that can be applied to business properties. This is known as “tax capping”. Generally, this involves shifting the tax burden among properties within the affected property tax class. In the City of Greater Sudbury, this affects very few properties.

The clawback is a percentage that properties within a specific property class that are experiencing a tax decrease must forgo to support the properties within the same class that are experiencing an increase. In Greater Sudbury, this currently only affects Industrial properties.

Consistent with previous years’ Tax Policies, the following tools are being recommended for approval:

1. Implement a 10% tax increase cap – this means that properties in the industrial class, that were previously in the capping/clawback exercise, will continue to see property tax increases limited to 10% of the preceding year’s annualized taxes, plus a portion of the Council’s approved levy increase.
2. Implement a minimum annual increase of 10% of CVA level taxes for capped properties - this means that properties in the industrial class, that were previously in the capping/clawback exercise, will continue to see property tax increases limited to 10% of the preceding year’s CVA taxes, plus a portion of the Council’s approved levy increase.
3. Move capped and clawed back properties within \$500 of CVA taxes directly to CVA taxes.
4. Eliminate industrial properties that were at Current Value Assessment in 2025 from the capping exercise.
5. Eliminate industrial properties that crossed between capping and clawback in 2026 from the capping exercise.

The following table describes the effects of these changes. Overall, capping and clawback policies apply to 12 properties, while 371 properties will see their taxes reflect their full current value assessment.

**Table 6: Impact of Proposed Capping and Clawback Policies**

	<b>Industrial</b>
Clawback %	1.6419%
Clawback \$	\$253
Shortfall \$	\$247
# of Capped Properties	1
# of Clawback Decreasing Properties	1
# of CVA Tax Properties	364
Total # in Class	366

The use of all tax policy tools available is recommended to set the clawback percentage at 1.6419% for Industrial.

By approving these clawback percentages, it ensures that properties seeing a tax decrease will fund a portion of taxes payable by properties seeing a tax increase of more than 1.64%.

### **2026 Tax Rate and Due Dates**

Tax rates have been developed based on the above recommendations and can be found in Appendix 'A'. The fire and transportation rates will be specific to the service area within the City. A general rate will apply to all properties. Schedule 'A' reflects the tax rates for all service areas by class based on the returned assessment roll and approved municipal levy of \$394,899,272.00.

The 2026 final due dates for all classes have been set for June 30, 2026, and July 31, 2026, and will remain consistent going forward with due dates on the last working day of June and July each year.

### **2026 Omitted and Supplementary Tax Billing and Due Dates**

Sections 33 and 34 of the Assessment Act authorizes a local municipality, in any year, to enter omitted and supplementary assessments on to the tax roll and to levy and collect property taxes resulting from this additional assessment.

Omitted and supplementary assessments are generated by property additions or changes that increase current value assessment.

Due dates will be assigned to the last working day of each month starting with June through to December for items added to the roll before the 10<sup>th</sup> day of each month with most billings having two installment dues except for items added by the 10<sup>th</sup> day of December which will have one installment due date. This is consistent with previous years.

### **2027 Interim Tax Billing**

Section 317 of the *Municipal Act, 2001*, provides the authority for municipalities to pass a By-law to levy interim taxes to meet financial obligations prior to the setting of the final tax rates.

Section 317(3) permits an interim tax levy of 50% of the total taxes for municipal and school purposes levied in the previous year. Any impact resulting from budgetary increases are applied on the final tax bill.

Section 317(9) provides municipalities authority to adjust the interim tax levy if, in the opinion of Council, the taxes levied on a property are too high or too low in relation to the estimated total taxes that will be levied on

the property.

There are numerous accounts that require adjustments to the interim levy. These adjustments result from:

New roll numbers:

New properties on the assessment roll for 2026. These properties had no assessed values for 2025 therefore it not adjusted, no interim tax bill would be issued and the total levy on the final tax bill would pose a financial hardship to taxpayers.

Severed/subdivide/split properties:

During 2025, the total assessment and tax levy was on the original roll number therefore, the 2026 interim bill would only apply to the original roll number. If not adjusted, this could result in an interim tax bill that is higher than permitted under the legislation and/or also higher than the total levy for the taxation year. Also, the new roll numbers may have no assessment or tax levy for 2025 which would result in no interim tax billing being issued and all the levy reported on the final tax bill.

Valuation Reductions:

Adjustments for are required for accounts have been granted a reduction in assessment between 2025 and 2026 to ensure that no more than the legislated 50% is levied on the interim tax bill.

Valuation Increases:

Where a property has experienced an increase in assessment between 2025 and 2026 that results from a physical or equity change in the property, if the interim tax bill is not adjusted the final tax bill could pose a financial hardship to the taxpayer.

Interim tax levy dates have been established as February 26<sup>th</sup>, 2027, and March 31<sup>st</sup>, 2027. The above due dates for the 2026 interim billing are comparable to interim billing due dates for previous years and will remain consistent going forward with due dates on the last working day of June and July each year.

## **Summary**

The effect of the recommendations in this report produces a 4.2% increase in residential municipal property taxes for 2026 compared to 2025 levels, while Commercial and Industrial properties will pay relatively less due to the Business Education tax rate remaining consistent. Actual changes in taxes payable for each property will be determined by its assessed value, type of dwelling and its location within the City.

Approving these recommendations will result in timely production of final tax bills. Refer to Appendix "A" for Tax Rates and Appendix "B" for a property taxation comparison with other municipalities in Ontario, as reflected in the BMA Study.

This report also puts into place the due dates and practices for the billing of the 2026 omitted/supplementary tax billings and the 2027 interim tax billings.

## Resources Cited

2025 Property Tax Policy – <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=56862>

[Assessment Act](#)

[Municipal Act, 2001](#)