PROPERTY TAX POLICY FOR 2016

Presented by: Ed Stankiewicz
Finance & Administration Committee Meeting
May 17, 2016

Tax Policy Decisions

Setting of tax ratios

Decision #1

- Setting of tax ratios

Decision #2

- Determine the level of tax protection for the Business Classes (capping and clawback)

Tax Ratios

What are tax ratios?

- Tax ratios are used to determine weighted assessment in order to generate a residential tax rate.

Tax Class	Raw Assessment	Tax Ratio	Weighted Assessment
Residential	1,000,000	1.000000	1,000,000
Multi-Residential	1,000,000	2.157389	2,157,389
Commercial	1,000,000	2.143216	2,143,216
Large Industrial	1,000,000	3.560435	3,560,435
Total	4,000,000		8,861,040

Tax Ratios (cont'd)

Calculation of Tax Rates

- Municipal Levy divided by weighted assessment = Residential tax rate
- Commercial tax rate = Residential tax rate X Commercial tax ratio

ie:	Residential tax rate	1.000000%
	Commercial tax ratio	2.143216

Resulting Commercial tax rate = 2.143216%

Decision One
Setting of Tax Ratios

- **Option One**

  Approve the same tax ratios for 2016 as were approved in 2015

- **Option Two**

  Reduce commercial and industrial tax ratios to the provincial threshold

- **Option Three (Recommended)**
  Approve revenue neutral tax ratios, which maintains the tax burden with each class from 2015 to 2016

Decision One
Setting of Tax Rate

Taxation for 2015	Option 1 Same Ratios as 2015 ($ million)	Option 2 Commercial & Industrial at Threshold Ratios 1.98 – Commercial 2.63 – Industrial ($ million)	Option 3 (Recommended) Revenue Neutral Rates ($ million)
Residential / Multi-Residential	$7.6	$12.2	$7.3
Commercial / Industrial	$1.4	($3.2)	$1.7
Total	$9.0	$9.0	$9.0

Decision Two
Tax Capping Tools Recommended

- Implement a 10% tax increase cap
- Implement a minimum annual increase of 10% of CVA level taxes for capped properties
- Move capped and clawed back properties within $500 of CVA taxes directly to CVA taxes
- Eliminate properties that were at Current Value Assessment in 2015 from the capping exercise
- Eliminate properties that crossed between capping and clawback in 2016 from the capping exercise
- Exit the capping program for the multi-residential class
- Initiate the capping phase-out for the industrial class

Properties Affected by Implementing all Tax Tools to Fast Track Capping

	Multi-Residential	Commercial	Industrial	Total	
Decrease Clawback %	0%	43.3628%	4.5601%		
Clawback $	$0	$72,565	$3,433	$75,998	
# of Capped Properties	0	23	3	26	} 62
# of Clawback Decreasing Properties	0	33	3	36	
# of CVA Tax Properties	348	2,535	393	3,277	
Total # in Class	349	2,591	399	3,339	

Total Tax Impact for Residential Properties – Municipal & Education

(2015 CVA $219,000, 2016 CVA $230,000) 5.0% Increase

	Career /Urban	Composite /Commuter	Volunteer /Commuter	Volunteer
2015 Taxes	$3,067	$2,881	$2,786	$2,701
2016 Taxes	$3,194	$2,990	$2,890	$2,804
Tax Increase	$127	$109	$104	$103
% Increase	4.1%	3.8%	3.7%	3.8%

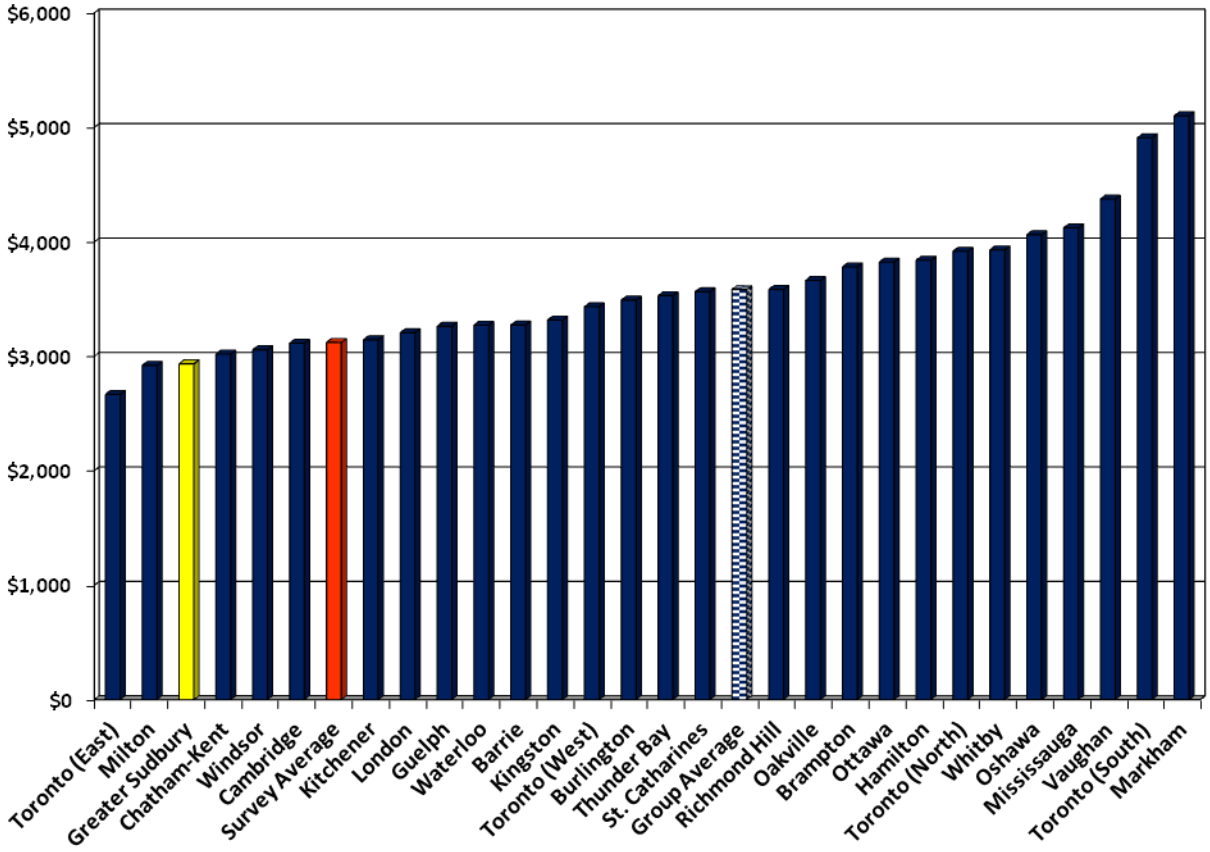
Varying Tax Impacts for Median Residential Properties

	Valuation Change	% Increase in Taxation	$ Increase in Taxation
Single Family Dwelling	4.3%	3.1%	$89
Seasonal Recreational Dwelling	11.6%	10.3%	$247
Condominium Units	4.4%	3.6%	$91

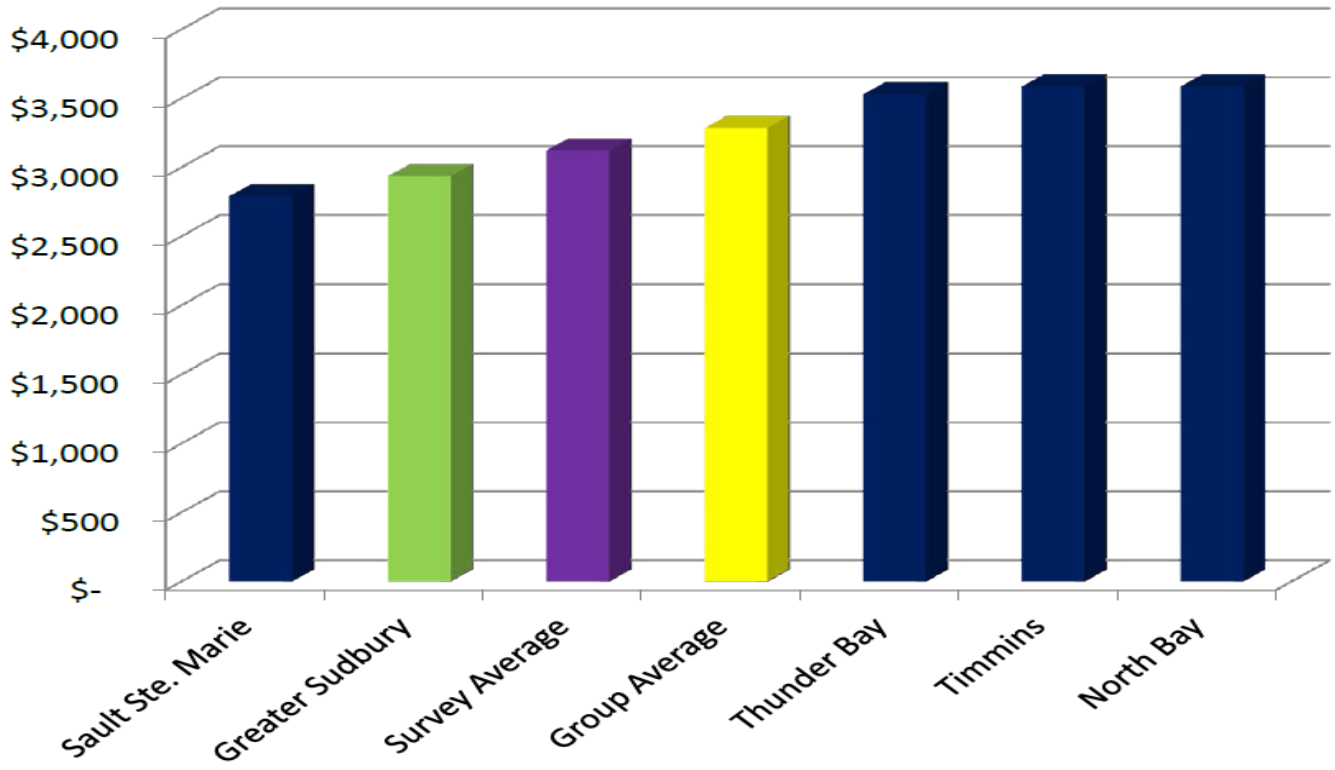
Frequency Distribution for Total Residential Taxation (Municipal and Education)

$ Impact	Increasing Properties	Decreasing Properties
0 - $100	27,649	2,197
$100 - $200	20,870	16
> $200	6,772	6
Total	55,291	2,219

2015 BMA Study
Residential Detached Bungalow



2015 BMA Study
Residential Detached Bungalow



Summary

- Recommendations are consistent with property tax policy decisions made in the past
- Provides for the least tax impact allowed for the residential and multi-residential classes
- Provides for more business properties paying their true current value assessment taxes

PROPERTY TAX POLICY FOR 2016