

# **PROPERTY TAX POLICY FOR 2010**

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Policy Committee  
Meeting  
May 19, 2010**

# Tax Policy Decisions



## Setting of tax ratios

### Decision #1

- Revenue neutral tax ratios

### Decision #2

- Commercial & Industrial tax ratios

### Decision #3

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

# Decision One

## Revenue Neutral Tax Rates



- 2009 Re-assessment continues to cause inter-class shifting. Transferred \$2.9 million of tax burden to Residential Class
- Ministry of Finance has allowed municipalities to set ratio neutral tax ratios
- Approval of revenue neutral ratios returns tax burden to 2009 levels for all classes
- It is recommended that Council set tax ratios to ensure revenue neutral tax burden

# Decision Two

## Commercial & Industrial Tax Ratios

### Above Threshold



- **Option One**

Keep these tax ratios at the revenue neutral rate and pass 50% (maximum allowed) of the levy increase

- **Option Two**

Move the ratios to the Provincial threshold and pass on 100% of the levy increase (would transfer \$1.9 million to all other classes)

**Option One is recommended**

# Decision Three

## Tax Capping Tools Recommended

- 10% cap over 2009 annualized taxes
- Minimum 5% of Current Value Assessment (CVA) tax increase over 2009 taxes
- Moving capped and clawed back properties within \$250 of CVA taxes to CVA taxes
- Eliminate properties that were taxed at CVA in 2009 from capping exercise
- Eliminate properties that crossed between capping and clawback status from the capping exercise

**All of these 5 tools are recommended to be adopted in order to minimize the number of properties not paying CVA taxes and to decrease the clawback percentages**

# Properties Affected by Implementing all Tax Tools to Fast Track Capping

	Multi-Residential	Commercial	Industrial	Total
Decrease Clawback %	42.7505%	11.2570%	1.8148%	
Clawback \$	\$6,540	\$221,840	\$37,030	\$265,410
# of Capped Properties	4	94	14	112
# of Clawback Decreasing Properties	9	297	31	337
# of CVA Tax Properties	361	2,227	371	2,959
Total # in Class	374	2,618	416	3,408

# Tax Impact for Residential Properties – No Area Rating

	2009	2010	\$ Increase	% Increase
Assessment	136,440	152,880	16,440	12.1
Municipal	2,185	2,244	59	2.7
Education	344	368	24	7.0
Total	2,529	2,612	83	3.3

# Total Tax Impact for Residential Properties – With Area Rating

(2009 CVA \$136,440, 2010 CVA \$152,880) 12.1% Increase

	Career /Urban	Composite /Commuter	Volunteer /Commuter	Volunteer
2009 Taxes	2,608	2,463	2,382	2,311
2010 Taxes	2,693	2,543	2,460	2,385
Tax Increase	85	80	78	74
% Increase	3.3%	3.2%	3.3%	3.2%



# Total Tax Impact for Industrial Properties – With Area Rating

	Career /Urban	Composite /Commuter	Volunteer /Commuter	Volunteer
2009 Taxes	7,991	7,649	7,456	7,288
2010 Taxes	6,893	6,556	6,369	6,200
Tax Increase	(1,098)	(1,093)	(1,087)	(1,088)
% Increase	(13.7%)	(14.3%)	(14.6%)	(14.9%)

# Total Property Taxes

	Municipal Taxes (\$ millions)	Education Taxes (\$ millions)	Total/Taxation (\$millions)
Residential, Multi- Residential, Managed forests, farm	137.3	21.3	158.6
Commercial, Industrial & Pipeline	56.4	24.6	81.0
Total	193.7	45.9	239.6

# CGS Assessment and Taxation

	2010 Assessment as a %	2010 Municipal Taxation as a %
Residential and Farm	79.1%	63.1%
Commercial, Industrial, Managed Forest and Pipelines	14.6%	23.9%
Large Industrial (optional class for properties larger than 125,000 square feet)	2.0%	5.2%
Multi-Residential	4.3%	7.8%
Total	100%	100%

# Impact of Reassessment on Municipal Tax Rates

Class	2009 Tax Rate	2010 Tax Rate	% Change
Residential	1.659060	1.520543	(8.3%)
Multi-Residential	3.551299	3.358546	(5.4%)
Commercial	3.129750	3.050787	(2.5%)
Industrial	4.402919	4.302459	(2.3%)
Large Industrial	4.990472	4.876606	(2.3%)
Pipelines	2.694030	2.682311	(.2%)

\* Since fire and transit services are area rated this illustration reflects the career fire/urban transit rates (former City of Sudbury)

# Summary



- Recommendations are consistent with this and previous Councils
- Provides for the least tax increase allowed for the residential class
- Provides for more business properties paying their true current value assessment taxes