

# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
March 3, 2022

Report of the Commissioner of Finance

## 2022 Property Tax Rates

### 1. Recommendations

1. Regional property tax rates for 2022 be established for the following property classes:

<b>Broad Property Class</b>	<b>Tax Rates %</b>
Residential/Farm	0.335958%
Multi-Residential	0.335958%
Commercial	0.447530%
Industrial	0.552046%
Pipelines	0.308745%
Farmland	0.083990%
Managed Forests	0.083990%

2. Local municipalities pay the final two instalments of their 2022 Regional property tax levy on or before September 29, 2022 and December 15, 2022
3. Notional tax rate calculation adjustment be adopted
4. Council approve a bylaw to give effect to these recommendations
5. The Regional Clerk circulate this report to local municipalities

### 2. Summary

Property tax rates need to be established for various property classes in order for the tax levy component of the Regional Budget to be raised for 2022.

#### Key Points:

- Tax rates are set annually to raise the tax levy specified in the budget approved by Council
- The relative rates for each of the broad property classes are determined by the weighting prescribed in the Property Tax Ratio bylaw
- The proposed 2022 tax rates are calculated using the 2022 tax ratios submitted to Council concurrent to this report

### 3. Background

Section 311(2) of the *Municipal Act, 2001* (“the Act”) requires an upper-tier municipality to pass a tax rating bylaw each year unless otherwise specified by the Province, setting out tax rates for each property class. This allows the Region to raise sufficient revenues to meet its budgetary requirements.

The proposed tax rates are based on the 2021 Returned Roll provided by the Municipal Property Assessment Corporation (MPAC), as well as the tax ratios listed in the 2022 Property Tax Ratios report and the 2022 Budget approved by Council.

To minimize any challenges that municipalities, residents and businesses are facing, the Province announced in March 2021 that the planned 2020 reassessment would be postponed and that 2021 property taxes would be based on assessment values used for the 2020 taxation year. Consequently, Council directed that the 2020 tax ratios be maintained for the 2021 taxation year.

In the 2021 Provincial Budget, the Province subsequently extended the delay of the reassessment. In the 2021 Fall Economic Statement, the Province stated the delay would be further extended until at least 2023. As a result, staff recommended maintaining 2020-2021 ratios for the 2022 taxation year.

### 4. Analysis

#### **2022 tax rates are determined using the approved budget, assessment values and tax ratios**

Regional property tax rates are calculated based on the following formula:

$$\text{Property Tax Rates} = \frac{\text{Total Property Tax Funding Requirement for 2022}}{\text{Weighted and Discounted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

Weighted and discounted property assessment is calculated by taking the assessment returned by the Municipal Property Assessment Corporation for 2022 and weighted by applying the tax ratios presented in the 2022 Property Tax Ratios Report and any discount applicable to the property subclasses, which has been submitted to Council concurrent to this report. Table 1 summarizes revenue neutral tax ratios and 2022 proposed tax rates.

**Table 1**  
**2022 Proposed Tax Rates**

<b>Property Class</b>	<b>Proposed Tax Ratios</b>	<b>Proposed 2022 Tax Rates %</b>
Residential	1.0000	0.335958%
Multi-Residential	1.0000	0.335958%
Commercial	1.3321	0.447530%
Industrial	1.6432	0.552046%
Pipelines	0.9190	0.308745%
Farmland	0.2500	0.083990%
Managed Forests	0.2500	0.083990%

In addition, Table 2 summarizes the discounts on tax rates for certain property subclasses to ensure the special nature of these properties is recognized.

**Table 2**  
**Prescribed Subclass Discounts for Property Classes**

<b>Applicable Property Class</b>	<b>Subclass</b>	<b>Discount</b>
Residential, Multi-Residential, Commercial and Industrial	Farmland Awaiting Development Phase 1	75% of the residential tax rate
Commercial and Industrial	Excess Land	30% of the commercial rate and 35% of the industrial rate
Commercial and Industrial	Vacant Land	30% of the commercial rate and 35% of the industrial rate

## **Annual adoption of the notional tax rate calculation adjustment is required**

Notional tax rates are theoretical rates that would raise the same overall tax levy as the previous year, using the updated assessment roll information of the current year. While notional tax rates have no impact on the actual amount of taxes collected, it is used to better explain year over year levy changes.

In 2016, the Province introduced an option for municipalities to adjust the notional tax rate calculation. This option is a technical adjustment allowing municipalities to remove in-year assessment losses due to factual errors and methodological changes when calculating notional tax rates. This adjustment impacts only the overall levy change in the disclosure notice of the final bills.

The notional tax rate adjustment has been used by the Region since 2017.

## **5. Financial**

### **Tax rates will increase to reflect the 2022 budget increase**

Table 3 shows the historical relationship between average assessed value of a single-family detached home and the tax rate for residential property class. Tax rates are adjusted each year to raise the amount needed to fund the Region's approved operating budget. From 2013 to 2020, the annual increase in the operating budget was proportionately lower than the average increase in single-family detached assessment value, and as such tax rates have declined each year. However, due to the Province's delayed implementation of the 2020 reassessment due to COVID-19, property assessment values used for the 2020 property values were maintained for the 2021 and 2022 taxation years. Therefore, the proposed tax rates only reflect the requirement to raise the necessary funds to meet the approved 2022 Budget.

**Table 3**  
**Comparison of Residential Assessment to Residential Tax Rates**

<b>Year</b>	<b>Average Single-Family Detached Assessment</b>	<b>Tax Rates (%)</b>
2022	966,508	0.335958
2021	963,247	0.326425
2020	959,600	0.321619
2019	883,328	0.336549
2018	809,104	0.350606
2017	740,630	0.371903
2016	667,714	0.397157
2015	629,000	0.406421
2014	591,000	0.416733
2013	553,000	0.434762

Attachment 1 shows the distribution of Regional revenues by the various property classes and subclasses. The table includes linear properties for which the Province has prescribed a charge per acre. It also includes payments-in-lieu, which are payments made to compensate a municipality for some or all of the tax revenues foregone from tax-exempt properties. The most common payments-in-lieu in the Region are for federally owned properties such as Canada Post, municipal utilities and crown corporations.

## **6. Local Impact**

Subsection 311(11) of the Act requires an upper-tier tax rating bylaw to estimate the amount of upper-tier tax revenue to be raised in each of the local municipalities. The estimate is shown in Table 4.

**Table 4**  
**2022 Regional Tax Revenue to be Raised by Local Municipalities**

<b>Municipality</b>	<b>2021 Tax Requirement (\$)</b>	<b>2021 Share (%)</b>	<b>2022 Tax Requirement (\$)</b>	<b>2022 Share (%)</b>
<b>Aurora</b>	59,879,284	4.91	62,599,525	4.92
<b>East Gwillimbury</b>	28,446,389	2.33	29,971,864	2.35
<b>Georgina</b>	28,872,375	2.37	30,136,532	2.37
<b>King</b>	33,527,284	2.75	34,858,470	2.74
<b>Markham</b>	350,736,842	28.77	365,056,971	28.68
<b>Newmarket</b>	69,085,689	5.67	71,845,336	5.64
<b>Richmond Hill</b>	225,671,018	18.51	235,685,132	18.51
<b>Vaughan</b>	376,358,186	30.87	393,790,358	30.93
<b>Whitchurch-Stouffville</b>	46,514,849	3.82	49,050,746	3.85
<b>Sub-Total</b>	<b>1,219,091,916</b>	<b>100.00</b>	<b>1,272,994,933</b>	
Payments-in-Lieu	4,026,366		4,184,982	
<b>Total Tax Requirement</b>	<b>1,223,118,282</b>		<b>1,277,179,915</b>	

The Municipal Act permits upper-tier municipalities to collect their portion of property tax payments from local municipalities on or before specified dates.

Subsection 311(12) of the Act provides that an upper-tier rating bylaw may require specified portions of the estimated taxes to be paid by the local municipalities on or before specified dates. On January 27, 2022, Council adopted interim levy payment dates of April 29, 2022 and June 30, 2022. It is recommended that the remaining two instalments for the property tax levy be paid on or before September 29, 2022 and December 15, 2022.

## **7. Conclusion**

The proposed 2022 tax rates will raise the 2022 property tax levy requirement approved by Council in December 2021. As well, the report provides dates for the remittance of remaining instalment payments from local municipalities.

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For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.



Recommended by:

**Kelly Strueby**

Acting Commissioner of Finance and Regional Treasurer



Approved for Submission:

**Bruce Macgregor**

Chief Administrative Officer

February 18, 2022  
Attachment (1)  
eDocs #13558052