

The Regional Municipality of York

Committee of the Whole
Finance and Administration
April 13, 2023

Report of the Commissioner of Finance

2023 Property Tax Rates

1. Recommendations

1. Regional property tax rates for 2023 be established as follows for the following property classes:

Broad Property Class	Tax Rates %
Residential/Farm	0.348892%
Multi-Residential	0.348892%
Commercial	0.464759%
Industrial	0.573299%
Pipelines	0.320632%
Farmland	0.087223%
Managed Forests	0.087223%

2. Local municipalities pay the final two instalments of their 2022 Regional property tax levy on or before September 29, 2023 and December 15, 2023
3. Notional tax rate calculation adjustment be adopted
4. The Regional Solicitor be authorized to prepare a bylaw to implement the above tax rates
5. The Regional Clerk circulate this report to local municipalities

2. Summary

Property tax rates need to be established for various property classes to raise the tax levy component of the 2023 Regional Budget.

Key Points:

- Tax rates are set annually to raise the tax levy specified in the budget approved by Council
- The proposed 2023 tax rates are calculated using the 2023 tax ratios submitted to Council concurrent to this report

3. Background

The Municipal Act dictates the tax rate-setting process

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 2022 Returned Roll provided by the Municipal Property Assessment Corporation (MPAC), as well as the tax ratios listed in the 2023 Property Tax Ratios report and the 2023 Budget approved by Council.

Consolidation of subclasses within the Commercial and Industrial Classes does not affect tax rate calculations

For the 2023 tax year, the Province eliminated the “new” subclasses within the Commercial and Industrial categories. All the properties previously categorized within the “new” classes were consolidated with their respective main subclasses (e.g., properties in the “New Office Building” subclass were reclassified as “Office Building”). Since new commercial and industrial properties were subject to the same tax ratios as other commercial and industrial properties, this change did not affect the property tax rate calculations.

4. Analysis

2023 tax rates are determined using the approved budget, assessment values and tax ratios

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

$$\text{Property Tax Rates} = \frac{\text{Total Property Tax Funding Requirement for 2023}}{\text{Weighted and Discounted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

Weighted and discounted property assessment is calculated by taking the assessment returned by the MPAC for 2023 and weighted by applying all discounts applicable to the property subclasses and the tax ratios presented in the 2023 Property Tax Ratios Report,

which has been submitted to Council concurrent to this report. Table 1 summarizes revenue neutral tax ratios and 2023 proposed tax rates.

Table 1
2023 Proposed Tax Rates

Property Class	Revenue Neutral Tax Ratios	Proposed 2023 Tax Rates %
Residential	1.0000	0.348892%
Multi-Residential	1.0000	0.348892%
Commercial	1.3321	0.464759%
Industrial	1.6432	0.573299%
Pipelines	0.9190	0.320631%
Farmland	0.2500	0.087223%
Managed Forests	0.2500	0.087223%

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

Applicable Property Class	Subclass	Discount
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 2023 budget increase

Table 3 shows the historical relationship between the average assessed value of a single-family detached home and the tax rate for the residential property class. From 2013 to 2020, the annual increase in the operating budget was proportionately lower than the increase in the average assessed value of single-family detached homes, and as such tax rates declined each year until 2021. As the Province postponed the 2020 property reassessment that would have been phased in starting in the 2021 taxation year, fully phased-in property values as of January 1, 2016 continue to be in effect. Annual increases in budgetary requirements have therefore resulted in year-over-year increases in residential tax rates since 2021.

Table 3
Comparison of Residential Assessment to Residential Tax Rates

Year	Average Single-Family Detached Assessment	Tax Rates (%)
2023	968,339	0.348892
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

Appendix A shows the distribution of Regional tax revenues raised from 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 Municipal 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
2023 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2022 Tax Requirement (\$)	2022 Share (%)	2023 Tax Requirement (\$)	2023 Share (%)
Aurora	59,879,284	4.91	65,974,929	4.93
East Gwillimbury	28,446,389	2.33	32,271,268	2.41
Georgina	28,872,375	2.37	31,600,425	2.36
King	33,527,284	2.75	36,614,592	2.73
Markham	350,736,842	28.77	383,435,106	28.63
Newmarket	69,085,689	5.67	75,177,952	5.61
Richmond Hill	225,671,018	18.51	248,685,293	18.57
Vaughan	376,358,186	30.87	413,390,473	30.86
Whitchurch-Stouffville	46,514,849	3.82	52,258,885	3.90
Sub-Total	1,219,091,916	100.00	1,339,408,923	100.00
Payments-in-Lieu	4,026,366		4,381,009	
Total Tax Requirement	1,223,118,282		1,343,789,932	

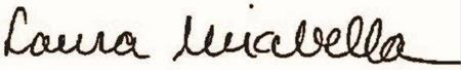
* Figures may not sum due to rounding

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 12, 2022, Council adopted interim levy payment dates of April 28, 2023 and June 30, 2023. It is recommended that the remaining two instalments for the property tax levy be paid on or before September 29, 2023 and December 15, 2023.

7. Conclusion

The proposed 2023 tax rates will raise the 2023 property tax levy requirement approved by Council in February 2023. As well, the report provides dates for the remittance of remaining instalment payments from local municipalities.

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: **Laura Mirabella**
Commissioner of Finance and Regional Treasurer



Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

March 24, 2023

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Appendix A - 2023 Proposed Regional Revenues and Tax Rates by Class

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Residential		
Residential	0.348892%	1,106,474,979
Residential Taxable (Shared as Payment in Lieu)	0.348892%	30,940
Residential – Farmland Awaiting Development Phase 1	0.087223%	15,800
Residential Taxable (Upper Tier and Education Only)	0.348892%	17
Multi-Residential		
New Multi-Residential	0.348892%	17,957
Multi-Residential	0.348892%	10,742,181
Commercial		
Commercial (Occupied)	0.464759%	118,175,701
Shopping Centre	0.464759%	35,716,286
Office Building	0.464759%	13,875,519
Commercial Vacant Land	0.325331%	2,920,993
Commercial Excess Land	0.325331%	1,808,185
Small Scale On Farm Business 1	0.464759%	1,148
Small Scale On Farm Business 2	0.464759%	689
Parking Lot (Full)	0.464759%	951,173
Commercial (previously Ontario Hydro)	0.464759%	181,223
Office Building Vacant Units and Excess Land	0.325331%	127,783
Shopping Centre Vacant Units and Excess Land	0.325331%	109,923
Commercial – Farmland Awaiting Development Phase 1	0.087223%	76,002
Commercial Vacant Land (Shared as Payment in Lieu)	0.325331%	13,765
Commercial Excess Land (Shared as Payment in Lieu)	0.325331%	2,381

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Industrial		
Industrial (Occupied)	0.573299%	31,037,659
Large Industrial	0.573299%	7,628,427
Industrial Vacant Land	0.372645%	3,762,054
Small Scale On Farm Business 1	0.573299%	287
Small Scale On Farm Business 2	0.573299%	287
Industrial (previous Ontario Hydro)	0.573299%	776,163
Industrial Excess Land	0.372645%	200,929
Industrial Excess Land (previously Ontario Hydro)	0.372645%	144,449
Industrial Farmland Awaiting Development Phase 1	0.087223%	104,400
Large Industrial Vacant Units and Excess Land	0.372645%	55,827
Industrial Vacant Land (Shared as Payment in Lieu)	0.372645%	6,633
Others		
Pipeline	0.320632%	1,323,380
Farmlands	0.087223%	1,488,158
Managed Forest	0.087223%	73,299
Railway Right-Of-Way (Estimated)		599,583
Utility Transmission (Estimated)		964,745
Sub-Total (Estimated)		1,339,408,923
Payment-in-Lieu		4,381,009
Total		1,343,789,932