



Property Tax Policy Update

Introduction

Current Value Assessment

Since 1998, current value assessment has been the basis for calculating property taxes in the Province of Ontario.

Beginning in 2009, properties in Ontario are reassessed on a four-year cycle, with the current property valuation reflecting market increases in assessed value as of January 1, 2016.

A property with increases in current value assessment will reach the destination assessment in the fourth year with equal increments during each of the four years. The phase-in program does not apply to decreases in assessed value, which are applied immediately.

The 2018 taxation year represents the second year of a four year phase-in of the updated current value assessment.

York Region's tax policy decisions are revisited each taxation year with the exception of property tax phase-ins that are the responsibility of the Municipal Property Assessment Corporation.

Table 1 shows reassessment years and the dates from which the current value assessments are updated.

Table 1: Reassessment Years

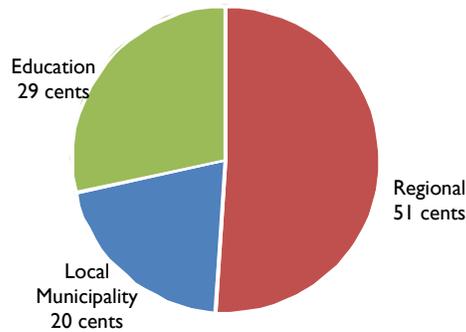
Taxation Year	Assessed Value
1998	June 30, 1996
2001	June 30, 1999
2003	June 30, 2001
2004	June 30, 2003
2006	January 1, 2005
2009	January 1, 2008
2013	January 1, 2012
2018	January 1, 2016

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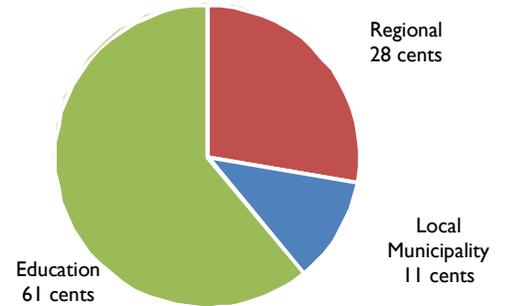
Figure 1: Distribution of one dollar of property tax

WEIGHTED AVERAGE DISTRIBUTION OF \$1 RESIDENTIAL PROPERTY TAX IN 2018



Source: York Regional Finance Department

WEIGHTED AVERAGE DISTRIBUTION OF \$1 COMMERCIAL AND INDUSTRIAL PROPERTY TAX IN 2018



Source: York Regional Finance Department

Property Tax Ratios

York Region Council establishes the relative tax share of each property class by setting tax ratios.

Property tax ratios determine how a property classification’s municipal tax ratio compares with that of the residential class which has a tax ratio of 1.0.

For instance, if the tax ratio for commercial class is 2, a commercial property owner would pay twice the amount of municipal property tax as a similarly valued residential property.

The Ontario Government has established prescribed tax ratios and the “Allowable Ranges” for municipalities. York Region can maintain the prescribed tax ratios, or adjust tax ratios closer to or within the Allowable Ranges. The Allowable Ranges for each class are shown in Table 2.

Table 2 summarizes the tax ratios that were approved by Council for 2016 and 2017.

In 2017, Council approved revenue neutral tax ratios for the 2017-2020 taxation years. Adopting the revenue neutral option allows the relative tax burden to remain the same after the reassessment as it was before the reassessment.

In 2017, the Province announced a new landfill property tax class that has an allowable range between 0.6 to 1.1. Council approved the tax ratio for the landfill property class at 1.1 representing the upper limit of the Allowable Ranges.

In 2018, Council updated the property tax ratios for Commercial and Industrial property classes in order to maintain revenue neutrality.

Table 2: Tax Ratios and Regional Taxes for 2017 and 2018

<i>Property classes</i>	<i>Approved Ratios 2017</i>	<i>Approved Ratios 2018</i>	<i>Allowable Ranges</i>
Residential	1.0000	1.0000	1.0 to 1.1
Multi-Residential	1.0000	1.0000	1.0 to 1.1
New Multi-Residential	1.0000	1.0000	1.0 to 1.1
Commercial	1.1813	1.2323	0.6 to 1.1
Industrial	1.4169	1.4973	0.6 to 1.1
Pipelines	0.9190	0.9190	0.6 to 0.7
Farmlands	0.2500	0.2500	0.25*
Managed Forest	0.2500	0.2500	0.25
Landfill	1.1000	1.1000	0.6 to 1.1

* or such lower tax ratio as the upper-tier municipality or single-tier municipality may establish

The above tax ratios have a direct impact on determining property tax rates. The approved operating budget is divided by the total weighted and discounted assessment from all classes and multiplied by the tax ratios to provide a property tax rate by class. Table 3 highlights the approved tax rates for the current year.

Table 3: Regional Property Tax Rates for 2017 and 2018

York Region Council establishes property tax rates annually in order to fund the services provided by the Region. Similarly, through separate budget processes, local municipalities establish their corresponding tax rates. The regionally approved tax rates for 2017 and 2018 are shown below.

<i>Property Class</i>	<i>Approved 2017 Tax Rates (%)</i>	<i>Approved 2018 Tax Rates (%)</i>
Residential	0.371903%	0.350606%
Multi-Residential	0.371903%	0.350606%
New Multi-Residential	0.371903%	0.350606%
Commercial	0.439334%	0.432052%
Industrial	0.526945%	0.524962%
Pipelines	0.341779%	0.322207%
Farmlands	0.092976%	0.087651%
Managed Forest	0.092976%	0.087651%

Capping Options

The *Municipal Act, 2001* ("the Act") required that municipalities limit the amount of reassessment-related property tax increases for properties in the Commercial, Industrial and Multi-Residential classes to no more than 5% annually.

To fund the cost attributed to limiting the tax increases to the capped properties, the foregone revenue is collected from tax decreasing properties (clawback properties).

In 2005, regulations to the Act were amended to allow for additional capping options. As a result, eligible new construction and new-to-class properties were now taxed at their full current value assessment tax value for 2010 and subsequent taxation years.

Since 2005, Council approved all options made available by the Province to accelerate the movement of business properties to their current value assessment level taxes:

Approved capping options by year	Description
2009 (i)	Properties that were at their full current value level taxes in the prior taxation year remain at their full current value level taxes in the current taxation year.
2009 (ii)	Properties that changed from being capped (protected) to clawed back (retained) from the prior taxation year are instead excluded from the capping calculation and are set equal to their uncapped full current value taxes.
2009 (iii)	Properties that changed from being clawed back (retained) to capped (protected) from the prior taxation year are instead excluded from the capping calculation and are set equal to their uncapped full current value taxes.
2016 (i)	Increase the maximum annual increase for capped properties from current level of 5% of the previous year's current value assessment level taxes to a new maximum of 10%.
2016 (ii)	Properties for which tax increases have been capped (protected) but are within \$500 of their full current value assessment taxes will be moved to the current value assessment tax level within the current taxation year (raised from a \$250 threshold).
2016 (iii)	Properties for which tax decreases have been clawed back (retained) but are within \$500 of their full current value assessment taxes will be moved to the current value assessment tax level within the current taxation year (raised from a \$250 threshold).
2016 (iv)	For property classes with no capped properties under 50% of current value assessment level taxes, properties within that class will be phased out from the capping program over 4 years.
2017 (i)	Exclude vacant properties from the phase-out eligibility criteria.
2017 (ii)	Limit capping protection only to reassessment-related changes prior to 2017.

After adopting all of the above options, approximately 0.4% of the commercial properties and 1.2% of the industrial properties will remain in the capping program in 2018. All multi-residential properties have been out of the capping program since 2010.

Regional Property Tax Policies

The following schedule summarizes the property tax discounts and deferrals which are in effect for the 2018 taxation year.

YORK REGION 2018

Property Type/ Property Owner	Eligibility/Criteria	Rebate/Discount/Deferral
Excess Land	Classification by Municipal Property Assessment Corporation	30% discount for Commercial Property 35% discount for Industrial Property
Vacant Land	Classification by Municipal Property Assessment Corporation	30% discount for Commercial Property 35% discount for Industrial Property
Farmland Awaiting Development	Phase I - registered plan of subdivision on the property	75% discount
Registered Charities	Registered charity as defined by subsection 248 (1) of the Income Tax Act	40% rebate of the taxes payable subject to annual application
Royal Canadian Legions, Veterans Associations, and Ontario Provincial Command	Defined by Section 325 of the Municipal Act	100% rebate of the taxes payable subject to annual application
Seniors, Low-Income Seniors, and Disabled Persons	Over 65 years of age: Between 55 to 64 years of age who meet the following income criteria: Single \$23,000 or less Family of 2 or more persons \$40,000 or less Low-income disabled in receipt of benefits under Ontario Disability Support Program or Guaranteed Annual Income System for the Disabled	100% deferral of the tax increase subject to annual application Deferral of the tax increase in excess of \$100 subject to annual application 100% deferral of the tax increase subject to annual application
Vacant business buildings	Program eliminated in 2018	

Please contact your local municipal tax offices for further details.

**YORK REGION
2018**
Treasurers/Tax Offices of your local municipality:

Town of Aurora Dan Elliott, Treasurer/Director of Financial Services	100 John West Way, Aurora	905-727-1375
Town of East Gwillimbury Mark Valcic, General Manager Corporate & Financial Services/ Treasurer	19000 Leslie St., Sharon	905-478-4282
Town of Georgina Rob Wheater, Treasurer	26557 Civic Centre Rd., R.R. #2, Keswick	905-476-4301
Township of King Allan Evelyn, Director of Finance/ Treasurer	2075 King Rd., King City	905-833-5321
City of Markham Joel Lustig, Treasurer	101 Town Centre Blvd., Markham	905-477-7000
Town of Newmarket Mike Mayes, Director, Financial Services/Treasurer	395 Mulock Dr., Newmarket	905-953-5300
Town of Richmond Hill David Dexter, Director of Financial Services/Treasurer	225 East Beaver Creek Rd., Richmond Hill	905-771-8800
City of Vaughan Michael Coroneos, Chief Financial Officer/ City Treasurer	2141 Major Mackenzie Dr., Vaughan	905-832-8585
Town of Whitchurch- Stouffville Brian Parrott, Director of Finance/ Treasurer	111 Sandiford Dr., Stouffville	905-640-1910

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