



# The Corporation of the Town of Milton

---

## Appendix A - Tax Policy Overview with Milton Context

In addition to setting tax ratios and upper tier tax rates, Regional Council also establishes tax policies and tax relief programs. Regional report FN-10-25 was approved on April 16, 2025, incorporating such policies and programs for 2025.

Halton Regional Report FN-10-25 outlines in detail the key areas that impact the 2025 tax policies. FN-10-25 is attached as an appendix to this report, with relevant references related to tax policy noted below (with associated page references):

### **Postponement of the 2021 Reassessment (page 5 of FN-10-25)**

The Provincial government announced the delay of the 2021 reassessment to provide municipal governments with the capacity to focus on the COVID-19 pandemic. The reassessment would have otherwise updated the current value assessments for all Ontario properties to reflect their valuation as of January 1, 2019. Increases in assessment from the reassessment would have been phased in over a 4-year period reaching its full valuation in 2024.

The last valuation date of a property's current value assessment currently remains as at January 1, 2016 and, excludes any in-year changes to a property. The current value assessment used for 2025 taxation is the same as what was used for 2022, 2023 and 2024 taxation.

On October 21, 2024, the Province filed Ontario Regulation 419/24 which officially extended the January 1, 2016 current value assessment base year to apply to the 2025 taxation year, and reaffirmed that the property tax reassessments would continue to be postponed for the 2025 tax year.

### **New Multi-Residential Property Class (page 7 of FN-10-25)**

The New Multi-Residential property class consists of multi-residential properties with a building permit issued after the by-law adopting the new multi-residential class was passed (in Halton Region's case, after October 30, 2002).

Effective April 20, 2017, as part of the provincial government's Fair Housing Plan, the province mandated the New Multi-Residential Property Class with a transition ratio of 1.0 which required Halton Region to lower its tax ratio from 2.0 to 1.0 for the 2017 taxation year and onwards.

### **Optional New Multi-Residential Subclass (page 7/8 of FN-10-25)**

Ontario Regulations 140/24 and 141/24, released on March 27, 2024, provide flexibility for Single- and Upper-Tier municipalities to pass a municipal by-law to adopt the subclass and reduce the municipal property tax rate by up to 35% relative to the new

multi-residential property class. To qualify for the new subclass, the property must be classified as New Multi-Residential, a by-law must be in effect, and the first building permit must be issued after the by-law takes effect.

For Halton Region, a 35% reduction would equate to a tax ratio of 0.65 for the new optional multi-residential subclass. This could result in multi-residential properties in Halton Region having three different tax ratios depending on when their building permits were issued;

- Multi-Residential properties with building permits issued prior to October 30, 2002 currently have a tax ratio of 2.0
- New Multi-Residential properties with building permits issued after October 30, 2002 currently have a tax ratio of 1.0 (which aligns with the residential property class)
- The new optional subclass could have a tax ratio as low as 0.65 for any properties with building permits issued after the subclass is in effect.

It is important to note that any reduction in tax ratios will shift the tax burden onto the other property classes, primarily the residential class.

At the time of writing this report, the province has not committed to reducing the education portion of property taxes for any municipalities that implement a reduced rate through the optional subclass. Therefore, any tax reduction would apply solely to the municipal portion. At this time, and with consideration for the potential of a new optional affordable rental housing subclass in 2026, Halton Region has not adopted the new multi-residential optional subclass.

### **Aggregate Extraction Property Class (page 9 of FN-10-25)**

Through Ontario Regulation 370/24, amending Ontario Regulation 282/98 under the *Assessment Act*, a new Aggregate Extraction property tax class is created effective for 2025 and future tax years.

On November 10, 2024, regulations were filed under the Municipal Act, 2001 and the Education Act to implement the municipal property tax framework and education tax rates for the new Aggregate Extraction property class. Ontario Regulation 510/24 sets the transition tax ratio for the Aggregate Extraction property class at 1.701216 in Halton Region, while Ontario Regulation 512/24 sets the education property tax rate at 0.511%.

### **Small-Scale Value-Added and Commercial Activities on Farms (page 9 of FN-10-25)**

In 2018, the Province amended O.Reg.282/98 under the Assessment Act to provide for prescribed optional subclasses for small-scale on-farm business for industrial and commercial property classes. To qualify for the subclass, the industrial or commercial parcel on the property must satisfy the following requirements:

- For an industrial property, the land is primarily used to process or manufacture products produced from the land of the farming business.
- For a commercial property, the land is primarily used to sell farm products or derivatives of farm products produced from the land of the farming business.
- The industrial or commercial parcel would be in the farm property class if not for the activities occurring that are described above.
- The assessment of the commercial or industrial parcel cannot be equal to or greater than \$1.0 million.

There are currently 5 properties in Milton that qualify for these subclasses within the commercial property class. There are no industrial properties with these subclasses. Regional council approved the adoption of both the commercial and industrial subclasses for Tax Policy 2020 and onwards. The first \$50,000 of assessment within the commercial subclass, C7, will receive a 75% reduction in the municipal tax rate.

Beginning in 2022, municipalities had the option to adopt a second subclass that would increase the eligible assessment amount to \$100,000 from the current \$50,000.

Regional Council has approved the expansion of these measures through FN-11-24.

Based on the returned roll for the 2025 tax year, there are no properties that have been identified as eligible for this additional subclass in Halton Region.

### **Optional Vacant Home Tax (page 14 of FN-10-25)**

On October 23, 2024, Regional Council was provided with the findings of the study that was completed by Ernst & Young LLP on an optional Vacant Homes Tax Program in Halton Region through Report No. FN-26-24 re: "Halton Regional Optional Vacant Home Tax Program".

Through Report No. FN-26-24, Regional Council also received the requests from Local Municipalities which had approved resolutions that they be excluded from any potential by-laws that would implement a vacant home tax within their respective municipalities:

The Town of Milton through Report No. ES-009-24, approved on May 13, 2024 provided resolution that the Town be excluded from any potential regional by-laws that would implement a vacant home tax.

### **Rebate for Charitable Organization Program (page 15 of FN-10-25)**

In alignment with the requirements of Section 361 of the Municipal Act, a rebate is provided for eligible charitable organizations. For 2025, the Region has approved a continuation of the existing program that provides a rebate of 40% of the current year's Commercial taxes, with no change in eligibility criteria. The cost of the charity rebate in 2024 for the Town of Milton was \$29,465.

## Relief for lower income seniors (page 16/17 of FN-10-25)

The Town of Milton currently offers a program to assist lower income persons with their property taxes by allowing the 'year over year' tax increase to be deferred. This program is mandated by the Province through S.319 of the Municipal Act and is offered to both low income senior and low income persons with disabilities. The deferral is registered as a lien on title and must be paid back to the Municipality with interest at such time the applicant no longer owns the property. This mandatory deferral program has been in effect since 1998 and to date; the Town has not received any applications.

A second deferral program was introduced in 2016 and approved by the Region of Halton on March 23, 2016 and is being offered in addition to, and mutually exclusive of, the existing year over year deferral program referred to above. This program is referred to as the Older Adults Property Tax Deferral Program (OATDP).

### Key highlights of the OATDP:

- Full deferral of the annual taxes levied.
- All registered owners of a property must apply and to qualify must be 65 years of age by the end of the current year and the combined annual gross income must not exceed \$69,500.
- If the registered owners elect to participate in the OATDP they are precluded from participating in the Town's current program.
- The deferral is interest free to the registered owner. Interest is paid by the Region to the participating municipality.
- When the owner of the property becomes ineligible, there is a one year grace period whereby taxes are deferred and the region continues to pay the interest.
- Full amount of deferred taxes is owing either at the end of the grace period or on the sale of the property, whichever is earlier.
- The program is administered by each participating local municipality.
- Annual renewal applications must be submitted.

To date, the Town of Milton has two active enrollments in this full tax levy deferral program.