



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-17-23 was approved on April 19, 2023, incorporating such policies and programs for 2023.

Halton Regional Report FN-17-23 outlines in detail the key areas that impact the 2023 tax policies. FN-17-23 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 9 of FN-17-23)

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 use for 2023 taxation is the same as what was used for 2021 and 2022 taxation. In the 2022 Ontario Budget released on April 28, 2022, the Province reaffirmed that the property tax reassessments would continue to be postponed for the 2023 tax year.

Small-Scale Value-Added and Commercial Activities on Farms (page 10 of FN-17-23)

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 6 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.

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-17-23. Based on the returned roll for the 2023 tax year, there are no properties that have been identified as eligible for this additional subclass in Halton Region.

Vacant Home Tax (page 10 of FN-17-23)

Halton Regional Council approved the recommendation to proceed with a design and implementation study of a Vacant Homes Tax in Halton which includes undertaking public engagement to obtain input and feedback from Halton residents and stakeholders to help design the program. Work is currently underway amongst Halton Region and all local municipalities on the design and implementation of the Vacant Home Tax Program. There are no impacts to the 2023 taxation year resulting from this work. Regional Staff will be preparing a detailed report for Regional Council later in 2023.

Farm Forestry Exemption (FFE) (Page 13 of FN-17-23)

Effective January 01, 2023, the Province passed Ontario Regulation 230/22 to increase the current limit on the property tax exemption for farm woodlots from 20 to 30 acres to keep pace with the growth of farm sizes in Ontario. The Farm Forestry Exemption (FFE) is a tax exemption designed to protect wooded areas. Farmers with farm property or farm property holdings with wooded areas may qualify for the exemption.

As a result of this amendment, a new Unit Class has been created (FF). For eligible properties, this change will result in up to an additional 10 acres changing from taxable status to exempt.

Any increase to the assessment roll on valuation will show as exempt. Regional and Local municipality staff are currently working with MPAC to review the impacts of this change which are expected to be immaterial.

Rebate for Charitable Organization Program (page 14 of FN-17-23)

In alignment with the requirements of Section 361 of the Municipal Act, a rebate is provided for eligible charitable organizations. For 2023, 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 2022 for the Town of Milton was \$31,179.

Relief for lower income seniors (page 14 of FN-17-23)

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 \$62,400.
- 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.