

Report To: Regional Chair and Members of Regional Council

From: Cyndy Winslow, Commissioner, Finance and Regional Treasurer

Date: April 19, 2023

Report No: FN-17-23

Re: 2023 Tax Policy

## RECOMMENDATION

1. THAT the following tax ratios be adopted for the 2023 taxation year:

Residential	1.0000
Multi-Residential	2.0000
New Multi-Residential	1.0000
Commercial	1.4565
Industrial	2.0907
Pipe Line	1.0617
Farm	0.2000
Managed Forests	0.2500
Landfill	1.4565

2. THAT the 2023 taxation rates for Regional services as set out in Attachment #1 to Report No. FN-17-23 re: 2023 Tax Policy be adopted.
3. THAT Halton Region continues to provide the following rebates and deferrals to be funded through the Council-approved 2023 Non-Program operating budget:
  - a. Provide a tax rebate for Registered Charitable Organizations under Section 361 of the *Municipal Act, 2001* at a rate of 40% of the current year's taxes applicable to the space occupied as set out in By-Law No. 120-98, as amended;
  - b. Provide a property tax increase deferral on residential properties to low income older adults and low income persons with disabilities under Section 319 of the *Municipal Act, 2001*;
  - c. Provide a full property tax deferral to low income older adults under the Older Adults Property Tax Deferral Program as set out in By-law No. 20-16, as amended;

- d. Cost-share with the local municipalities for the property tax rebate program for low income older adults in the same proportion as their share of the total current year taxes subject to the rebate being established by a by-law under Section 365 of the *Municipal Act, 2001*;
  - e. Provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by the local municipalities' by-laws established under Section 365.2 of the *Municipal Act, 2001*.
4. THAT the Director of Legal Services be authorized to prepare all necessary by-laws to establish the aforesaid 2023 taxation rates, taxation policies, and property tax relief programs.
  5. THAT the Regional Clerk forward a copy of Report No. FN-17-23 and the related by-laws to the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville.

## REPORT

### **Executive Summary**

- Under the Municipal Act, 2001, Regional Council must annually approve tax policies to set the upper-tier rating by-laws, tax ratios, and tax relief programs.
- Policy options are outlined in this report and the “2023 Current Value Assessment (CVA) and Tax Policy Reference Manual” is provided under separate cover to this report.
- The combined total assessment change for the 2023 taxation year is 1.40% which is comprised solely of the net in-year assessment growth. There is no phase-in valuation impact due to the Province’s continued postponement of the reassessment update.
- The Region’s tax impact, including Police, is 3.4%.
- It is recommended that the Region continues to provide the following rebates and deferrals to be funded through the Council-approved 2023 operating budget from Non-Program:
  - Provide a tax rebate for Registered Charitable Organizations at a rate of 40% of the current year’s taxes applicable to the space occupied;
  - Provide a property tax increase deferral on residential properties to low income older adults and low income persons with disabilities;

- Provide a full property tax deferral to low income older adults under the Older Adults Property Tax Deferral Program;
- Cost-share with the local municipalities for the property tax rebate program for low income older adults in the same proportion as their share of the total current year taxes;
- Provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by the local municipalities' by-laws.

## **Background**

The purpose of this report is to provide Regional Council with recommendations regarding property taxation for 2023 and to obtain approval for the 2023 Regional property tax rates.

In accordance with the *Municipal Act, 2001*, the Region is required to pass by-laws and/or implement programs as follows:

- Upper-tier tax ratio setting
- Upper-tier rating by-law(s)
- Relief program for low income older adults and low income disabled homeowners
- Rebate program for charitable organizations

Further, under separate cover to this report is the “2023 Current Value Assessment (CVA) and Tax Policy Reference Manual” to assist members of Regional Council and the public in understanding assessment and property tax in Ontario, and specifically in Halton Region. This manual is also available to the public through Halton’s website ([www.halton.ca](http://www.halton.ca)).

## **Discussion**

The final Regional tax rates are calculated by taking the assessment information from the Municipal Property Assessment Corporation (MPAC), weighting the assessment based on the tax ratios and dividing the 2023 Regional levy requirement by the weighted assessment. The following section provides information on each of these components.

## **Assessment Changes**

As shown in Table 1 below, the combined total assessment change for the 2023 taxation year is 1.40%, which is the change in the weighted taxable assessment from the tax roll used for the 2022 taxation year to the tax roll used for the 2023 taxation year.

**Table 1: 2023 Combined Total Assessment Change**

Taxable Weighted Assessment						
Class	2022 Tax Year	2022 Year End	% Change for In-Year Growth	2023 Tax Year	% Change related to Phase In Valuation	Total % Change
Residential	\$ 130,171,917,294	\$ 132,232,840,121	1.58%	\$ 132,232,840,121	0.00%	1.58%
Multi-Residential	6,361,242,372	6,432,838,096	1.13%	6,432,838,096	0.00%	1.13%
New Multi-Residential	205,807,100	244,449,676	18.78%	244,449,676	0.00%	18.78%
Commercial	25,677,785,863	25,915,661,628	0.93%	25,915,661,628	0.00%	0.93%
Industrial	6,592,991,210	6,568,634,154	-0.37%	6,568,634,154	0.00%	-0.37%
Pipe Line	323,309,946	325,614,896	0.71%	325,614,896	0.00%	0.71%
Farm	202,119,133	194,421,212	-3.81%	194,421,212	0.00%	-3.81%
Managed Forests	15,509,234	15,952,685	2.86%	15,952,685	0.00%	2.86%
<b>Total</b>	<b>\$ 169,550,682,152</b>	<b>\$ 171,930,412,468</b>	<b>1.40%</b>	<b>\$ 171,930,412,468</b>	<b>0.00%</b>	<b>1.40%</b>

Taxable Weighted Assessment						
Municipality	2022 Tax Year	2022 Year End	% Change for In-Year Growth	2023 Tax Year	% Change related to Phase In Valuation	Total % Change
Burlington	\$ 51,946,891,884	\$ 52,262,960,900	0.61%	\$ 52,262,960,900	0.00%	0.61%
Halton Hills	15,489,405,095	15,605,922,292	0.75%	15,605,922,292	0.00%	0.75%
Milton	29,299,864,992	29,967,540,163	2.28%	29,967,540,163	0.00%	2.28%
Oakville	72,814,520,182	74,093,989,113	1.76%	74,093,989,113	0.00%	1.76%
<b>Total</b>	<b>\$ 169,550,682,152</b>	<b>\$ 171,930,412,468</b>	<b>1.40%</b>	<b>\$ 171,930,412,468</b>	<b>0.00%</b>	<b>1.40%</b>

*Notes: The % change columns in both tables do not total 1.40% due to the use of different bases in each calculation*

The 1.40% increase solely relates to the net in-year growth in assessment in 2022. The phase-in valuation change of 0.0% is due to the assessments reaching full value in 2020 and the postponement of the 2021 reassessment for the 2021, 2022 and 2023 tax years. This means that assessments used for the 2023 taxation year will continue to be based on the same valuation date that was in effect for the 2022 taxation year of January 1, 2016.

The net in-year assessment growth of 1.40% for 2022 incorporates all additional assessment generated from new development that has been valued by MPAC during the year. The increase in assessment is offset by reduced assessment values resulting from Assessment Review Board appeal settlements and Requests for Reconsideration settlements. The net in-year assessment growth results in a reduction to the tax impact as per the 2023 Budget and Business Plan, which supports the costs of maintaining levels of service in a growing community.

In contrast, valuation changes based on MPAC's reassessment do not generate any additional tax revenue but rather result in a redistribution of the relative tax share among the property classes. As noted above, there are no valuation changes in 2023.

On April 28, 2022, the Province released the *2022 Ontario Budget*, which reaffirmed that the property tax reassessments would continue to be postponed for the 2023 tax year. This means that assessments used for the 2023 taxation year would continue to be based on the same valuation date that was in effect for the 2022 taxation year of January 1, 2016.



## **2023 Regional Levy Requirement**

Regional Council approved the net Regional levy requirement of \$492,966,096 through Report No. FN-06-23 re: 2023 Budget and Business Plan and Disposition of the 2022 Surplus, which assumed 2022 in-year assessment growth of 1.70%.

The final assessment information from MPAC was finalized in December 2022, the day before Council was scheduled to receive the 2023 Budget and Business Plan. As a result of this timing, there is a variance between the budgeted and actual assessment growth. The actual 2022 in-year assessment growth was 1.40%, which is 0.30% lower than the budgeted assessment growth of 1.70%. In order to maintain the Council-approved 2023 tax increase of 3.4%, the net levy requirement is reduced to \$491,575,880, as shown in Table 2 below, and a transfer from the Tax Stabilization reserve of \$1,390,217, approved through Report No. FN-06-23, is required to fund the shortfall. The 2023 Regional Levy By-law accompanies Report No. FN-17-23 for approval.

**Table 2: 2023 Actual Assessment Growth**

	<b>2023 Budget</b>	<b>2023 Levy</b>	<b>Difference</b>
Assessment Growth	1.70%	1.40%	-0.30%
Tax Increase	3.4%	3.4%	0.0%
Net Levy Requirement	\$492,966,096	\$491,575,880	(\$1,390,217)

## **Tax Ratios**

One of the limited tools provided by the Province to municipalities in setting tax rates is the ability to adjust tax ratios to address tax shifts created through reassessments. Regional staff are proposing no changes to the 2023 tax ratios as shown in Table 3 below. The 2023 Regional Tax Ratio By-law accompanies Report No. FN-17-23 for approval.

**Table 3: 2023 Tax Ratios**

Property Class	Ranges of Fairness (O. Reg. 386/98)	Halton Region Tax Ratios		Threshold Ratios (O. Reg. 73/03)
		2022	2023	
Residential	1.00*	1.0000	1.0000	2.0000
Multi-Residential	1.00 - 1.10	2.0000	2.0000	
New Multi-Residential	1.00 - 1.10	1.0000	1.0000	
Commercial	0.60 - 1.10	1.4565	1.4565	1.9800
Industrial	0.60 - 1.10	2.0907	2.0907	2.6300
Pipe Line	0.60 - 0.70	1.0617	1.0617	
Farm	0.0 - 0.25**	0.2000	0.2000	
Managed Forests	0.25***	0.2500	0.2500	
Landfill	0.60 - 1.10	1.4565	1.4565	25.0000

\*Section 308 of the *Municipal Act, 2001* sets the tax ratio for Residential as 1.0

\*\*Section 308.1 of the *Municipal Act, 2001* restricts the tax ratio for Farm to be 0.25 or lower

\*\*\*Section 308.1 of the *Municipal Act, 2001* sets the tax ratio for Managed Forests as 0.25

## **2023 Tax Rate**

As shown in Table 4 below, the 2023 final tax rates are calculated based on the assessment changes, 2023 levy requirements, and the tax ratios noted above. The blended Regional residential urban tax rate is 0.00286389, representing the 3.4% tax increase.

**Table 4: 2023 Final Tax Rates**

2023 Regional Residential Tax Rates		
Regional Services	2023 Levy	Residential Tax Rate *
General	\$ 274,723,476	0.00159788
Police	186,039,009	0.00108206
Waste Management		
Burlington	10,002,005	0.00019203
Halton Hills	3,054,985	0.00026173
Milton	6,010,249	0.00020183
Oakville	11,746,157	0.00015853
<b>Total **</b>	<b>\$ 491,575,880</b>	<b>0.00286389</b>

*Schedule may not add due to rounding*

\* Residential tax rate for urban properties

\*\* Total Tax Rate based on combined Waste Mgmt rate

There are three components to the Regional Levy: Regional General Services, Police Services and Waste Management Services. Regional General Services, including recycling and organics, and Police Services are funded by the entire assessment base. The balance of Waste Management Services is calculated on an area rating specific to each local municipal assessment base under Section 326 of the *Municipal Act, 2001* as service levels vary by local municipality. Regional staff continue to review waste management services for harmonization opportunities to move toward a region-wide waste management tax rate in future years. Attachment #1 to this report contains the

recommended Regional tax rates for 2023 for all property classes, and are included in the 2023 Regional Levy By-law, which accompanies Report No. FN-17-23 for approval.

The Region received the final Education tax rates for 2023 from the Ministry of Finance through O. Reg. 576/22 which amended O. Reg. 400/98 of the *Education Act, 1990*. Table 5 below summarizes the 2023 education rates by property class applicable for the Region.

**Table 5: Final Business Education Tax Rates**

Final Education Rates	
Property Class	2023 Tax Year
Residential	0.00153000
Multi-Residential	0.00153000
New Multi-Residential	0.00153000
Commercial	0.00770552
Commercial - Small-Scale On-Farm Business	0.00220000
Industrial	0.00880000
Industrial - Small-Scale On-Farm Business	0.00220000
Pipe Line	0.00880000
Farm	0.00038250
Managed Forests	0.00038250
Landfill	0.00864766

### **2023 Tax Impact**

The Region's tax increase for 2023 is 3.4%. Table 6 provides a summary of the combined Regional tax impact by municipality for an urban residential property per \$100,000 of current value assessment (CVA).

**Table 6: Combined Regional Tax Impact**

<b>Residential Tax Impacts per \$100,000 CVA</b>					
<b>2023 Taxes</b>	<b>Combined</b>				<b>Blended Regional Tax Only</b>
	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>	
<b>Regional Services:</b>					
General & Waste Management	\$ 178.99	\$ 185.96	\$ 179.97	\$ 175.64	\$ 178.18
Police	108.21	108.21	108.21	108.21	108.21
Sub-total	\$ 287.20	\$ 294.17	\$ 288.18	\$ 283.85	\$ 286.39
<b>Local Municipal Services:</b>					
General	421.25	405.53	293.69	323.26	
<b>Education</b>	153.00	153.00	153.00	153.00	
<b>Total</b>	<b>\$ 861.44</b>	<b>\$ 852.70</b>	<b>\$ 734.87</b>	<b>\$ 760.11</b>	<b>\$ 286.39</b>
<b>2022 Taxes</b>	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>	<b>Blended Regional Tax Only</b>
<b>Regional Services:</b>					
General & Waste Management	\$ 174.60	\$ 181.18	\$ 174.72	\$ 170.48	\$ 173.27
Police	103.77	103.77	103.77	103.77	103.77
Sub-total	\$ 278.37	\$ 284.95	\$ 278.49	\$ 274.25	\$ 277.05
<b>Local Municipal Services:</b>					
General	370.39	380.35	271.97	305.07	
<b>Education</b>	153.00	153.00	153.00	153.00	
<b>Total</b>	<b>\$ 801.75</b>	<b>\$ 818.30</b>	<b>\$ 703.46</b>	<b>\$ 732.33</b>	<b>\$ 277.05</b>
Dollar Impact on Total Taxes	\$ 59.69	\$ 34.40	\$ 31.41	\$ 27.78	\$ 9.34
Percentage Impact on Total Taxes	7.4%	4.2%	4.5%	3.8%	3.4%

Schedule may not add due to rounding

### **2023 Tax Allocation**

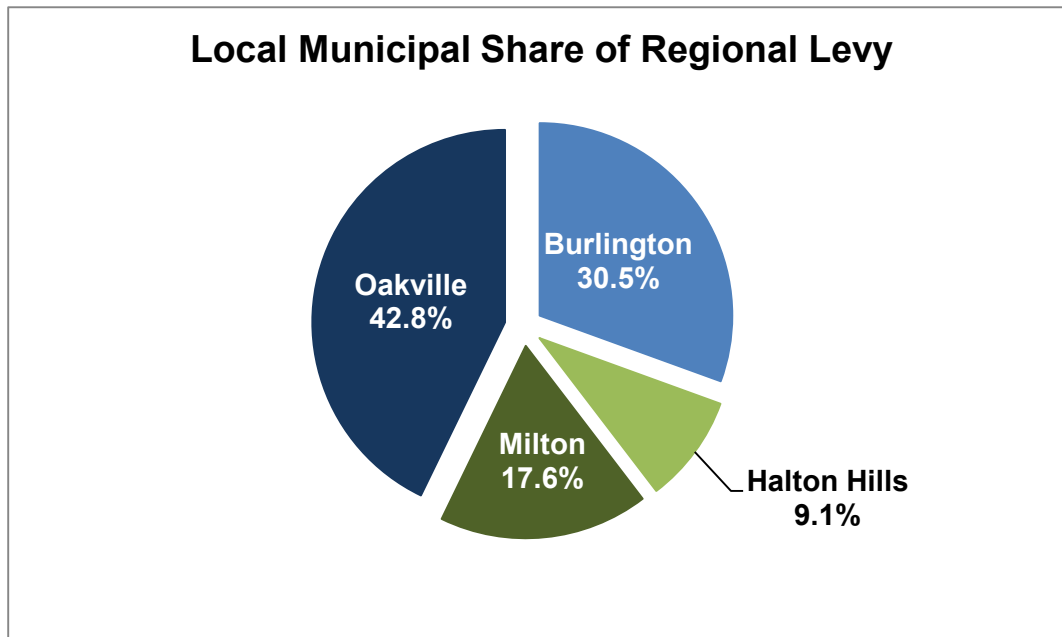
The percentage breakdown of the final 2023 taxes for Regional, Local and Education taxes for an urban residential property in each local municipality is shown in Table 7 below.

**Table 7: Share of Residential Taxes by Municipality**

<b>Percentage Share of Residential Taxes by Municipality</b>				
	<b>Burlington</b>	<b>Halton Hills</b>	<b>Milton</b>	<b>Oakville</b>
<b>Region</b>	33.3%	34.5%	39.2%	37.3%
<b>Local</b>	48.9%	47.6%	40.0%	42.5%
<b>Education</b>	17.8%	17.9%	20.8%	20.1%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Chart 1 illustrates the percentage share of the Regional levy by each local municipality.

**Chart 1: Local Municipal Share of Region Levy**



### **Postponement of the Reassessment**

Property taxation is based on the assessed value of properties, and in Ontario those assessments are reviewed and updated every four years by MPAC. The next property valuation update, known as a reassessment, was scheduled to be completed by MPAC in 2020 for the 2021 taxation year. However, due to the unique and unforeseen challenges of the COVID-19 pandemic that all municipalities, residents, and businesses faced during 2020, the Province announced in the *March 2020 Economic and Fiscal Update*, which was released on March 25<sup>th</sup>, 2020, that it was postponing the reassessment to maintain stability in the context of the emerging pandemic.

With the release of the *2022 Ontario Budget* on April 28, 2022, the Province reaffirmed that the property tax reassessments would continue to be postponed for the 2023 tax year to provide stability and certainty to residents and businesses, and enable municipalities to focus on responding to the challenges posed by the COVID-19 pandemic. With the postponement of the reassessment in 2023, the valuation date of a property's current value assessment remains as at January 1, 2016 and, excluding any in-year changes to a property, the current value assessment used for 2023 taxation is the same as what was used for 2022 taxation.

In a letter to the Minister of Finance dated January 13, 2023, the Association of Municipalities Ontario (AMO) has expressed strong support for a timely return to the assessment cycle.

## **Small-Scale On-Farm Business Subclass**

In 2018, the Province amended O. Reg. 282/98 under the *Assessment Act* to create optional subclasses for small-scale on-farm business for each of the industrial and commercial property classes. Starting in 2018, municipalities would have the option to adopt the new subclass, which would provide a 75% reduction on municipal taxes for the first \$50,000 of assessment. The Region adopted the subclass in 2020 through Report No. FN-12-20 re: 2020 Tax Policy.

Starting in 2022, municipalities have the option to adopt a second subclass that would increase the eligible assessment amount to \$100,000. Offering a second subclass with a property tax reduction based on a higher threshold would require shifting the tax burden to other properties. The Province will apply a reduced business education tax rate to this increased \$100,000 threshold for all eligible properties, regardless of whether or not municipalities adopt the subclass.

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. Staff will continue to monitor the assessment roll and report back with an update, including potential impacts and recommendations, as part of the 2024 Tax Policy Report.

## **Optional Vacant Homes Tax**

At the Regional Council meeting on June 16, 2021, Regional Council requested that staff report back on a tax on vacant homes, the impact on corporate purchases of single family homes, and the related impact on affordable housing.

The Region retained Ernst & Young LLP (EY) to undertake a feasibility assessment of adopting a Vacant Homes Tax (VHT) in Halton. The findings of the feasibility assessment provided through Report No. FN-15-22 re: Optional Vacant Homes Tax in Halton Region indicated that a VHT appears to be a feasible policy and revenue tool for Halton Region to reduce the number of vacant homes thereby increasing housing supply, and to provide positive net revenues to support Halton Region's affordable and assisted housing programs. 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.

Municipal Tax Equity Paralegal Professional Corporation (MTE) have been retained to undertake the design and implementation study, including the public engagement. Work is currently underway, however in Ontario's 2022 Budget, it was noted that the Province would be working with municipalities to facilitate the sharing of information and best practices, as well as explore opportunities to enhance the existing legislative framework for vacant home taxes. Based on feedback from this work, which is currently underway, the Province may make refinements to the legislation. Any changes to the legislation will need to be addressed and reflected in the Region's proposed VHT framework. As such, Staff are planning to report back to Regional Council later in 2023 with the results of the public engagement and a proposed VHT framework for consideration and approval,

however the timing is dependent on the results of the Province's review and any changes to the provincial legislative framework.

### **Proposed Changes Announced by the Province**

In December 2022, the Ministry of Finance released the 2023 Property Tax Decisions letter which included proposed changes to various property tax-related items, including:

- Business Education Tax Rates
- New Construction Classes for Education Property Tax Purposes
- Small Business Property Subclass
- Municipal Property Tax Flexibility – Levy Restriction
- Streamlining Property Tax Administration
- Property Tax Measures Included in *Ontario's Housing Supply Action Plan (HSAP) 2022-2023*

These are discussed in more detail below.

#### ***Business Education Tax Rates***

In 2021, the Province limited the Business Education Tax (BET) rates for commercial and industrial properties to 0.88%. Within Halton Region, this reduction benefited the Industrial Property Class which previously had a BET rate of 1.098184%. Commercial properties are at 0.770552%, which is already below 0.88%. The Province will continue to provide the reduction for the 2023 taxation year.

The Province will maintain the BET rates at the 2022 rate for properties whose payments-in-lieu of education taxes the lower- and single-tier municipalities are permitted to retain. The reduction in BET rates does not impact the Region.

#### ***New Construction Classes for Education Property Tax Purposes***

Due to the reduction in the BET rates for commercial and industrial properties to 0.88%, the new construction property classes (realty tax classes: X, Y, Z and K) are no longer differentiated from the main business property classes. Starting in the 2023 taxation year, properties in the new construction classes have returned to their respective main property classes. This change has no impact on property taxes paid by businesses.

#### ***Small Business Property Subclass***

As announced in the *2022 Ontario Economic Outlook and Fiscal Review*, which was released on November 14, 2022, the Province will now automatically match municipal property tax reductions with a reduction on the education tax portion within any municipality that adopts the optional small business property tax subclass. Municipalities adopting the subclass are no longer required to make a submission to the Minister of Finance to apply for matching reductions. While this simplifies the process for receiving a matching reduction from the Province on the education tax portion, this change does not address the challenges noted in Report No. FN-28-22 re: Optional Small Business

Property Tax Subclass in Halton Region, which hinder the subclass from effectively providing relief to small businesses in Halton.

### ***Municipal Property Tax Flexibility – Levy Restriction***

Municipalities with property classes subject to the levy restriction will continue to have the flexibility to apply a municipal tax increase to those classes of up to 50% of any increase applied to the residential class. A full levy restriction applies to multi-residential properties with a tax ratio greater than 2.0. The Region's multi-residential property class tax ratio was reduced from 2.2619 to 2.0 in 2017 through Report No. FN-11-17 re: 2017 Tax Policy. The Region does not have any levy restricted classes, therefore this has no impact for the 2023 tax year.

### **Streamlining Property Tax Administration**

When a new property class or optional property class is introduced in a municipality, additional regulation amendments are required before municipalities can finalize their taxes. These amendments are required to set the education tax rates and transition ratios. Amendments to certain regulations under the *Education Act* (O.Reg. 576/22) and the *Municipal Act, 2001* (O.Reg. 575/22) have been made to allow municipalities the flexibility to implement new property classes or optional property classes without additional regulations. These amendments will provide municipalities with increased autonomy and assist in meeting local decision-making timelines.

### **Property Tax Measures Included in *Ontario's Housing Supply Action Plan (HSAP) 2022-2023***

As announced in the *Ontario's Housing Supply Action Plan 2022-2023*, the Province has committed to consulting with municipalities on potential approaches to reduce the current property tax burden on multi-residential apartment buildings. Consultations will provide an opportunity for the Ministry of Finance to engage with municipalities on policies related to the property taxation of multi-residential apartment buildings and discuss implications for housing affordability in the rental market. In support of these consultations, the Ministry will be engaging with the Property Assessment and Taxation Municipal Advisory Committee (PATMAC), which includes representation from the Association of Municipalities of Ontario (AMO) and other municipal associations.

The Province will also explore potential refinements to the assessment methodology for affordable rental housing. Staff will continue to monitor and report back on the findings when announced.

### **Farm Forestry Exemption (FFE)**

In the *2021 Ontario Economic Outlook and Fiscal Review*, released in November 2021, the Province announced measures to increase the current limit on the property tax exemption for farm woodlots from 20 to a proposed 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. Previously, the tax exemption applied to one acre of forested land for every 10 acres of farmland, and could not exceed 20 acres in any one municipality.

Changes were enacted with *Bill 43, Build Ontario Act (Budget Measures), 2021* to amend Section 3(1)19 of the *Assessment Act* to allow the Minister of Finance to prescribe a higher number of acres. Ontario Regulation 230/22 amending O. Reg. 282/98, was filed on March 24, 2022 to increase the acreage maximum per farm property in a municipality from 20 to 30 acres effective January 1, 2023. 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 and aligns with other tax incentives such as the Managed Forest Tax Incentive Program and the Conservation Land Tax Incentive Program.

Staff are currently working with local municipal staff and MPAC to review the impacts of this change which are expected to be immaterial.

### **Tax Relief Programs**

#### **Rebates for Charitable Organizations**

A rebate program for registered charitable organizations occupying (owned or rented) commercial or industrial properties has been provincially mandated under s. 361 of the *Municipal Act, 2001* since 1998 with the introduction of CVA, and was approved and implemented through By-law No. 120-98, as amended. The mandatory program includes the following discretionary options:

- May provide rebates to organizations that are similar to eligible charities
- May include eligible organizations occupying property in other property classes
- May provide rebates between 40% and 100% and
- May have different rebates for different organizations or charities.

The current program offered in Halton Region provides a rebate of 40% of the current year's taxes for eligible organizations. This level has remained constant since the introduction of the program. This program is administered by the local municipalities through an annual application process. The deadline to apply for charity rebates is the end of February in the following year.

The Regional cost of the charity rebate program was \$170,400 in 2022.

Staff recommend that Regional Council continue the existing program of providing rebates for charitable organizations, as defined under s. 248(1) of the *Income Tax Act*, at a rate equal to 40% of the current year's taxes for the 2023 taxation year.

## Older Adults Property Tax Deferral Programs

### *Deferral of Property Tax Increase*

A mandatory tax relief program for low income older adults and low income disabled homeowners was introduced as part of the 1998 property tax reform under s. 319 of the *Municipal Act, 2001*. The eligibility criteria for this program are established by upper-tier municipalities and are administered by the local municipalities. The Region established the eligibility criteria which are reviewed as part of the annual tax policy process. The program allows for an interest-free deferral of all annual property tax increases for eligible low income older adults and low income disabled homeowners. For 2023, Regional staff recommend that Council continue with the existing program. The 2023 Regional By-law for the Property Tax Increase Deferral Program for Low Income Older Adults and Low Income Persons with Disabilities accompanies Report No. FN-17-23 for approval.

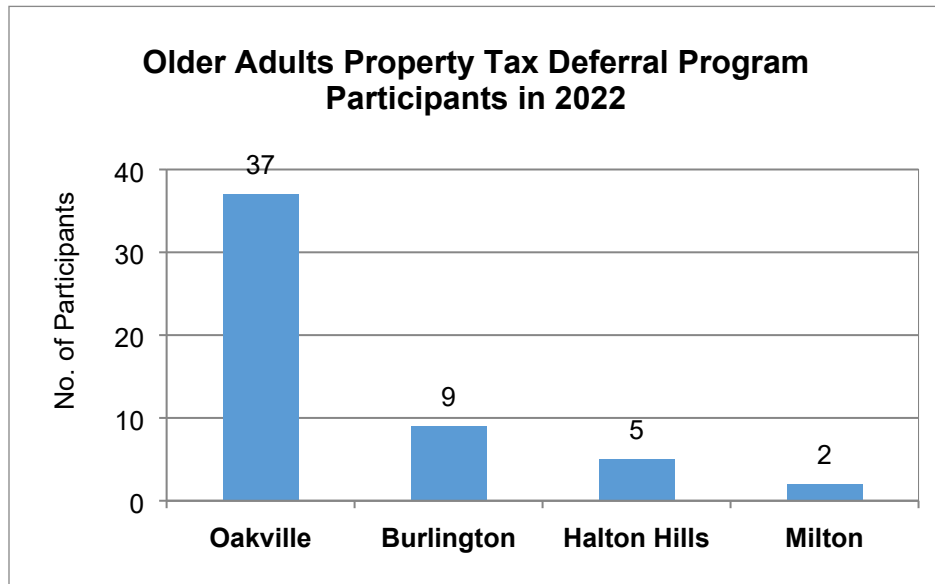
### *Deferral of Full Property Tax*

In March 2016, Regional Council approved Report No. FN-06-16 re: Implementation of Older Adults Property Tax Deferral Program, and passed By-law No. 20-16, as amended. This program provides a full property tax deferral program, interest-free to the homeowner, for low income older adults who own real property in Halton Region. Section 107 of the *Municipal Act, 2001*, permits a municipality to make grants for any purpose that Regional Council considers to be in the interest of the municipality, subject to certain restrictions. The Region provides grants to the local municipalities to fund the interest cost of the deferral. This program was adopted by the local municipalities and commenced on July 1, 2016.

The program was designed to assist eligible low income older adults remain in their homes by deferring full property taxes, with the interest paid by the Region. The program is offered in addition to, and mutually exclusive of, the existing property tax increase deferral discussed above for low income older adults (s. 319 of the *Municipal Act, 2001*), and the local tax rebate programs for low income older adults under s. 365 of the *Municipal Act, 2001*, as set out below. For example, if an older adult is accepted for the full tax deferral program, then the same person is not eligible for a local tax rebate program or the tax deferral for the property tax increase for low income older adults.

In 2022, a total of 53 households participated in the program Region-wide at a cost of \$179,000, as shown in Chart 2 below.

**Chart 2: Older Adults Property Tax Deferral Program Participation**



The program is reviewed annually and any changes to the program are brought forward to Council for consideration as part of the annual tax policy report. For 2023, Regional staff recommend that Council continue with the existing program.

### **Local Tax Rebate for Low Income Older Adults**

Tax rebate programs for low income older adults are offered by the City of Burlington, the Town of Halton Hills, and the Town of Oakville through s.365 of the *Municipal Act, 2001*. This section allows lower-tier municipalities to provide for the cancellation, reduction, or refund of taxes for municipal and school purposes for an eligible property of any person whose taxes are considered to be unduly burdensome. The Council of the lower-tier municipality defines “unduly burdensome” and the rebate criteria. Upper-tier municipalities may cost share in the rebate programs in the same proportional share as the tax revenues. A by-law is required to establish the cost-sharing by the upper-tier municipality. If the upper-tier does not cost share in the program, then the lower-tier is responsible for the portion of the costs relating to the upper-tier municipality.

Halton Region has participated in cost-sharing the low income older adults’ tax rebates since 2008. The proportion of the rebate for education taxes is automatically shared with the school boards. Older adults apply annually through an application form which is available from the local tax office or the websites in each participating municipality.

The City of Burlington and the Town of Halton Hills continue to offer a rebate program based on participants receiving a monthly guaranteed income supplement under Part II of the *Old Age Security Act*. The City of Burlington’s rebate is \$550, and the Town of Halton Hills’ rebate is \$500. The Town of Oakville offers a rebate of \$500 for those who had a maximum combined household income of \$34,259 in 2022.

The Regional cost of the older adults rebate program was \$161,900 in 2022.

Staff recommend that the Region continue to cost-share in the local rebate programs for low income older adults for the 2023 taxation year. The 2023 Regional By-laws to authorize the cost sharing of Tax Rebates to eligible owners of real property in the City of Burlington, the Town of Halton Hills and the Town of Oakville accompany Report No. FN-17-23 for approval, and the By-law for the Town of Oakville will be provided for Council's approval in May following approval of the Town's By-law.

### **Local Tax Rebate for Eligible Heritage Property**

Pursuant to section 365.2 of the *Municipal Act, 2001*, a local municipality may establish a program to provide tax reductions or refunds to eligible heritage properties. Currently, the City of Burlington and the Town of Halton Hills have established local programs.

In 2015, Regional Council approved cost share in the Local Municipal Heritage Property Tax Rebate programs for eligible properties through Report No. FN-45-15 re: Heritage Properties Tax Rebate Program and Report No. FN-52-15 re: 2016 Budget and Business Plan and Disposition of the 2015 Surplus, and passed By-law No. 133-15, as amended.

Establishing a Regional Heritage Property Tax Rebate program in conjunction with the local municipalities is supported by the Region's Official Plan (2009) which contains policies pertaining to protection and stewardship of Halton Region's cultural heritage resources. A Heritage Property Tax Rebate program is also consistent with policies of the Provincial Policy Statement 2020 as it promotes conserving cultural heritage resources.

Under the Heritage Property Tax Rebate program, the Region provides a reduction or refund of the Regional portion of property taxes for an eligible heritage property that is the same as that provided by the lower-tier by-law. The Regional cost of the Heritage Property Tax Rebate program was \$49,800 in 2022.

In addition to the 40% rebate offered to residential properties, the City of Burlington offers a 20% rebate to commercial properties.

For 2023, the following rebate will be provided by the Region:

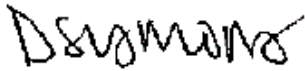
- In the City of Burlington, a total rebate of 40% for eligible residential properties, and 20% for eligible commercial properties of taxes levied for upper-tier purposes.
- In the Town of Halton Hills, a total rebate of 20% of taxes levied for upper-tier purposes for eligible properties.

Staff recommend that the Region continue to provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by the local municipalities for the 2023 taxation year as outlined above.

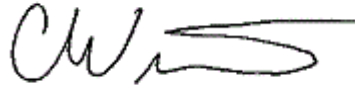
## FINANCIAL/PROGRAM IMPLICATIONS

The financial impacts of this report are in accordance with the Region's 2023 Budget and Business Plan.

Respectfully submitted,



Debbie Symons  
Director, Budgets and Tax Policy



Cyndy Winslow  
Commissioner, Finance and Regional  
Treasurer

Approved by



Jane MacCaskill  
Chief Administrative Officer

If you have any questions on the content of this report,  
please contact:

Debbie Symons

Tel. # 7155

Attachments: Attachment # 1 - 2023 Regional Tax Rates  
Attachment # 2 - 2023 Current Value Assessment (CVA) and Tax Policy Reference  
Manual

**Local Municipality - Burlington**

	<b>General</b>	<b>Police</b>	<b>Basic Waste</b>	<b>Enhanced Waste</b>	<b>Regional Total Urban</b>	<b>Regional Total Rural</b>
1 - Residential	0.00159788	0.00108206	0.00016824	0.00002379	0.00287197	0.00284818
- farm land I	0.00119840	0.00081154	0.00012618	0.00001784	0.00215396	0.00213612
- education only	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
2 - Multi-Residential	0.00319575	0.00216412	0.00033648	0.00004757	0.00574392	0.00569635
3 - New Multi-Residential	0.00159788	0.00108206	0.00016824	0.00002379	0.00287197	0.00284818
4 - Commercial	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- excess land	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- vacant land	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- farm land I	0.00119840	0.00081154	0.00012618	0.00001784	0.00215396	0.00213612
- small-scale on-farm business	0.00058182	0.00039401	0.00006126	0.00000866	0.00104575	0.00103709
- Office Building	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- excess land	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- Parking Lot	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- Shopping Centre	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
- excess land	0.00232731	0.00157602	0.00024504	0.00003465	0.00418302	0.00414837
5 - Industrial	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
- excess land	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
- vacant land	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
- farm land I	0.00119840	0.00081154	0.00012618	0.00001784	0.00215396	0.00213612
- small-scale on-farm business	0.00083517	0.00056557	0.00008794	0.00001243	0.00150111	0.00148868
- new construction	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
- new construction excess land	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
- Large Industrial	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
- excess land	0.00334068	0.00226226	0.00035174	0.00004973	0.00600441	0.00595468
6 - Pipe Line	0.00169647	0.00114882	0.00017862	0.00002526	0.00304917	0.00302391
7 - Farm	0.00031958	0.00021641	0.00003365	0.00000476	0.00057440	0.00056964
8 - Managed Forests	0.00039947	0.00027051	0.00004206	0.00000595	0.00071799	0.00071204

**Local Municipality - Halton Hills**

	<b>General</b>	<b>Police</b>	<b>Basic Waste</b>	<b>Enhanced Waste</b>	<b>Regional Total Urban</b>	<b>Regional Total Rural</b>
1 - Residential	0.00159788	0.00108206	0.00022821	0.00003352	0.00294167	0.00267994
- farm land I	0.00119840	0.00081154	0.00017116	0.00002514	0.00220624	0.00200994
2 - Multi-Residential	0.00319575	0.00216412	0.00045642	0.00006704	0.00588333	0.00535987
3 - New Multi-Residential	0.00159788	0.00108206	0.00022821	0.00003352	0.00294167	0.00267994
4 - Commercial	0.00232731	0.00157602	0.00033238	0.00004882	0.00428453	0.00390333
- excess land	0.00232731	0.00157602	0.00033238	0.00004882	0.00428453	0.00390333
- vacant land	0.00232731	0.00157602	0.00033238	0.00004882	0.00428453	0.00390333
- small-scale on-farm business	0.00058182	0.00039401	0.00008310	0.00001220	0.00107113	0.00097583
- Office Building	0.00232731	0.00157602	0.00033238	0.00004882	0.00428453	0.00390333
- Parking Lot	0.00232731	0.00157602	0.00033238	0.00004882	0.00428453	0.00390333
- Shopping Centre	0.00232731	0.00157602	0.00033238	0.00004882	0.00428453	0.00390333
5 - Industrial	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
- excess land	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
- vacant land	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
- farm land I	0.00119840	0.00081154	0.00017116	0.00002514	0.00220624	0.00200994
- new construction	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
- new construction excess land	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
- Large Industrial	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
- excess land	0.00334068	0.00226226	0.00047711	0.00007008	0.00615013	0.00560294
6 - Pipe Line	0.00169647	0.00114882	0.00024229	0.00003559	0.00312317	0.00284529
7 - Farm	0.00031958	0.00021641	0.00004564	0.00000670	0.00058833	0.00053599
8 - Managed Forests	0.00039947	0.00027051	0.00005705	0.00000838	0.00073541	0.00066998

**Local Municipality - Milton**

	<b>General</b>	<b>Police</b>	<b>Basic Waste</b>	<b>Enhanced Waste</b>	<b>Regional Total Urban</b>	<b>Regional Total Rural</b>
1 - Residential	0.00159788	0.00108206	0.00018891	0.00001291	0.00288176	0.00286885
2 - Multi-Residential	0.00319575	0.00216412	0.00037783	0.00002583	0.00576353	0.00573770
3 - New Multi-Residential	0.00159788	0.00108206	0.00018891	0.00001291	0.00288176	0.00286885
4 - Commercial	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
- excess land	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
- vacant land	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
- farm land I	0.00119840	0.00081154	0.00014169	0.00000969	0.00216132	0.00215163
- small-scale on-farm business	0.00058182	0.00039401	0.00006879	0.00000470	0.00104932	0.00104462
- Office Building	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
- Parking Lot	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
- Shopping Centre	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
- excess land	0.00232731	0.00157602	0.00027515	0.00001881	0.00419729	0.00417848
5 - Industrial	0.00334068	0.00226226	0.00039496	0.00002700	0.00602490	0.00599790
- excess land	0.00334068	0.00226226	0.00039496	0.00002700	0.00602490	0.00599790
- vacant land	0.00334068	0.00226226	0.00039496	0.00002700	0.00602490	0.00599790
- farmlands I	0.00119840	0.00081154	0.00014169	0.00000969	0.00216132	0.00215163
- new construction	0.00334068	0.00226226	0.00039496	0.00002700	0.00602490	0.00599790
- Large Industrial	0.00334068	0.00226226	0.00039496	0.00002700	0.00602490	0.00599790
- excess land	0.00334068	0.00226226	0.00039496	0.00002700	0.00602490	0.00599790
6 - Pipe Line	0.00169647	0.00114882	0.00020057	0.00001371	0.00305957	0.00304586
7 - Farm	0.00031958	0.00021641	0.00003778	0.00000258	0.00057635	0.00057377
8 - Managed Forests	0.00039947	0.00027051	0.00004723	0.00000323	0.00072044	0.00071721



**Local Municipality - Oakville**

	<b>General</b>	<b>Police</b>	<b>Basic Waste</b>	<b>Enhanced Waste</b>	<b>Regional Total Urban</b>	<b>Regional Total Rural</b>
1 - Residential	0.00159788	0.00108206	0.00013896	0.00001957	0.00283847	0.00283847
2 - Multi-Residential	0.00319575	0.00216412	0.00027792	0.00003914	0.00567693	0.00567693
3 - New Multi-Residential	0.00159788	0.00108206	0.00013896	0.00001957	0.00283847	0.00283847
4 - Commercial	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- excess land	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- vacant land	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- Office Building	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- excess land	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- Parking Lot	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- Shopping Centre	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
- excess land	0.00232731	0.00157602	0.00020240	0.00002850	0.00413423	0.00413423
5 - Industrial	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
- excess land	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
- vacant land	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
- farm land I	0.00119840	0.00081154	0.00010422	0.00001468	0.00212884	0.00212884
- new construction	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
- new construction excess land	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
- Large Industrial	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
- excess land	0.00334068	0.00226226	0.00029052	0.00004091	0.00593437	0.00593437
6 - Pipe Line	0.00169647	0.00114882	0.00014753	0.00002078	0.00301360	0.00301360
7 - Farm	0.00031958	0.00021641	0.00002779	0.00000391	0.00056769	0.00056769
8 - Managed Forests	0.00039947	0.00027051	0.00003474	0.00000489	0.00070961	0.00070961



Halton Region

# 2023 Current Value Assessment (CVA) and Tax Policy Reference Manual



Updated April 2023 (FN-17-23)

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# Introduction

## Purpose of the Current Value Assessment and Tax Policy Reference Manual

The *Current Value Assessment and Tax Policy Reference Manual* has been developed to assist Councillors, staff and property owners in understanding assessment and tax reform in Halton Region and Ontario as a whole.

In 1998, the Provincial government instituted current value assessment (CVA) across Ontario with mandated updates on a regular basis. At the same time, rules and regulations were legislated by the Province to guide municipalities in setting tax policies. Changes were also made to education taxes through the shifting of service responsibilities between the Provincial and Municipal governments. In the 2007 Provincial Budget, a four-year reassessment cycle was introduced. As a result of valuation changes from reassessment, increases in CVA are phased-in equally over a four-year period while decreases in CVA are applied in the first year.

The most recent reassessment occurred in 2016 and updated all property values in Ontario to a valuation date of January 1, 2016 as set out in Report No. FN-01-17 (re: 2016 Reassessment Impact Analysis). Assessments used for the 2023 taxation year will continue to be based on the same valuation date that was in effect for the 2022 taxation year. In March 2020, the Province announced the postponement of the 2021 reassessment. In April 2022, the Province reaffirmed that the property tax reassessments would continue to be postponed for the 2023 tax year. As of the printing of this manual, no revised reassessment timeline has been provided.

In prior years, tax policies have been developed to work towards Regional Council's Multi-Year Tax Policy Strategy with the aim of mitigating the shifts in relative tax share created by the reassessment and mandatory phase-in program and Halton's Economic Development Strategy, ensuring Halton Region's industrial and commercial tax rates are competitive within the Greater Toronto and Hamilton Area.

## Roles & Responsibilities

The following chart illustrates the roles and responsibilities of each governing body that is involved in the assessment and tax setting process.





## Provincial Government

The Provincial government sets the policies and legislation affecting property assessment and taxation in Ontario. There are three ministries that are involved in assessment and tax policy.

### Ministry of Finance

The principal ministry involved in setting assessment and tax policies is the Ministry of Finance. Under the *Fair Municipal Finance Act, 1997*, the Ministry created a new province-wide current value assessment system that also introduced new property classes. The Ministry of Finance sets the overall policies and has the final decision on any assessment-related issues. The Ministry is also responsible for setting education tax rates annually.

The Minister of Finance sets assessment policy and standards across the province and develops Ontario's Tax and Property Assessment Legislation. The Minister is also responsible for establishing the majority of the regulations governing assessment and tax policy.

### Ministry of Municipal Affairs and Housing (MMAH)

The Ministry of Municipal Affairs and Housing is responsible for establishing some of the regulations under the *Municipal Act, 2001* and the *Residential Tenancies Act, 2006* associated with property tax policy. As the primary liaison with municipalities, it deals more specifically with implementation details.

### Ministry of Education

The Ministry of Education is responsible for establishing the deadlines for municipalities to pay their education tax installments. Although not responsible for setting the education tax rates, the Ministry is responsible for allocating these funds to the school boards.

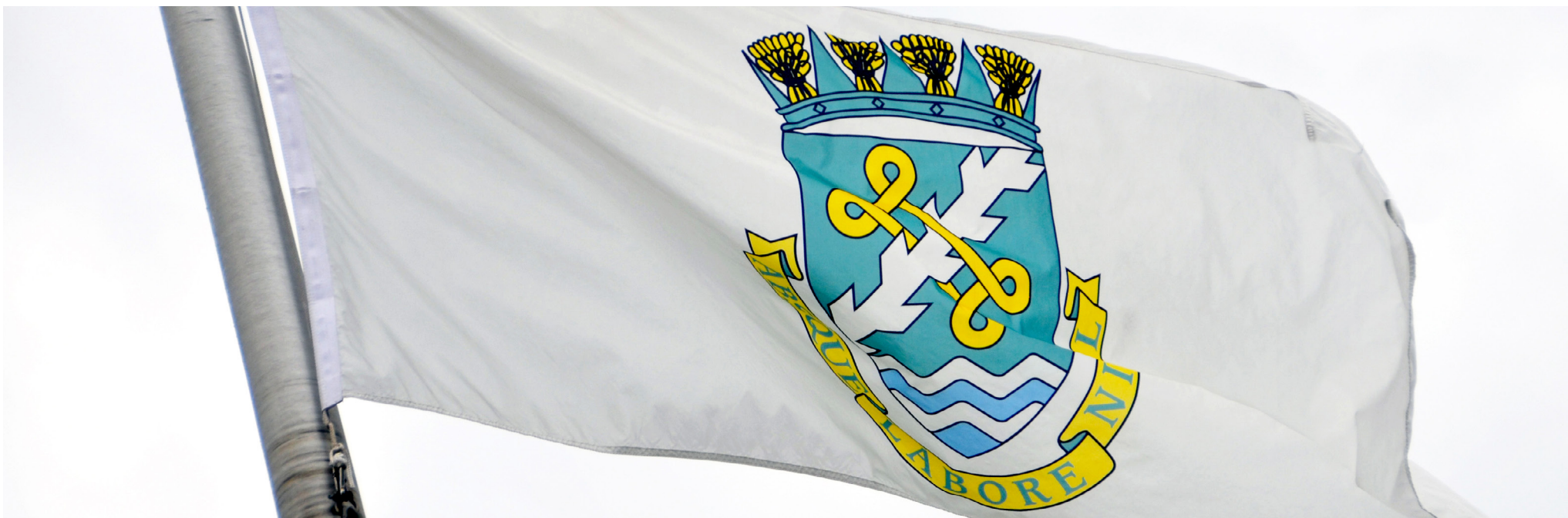
## Municipal Property Assessment Corporation (MPAC)

On December 31, 1998, the Provincial government transferred responsibility for property assessment from the Ministry of Finance to the Ontario Property Assessment Corporation, an independent body established by the *Ontario Property Assessment Corporation Act, 1997*. Amendments to the Act in 2001 resulted in an organizational change and renamed the organization to the Municipal Property Assessment Corporation (MPAC).

MPAC is governed by a Board of Directors appointed by the Minister of Finance. The board is comprised of 13 members: seven members are municipal representatives; four members represent property taxpayers; and two members represent Provincial interests.

Every municipality in Ontario is a member of MPAC, a non-share capital, not-for-profit corporation whose main responsibility is to administer a uniform, province-wide property assessment system based on current value assessment in accordance with the provisions of the *Assessment Act, 1990*. These assessments apply to more than 5.5 million properties in Ontario, with an estimated total value of more than \$3.0 trillion.

Property values are communicated to individual property owners through Property Assessment Notices and to municipalities through the annual assessment rolls. The annual assessment rolls are used by municipalities to calculate property taxes.



## Halton Region

Under the rules and regulations created by the Province, Halton Region, as the upper-tier municipality, is responsible for the development of property tax policies. The Region works in co-operation with the Local Municipalities to set these policies on an annual basis.

These policy decisions include:

- tax ratios or delegation of tax ratio setting to the local municipalities
- optional property classes
- graduated tax rates for commercial and industrial classes of properties
- phasing-in of property tax increases/decreases
- how to fund the mandated caps for multi-residential, commercial and industrial properties
- low-income homeowners' programs for older adults and persons with disabilities

The annual tax policy decision process begins with analysis of the final assessment roll for the taxation year as received from MPAC each December. Annual growth in assessment and valuation changes to the assessment base create shifts in the relative tax share between property classes. Analysis of these tax shifts may provide focus to the tax policy decisions required.

The Region, in conjunction with the Local Municipalities and based on the annual tax policies established, also determines the annual tax rates for each property class.

## Local Municipalities

Under the rules and regulations created by the Province, the Local Municipalities are responsible for the administration of the tax billing, adjustments and the collection process, rebate programs, taxpayer inquiries and municipal representation in the appeal process.

# Assessment

This section of the manual provides an overview of assessment and reassessment. While MPAC is responsible for property assessment, Council members and municipal staff may find the following information helpful in answering basic questions from citizens. Given the relationship between assessment and taxes, the following section also provides baseline information on the types of property classes, subclasses and optional classes. Detailed questions should be directed to the MPAC office, the governing body responsible for assessment.

## Ontario Property Reassessment

Property assessment is the value assigned to a property for taxation purposes.

Property reassessment in Ontario refers to the updating of all property values across the province using the same base year of comparison to reflect their value. Properties are assessed on the basis of their current value at a specific point in time.

Since market values on properties change over time, it is necessary to keep the assessments on properties up to date so that they reflect current market conditions. Otherwise, similar properties with the same value but different assessments within the same municipality will pay different levels of taxation.

When tax reform was initiated in 1997, assessments on all properties in Ontario were updated to reflect their value as of June 30, 1996. These 1996 values were used as the basis for taxation in 1998, 1999, and 2000. The table to the right shows the date on which land is valued for assessment purposes for taxation years, beginning in 1998.

The 2004 Provincial Budget cancelled the reassessment planned for 2005 and adopted a new reassessment schedule starting with the 2006 taxation year. This schedule was based on assessment values as of January 1 of the year preceding the current taxation year (i.e., for the 2006 taxation year, the valuation date would be January 1, 2005).

In response to a large number of taxpayer complaints, a Provincial Ombudsman investigation was launched into whether MPAC's process of valuing properties was transparent and fair. On June 29, 2006, the Minister of Finance announced that the scheduled property reassessments for the next two years would be cancelled in order to allow for the implementation of the Ombudsman's recommendations.

Taxation Year	Valuation Date
1998, 1999, 2000	June 30, 1996
2001, 2002	June 30, 1999
2003	June 30, 2001
2004, 2005	June 30, 2003
2006, 2007, 2008	January 1, 2005
2009 - 2012	January 1, 2008
2013 - 2016	January 1, 2012
2017 - 2020, 2021, 2022, 2023	January 1, 2016

The 2007 Provincial Budget introduced a mandatory phase-in of residential assessment increases (including farm and managed forests) over the four-year period. The 2008 Provincial Budget extended the phase-in of assessment increases to all property classes.

Increases in assessed values are distributed equally among all years of the phase-in cycle. Decreases in assessed values are fully realized in the first year of the phase-in cycle.

The current reassessment is based on property values as of January 1, 2016, and the phase-in cycle applies to the 2017 to 2020 taxation years. In March 2020, the Province announced the postponement of the 2021 reassessment. In April 2022, the Province reaffirmed that the property tax reassessments would continue to be postponed for the 2023 tax year, meaning assessments used for the 2023 taxation year would continue to be based on the same valuation date that was in effect for the 2022 taxation year. As of the printing of this manual, no revised reassessment timeline has been provided.

When a change in assessment occurs annually, the *Assessment Act, 1990* requires MPAC to mail Property Assessment Notices (PAN) to property owners at least 14 days prior to supplying the Assessment Roll to a municipality in December.



For the 2016 reassessment, MPAC initiated significant reforms to Ontario's property assessment system in response to recommendations from the Special Purpose Business Property Assessment Review (SPBPAR) that the Province undertook in 2013. MPAC redesigned the 2016 PAN and implemented early mailing dates to help property owners better understand their assessment and resolve concerns through a Request for Reconsideration (RfR) process before the final assessment rolls for 2017 taxation were delivered to municipalities in December 2016.



## Examples of Property Assessment Phase-In

### Property Assessment Value Increase

January 1, 2012 Valuation  
CVA = \$500,000

January 1, 2016 Valuation  
CVA = \$580,000

Change in Assessment = \$80,000

### CVA for Taxation Purposes

Taxation Year	Assessment
2017	\$520,000
2018	\$540,000
2019	\$560,000
2020	\$580,000
2021	\$580,000
2022	\$580,000
2023	\$580,000

### Property Assessment Value Decrease

January 1, 2012 Valuation  
CVA = \$500,000

January 1, 2016 Valuation  
CVA = \$480,000

Change in Assessment = -\$20,000

### CVA for Taxation Purposes

Taxation Year	Assessment
2017	\$480,000
2018	\$480,000
2019	\$480,000
2020	\$480,000
2021	\$480,000
2022	\$480,000
2023	\$480,000

## Current Value Assessment

Current Value Assessment is defined as the amount of money a property would realize if sold at arm's length (by a willing seller to a willing buyer with no relationship to each other). To calculate a property's assessed value, MPAC analyzes market information from similar types of property in the vicinity.

While all properties are evaluated using current value assessment, there are three methods used for this analysis:

- the selling price of a property (residential)
- the rental income a property generates (office building)
- the cost to replace a property (industrial)

Each method takes into consideration the location of a property, the size and quality of any buildings and features which might enhance or reduce a property's value.

## Property Assessment Codes and Classes

MPAC classifies every property into one or more property classes. Municipalities have the ability within pre-established provincial guidelines to charge each property class a different rate of tax. Therefore, classification of properties determines the rate of tax that the property owner will be required to pay.

## Classes of Properties

Current legislation requires MPAC to allocate properties into nine mandatory property classes. These classes are defined by a Realty Tax Class (RTC) designation. On April 4, 2017, Ontario Regulation 264/17 was filed by the Ministry of Finance, moving the designation of the new multi-residential property class from an optional to a mandatory property class in 2017 and future years.

<b>Residential (RTC = R)</b>
<b>Multi-Residential (RTC = M)</b>
<b>New Multi-Residential (RTC = N)</b>
<b>Commercial (RTC = C)</b>
<b>Industrial (RTC = I)</b>
<b>Pipe Line (RTC = P)</b>
<b>Farm (RTC = F)</b>
<b>Managed Forests (RTC = T)</b>
<b>Landfill (RTC = H)</b>



## Property Class Definitions

### Residential

The residential property class consists of:

- land used for low-density residential purposes, such as single-family houses
- condominium units
- land used for residential purposes on a seasonal basis, including campgrounds
- land owned by a cooperative or a corporation without share capital, or a group home
- specific lands not used for residential purposes, such as farm land that does not fall in the farm class



### Multi-Residential

This class consists of land that is used for residential purposes that has seven or more self-contained units.



### New Multi-Residential

This class consists of land that would otherwise be in the multi-residential property class, but satisfies the requirement that the units on the land have been built or converted from a non-residential use. This classification also requires that a building permit was issued after the by-law adopting the new multi-residential class was passed (in Halton's case, after October 30, 2002).

A property ceases to be in the new multi-residential class after it has been in that class for 35 taxation years.

### Commercial

The commercial class includes all land that is not included in any other property class. Examples of properties included in this class are:

- hotels and motels
- stores

- office buildings
- shopping malls
- homes for special care
- retirement homes and nursing homes operated as commercial ventures



### Industrial

The industrial property class consists of land used for, or in connection with, manufacturing, producing or processing, as well as lands used for research and development and storage activities in connection with manufacturing, producing and processing. This class also includes land used for generating or transforming electricity or extracting anything from the earth.

### Pipe Line

This class of property consists of pipe lines as they are presently defined in the *Assessment Act, 1990*. The Minister of Finance prescribes assessment rates by regulation using the same base-year value as all other properties.

### Farm

Land used for farming, including outbuildings, is included in this class. Inclusion in the farm class is based on the criteria set for the former Farm Tax Rebate Program that applied in 1997. Since 2006, Halton Region's tax ratio for the farm class has been 20 per cent of the residential tax rate (subject to certain restrictions detailed in regulations).

### Managed Forests

This class consists of land that is subject to a managed forest agreement. If the land is used for other purposes, it will be reclassified and the favourable tax treatment will be eliminated. Furthermore, it is intended that the tax break that the property had enjoyed as an eligible managed forest will be recovered for the year or portion of the year in which it ceased to be eligible, and such change can be made by the assessor up to four years later. Eligible managed forests are taxed at 25 per cent of the residential tax rate.



## Landfill

In 2017, the Province introduced a new property class which consists of land on which landfilling is permitted to occur with environmental compliance approval and land that contains a closed landfill cell (no longer used to receive waste and has been permanently closed) as outlined in the *Assessment Act, 1990*. This class includes a dump, transfer station, incineration plant and landfill.

## Optional Classes of Properties

In addition to the nine core property classes, the Minister of Finance established seven additional optional classes in the *Assessment Act, 1990*.

The advantage of creating an optional class is that it provides additional flexibility to tax properties within these classes at a different rate compared to the broader class. However, setting up additional new classes moves a municipality further away from full tax equity across all classes, creating a greater number of tax rates. Halton currently has no optional property classes.

The following is a list of the seven optional classes available to municipalities.

<b>Office Building (RTC = D)</b>
<b>Shopping Centre (RTC = S)</b>
<b>Parking Lot &amp; Vacant Land (RTC = G)</b>
<b>Residual Commercial (RTC = K)</b>
<b>Large Industrial (RTC = L)</b>
<b>Professional Sports Facility (RTC = Q)</b>
<b>Resort Condominium (RTC = O)</b>

## New Construction Property Classes

In the 2007 Provincial Budget, a reduction to the business education tax rate to a uniform target maximum of 1.6 per cent over the following seven years was announced. The new rate of 1.6 per cent took effect immediately from the date of the budget, March 22, 2007, for all new construction in the business classes of Commercial and Industrial.

This different treatment for education taxes has resulted in new property classes for new construction. These property classes apply to land that would otherwise be in the core class and have undergone improvements to the property where the application for the building permit was made after March 22, 2007. In order to qualify as new construction, the improvements must result in an increase in the assessment equal to or greater than 50 per cent of the assessment before the change.

The regulation for the new codes was passed on September 11, 2008. In Halton, the reduction to a target rate impacts industrial properties only as the education rate for commercial properties is already below the target maximum. There are several new industrial properties within Halton that are taxed at this reduced rate.

As a result of the 2021 BET rate reduction, which lowered rates below the previous new construction BET rates, the new construction property classes implemented for education tax purposes (properties with RTC codes of X, Y, Z and K) are no longer differentiated from the main business properties classes. To simplify and streamline the property tax system, properties in these classes have been returned to their respective main property classes. To ensure a smooth transition, this roll over has been reflected in the December 2022 Property Assessment Roll for the 2023 taxation year. This change would have no impact on property taxes paid by businesses.

## Subclasses of Properties

Within some of the classes, the Province established additional breakdowns to further define the type of property. Discounted tax rates apply to these mandatory subclasses, which ensure that the special nature of these properties is recognized. Subclasses are identified by a Realty Tax Qualifier (RTQ) designation. The table below is a list of the subclasses defined by the Minister of Finance.

The Minister of Finance prescribed two subclasses with different discounts for Farm Land Awaiting Development applicable to the Residential, Multi-Residential, Commercial and Industrial core classes.

Farm Land Awaiting Development Phase I applies to properties once a plan of subdivision has been registered. Phase I subclass tax rates are to be set between 25 per cent and 75 per cent of the residential property tax rate, even though the properties may be in other property classes. In Halton, the Phase I subclass tax rate is set at 75 per cent of the residential tax rate. Farm Land Awaiting Development Phase II applies to properties once a building permit has been issued for that

property. Phase II subclass tax rates are to be set between 25 per cent and 100 per cent of the class rate of the property. In Halton, the Phase II subclass tax rate is set at 100 per cent of the applicable property class tax rate.

The Excess and Vacant Land subclasses are applicable to the Commercial and Industrial classes only. Previously, properties falling within these subclasses were discounted at 30 per cent of the full Commercial rate and 35 per cent of the full Industrial rate. Through amendments to O. Reg. 580/17 under the *Municipal Act, 2001*, Halton has been authorized to remove these discounts from the Excess and Vacant Land subclasses for both of the Commercial and Industrial classes as of the 2020 taxation year. Hence, the tax rates for these subclasses are 100 per cent of the applicable property class tax rate.

Through O. Reg. 361/18 under the *Assessment Act, 1990*, optional small-scale on-farm business subclasses, applicable to the Industrial and Commercial classes only, were added. In 2020, Regional Council passed a by-law to adopt these optional subclasses, providing a reduction in the municipal tax rate of 75 per cent for the first \$50,000 of assessment related to qualifying activities. Starting in 2022, municipalities have the option to adopt a second subclass that would increase the eligible assessment amount to \$100,000. 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.

Through the 2020 Ontario Budget, the Province of Ontario introduced property tax measures that provided municipalities with the flexibility to target property tax relief to eligible small businesses through the adoption of a new optional small business property tax subclass (SBSC). Through Report No. FN-28-22, Regional Council approved the recommendation that the subclass not be adopted since it would not be an effective tool to provide relief to small businesses in Halton.

<b>Taxable at the Full tax rate (RTQ = T)</b>
<b>Farm Land Awaiting Development I (RTQ = 1)</b>
<b>Farm Land Awaiting Development II (RTQ = 4)</b>
<b>Excess Land (Commercial/Industrial) (RTQ = U)</b>
<b>Vacant Land (Commercial/Industrial) (RTQ = X)</b>
<b>Small-Scale On-Farm Business (Commercial/Industrial) (RTQ = 7)</b>

As announced in the 2022 Ontario Economic Outlook and Fiscal Review, the Province will now automatically match the municipal property tax reductions on the education portion within any municipality that adopts the subclass. While this simplifies the process for receiving a matching reduction from the Province on the education portion, this change does not address the challenges noted in the report which hinder the subclass from effectively providing relief to small businesses.

### Mixed-Use Properties

It is possible for a property to fall into more than one property class. MPAC requires the assessor to divide the assessment of mixed-use multi-tenanted properties among different classes according to use. The municipality will then apply the appropriate tax rate to the assessed value of the property in each property class as specified on the assessment roll. This increases fairness by ensuring that properties used for similar purposes are taxed at the same rate, regardless of the nature of the building in which they are located.

For example, a building with a commercial business on the main floor and a residential unit above will have assessment in both of these classes.

**The following is an illustration of how mixed-use taxes would be calculated:**

Property A – total assessed value of	\$1,000,000
RT – residential assessment:	\$500,000
CT – commercial assessment:	\$500,000
Residential tax rate:	1.0%*
Commercial tax rate:	1.5%*
* hypothetical tax rates	

\$500,000 x 1.0% = \$5,000

(RT x Residential Tax Rate = Residential Taxes)

+

\$500,000 x 1.5% = \$7,500

(CT x Commercial Tax Rate = Commercial Taxes)

=

\$12,500 (Total Taxes)

## Taxable Assessment Codes

The following table is based on the categorization by MPAC for taxable properties in Halton Region.

BROAD CLASS	CODE (RTC/RTQ)	REALTY TAX CLASS (RTC) DESCRIPTOR	MANDATORY/ OPTIONAL	REALTY TAX QUALIFIER (RTQ) DESCRIPTOR/SUBCLASS
<b>Residential</b>	RT	Residential	Mandatory	Taxable: Full
	RH	Residential	Mandatory	Taxable: Full, Shared PIL
	RD	Residential	Mandatory	Taxable: Education Only
	R1	Residential	Mandatory	Taxable: Farmland Awaiting Development Phase I
	R4	Residential	Mandatory	Taxable: Farmland Awaiting Development Phase II
<b>Multi-Residential</b>	MT	Multi-Residential	Mandatory	Taxable: Full
<b>New Multi-Residential</b>	NT	New Multi-Residential	Mandatory	Taxable: Full
<b>Commercial</b>	CT	Commercial	Mandatory	Taxable: Full
	CH	Commercial	Mandatory	Taxable: Full, Shared PIL
	CU	Commercial	Mandatory	Taxable: Excess Land
	CK	Commercial	Mandatory	Taxable: Excess Land, Shared PIL
	CX	Commercial	Mandatory	Taxable: Vacant Land
	CJ	Commercial	Mandatory	Taxable: Vacant Land, Shared PIL
	C1	Commercial	Mandatory	Taxable: Farmland Awaiting Development Phase I
	C4	Commercial	Mandatory	Taxable: Farmland Awaiting Development Phase II
	C7	Commercial	Mandatory	Small-Scale On-Farm Business
	XT	Commercial (New Construction)	Mandatory	Taxable: Full
	XH	Commercial (New Construction)	Mandatory	Taxable: Full, Shared PIL
	XU	Commercial (New Construction)	Mandatory	Taxable: Excess Land
	XX	Commercial (New Construction)	Mandatory	Taxable: Vacant Land
	DT	Office Building	Optional	Taxable: Full
	DH	Office Building	Optional	Taxable: Full, Shared PIL
	DU	Office Building	Optional	Taxable: Excess Land
	YT	Office Building (New Construction)	Optional	Taxable: Full
	YU	Office Building (New Construction)	Optional	Taxable: Excess Land
	ST	Shopping Centre	Optional	Taxable: Full

## Taxable Assessment Codes (continued)

BROAD CLASS	CODE (RTC/RTQ)	REALTY TAX CLASS (RTC) DESCRIPTOR	MANDATORY/ OPTIONAL	REALTY TAX QUALIFIER (RTQ) DESCRIPTOR/SUBCLASS
	SU	Shopping Centre	Optional	Taxable: Excess Land
	ZT	Shopping Centre (New Construction)	Optional	Taxable: Full
	ZU	Shopping Centre (New Construction)	Optional	Taxable: Excess Land
	GT	Parking Lot	Optional	Taxable: Full
<b>Industrial</b>	IT	Industrial	Mandatory	Taxable: Full
	IH	Industrial	Mandatory	Taxable: Full, Shared PIL
	IU	Industrial	Mandatory	Taxable: Excess Land
	IK	Industrial	Mandatory	Taxable: Excess Land, Shared PIL
	IX	Industrial	Mandatory	Taxable: Vacant Land
	IJ	Industrial	Mandatory	Taxable: Vacant Land, Shared PIL
	I1	Industrial	Mandatory	Taxable: Farmland Awaiting Development Phase I
	I4	Industrial	Mandatory	Taxable: Farmland Awaiting Development Phase II
	I7	Industrial	Mandatory	Small-Scale On-Farm Business
	JT	Industrial (New Construction)	Mandatory	Taxable: Full
	JH	Industrial (New Construction)	Mandatory	Taxable: Full, Shared PIL
	JU	Industrial (New Construction)	Mandatory	Taxable: Excess Land
	LT	Large Industrial	Optional	Taxable: Full
	LU	Large Industrial	Optional	Taxable: Excess Land
	KT	Large Industrial (New Construction)	Optional	Taxable: Full
	KU	Large Industrial (New Construction)	Optional	Taxable: Excess Land
	KK	Large Industrial (New Construction)	Optional	Taxable: Excess Land, Shared PIL
	KS	Large Industrial (New Construction)	Optional	Taxable: Generating Station, Shared PIL
<b>Pipe Line</b>	PT	Pipe Line	Mandatory	Taxable: Full
<b>Farm</b>	FT	Farm	Mandatory	Taxable: Full
<b>Managed Forests</b>	TT	Managed Forests	Mandatory	Taxable: Full
<b>Landfill</b>	HF	Landfill	Mandatory	PIL: Full

# Rights of Property Owners to Challenge Their Property Assessment

If a property owner believes that the assessed value of their property is incorrect, there are a number of tools provided by MPAC to assist them.

Owners of all property types – residential, farm and business properties – can use MPAC's AboutMyProperty website to access detailed information on their property. AboutMyProperty allows property owners to quickly and easily find out more about how their property was assessed and to confirm its accuracy. By using the roll number and access key found on their PAN, property owners can register and log on to **www.aboutmyproperty.ca** and compare their property to other properties in their neighbourhood. Using an interactive map of their community, they can create a "Properties of Interest" list with access to as many as 100 property snapshots and up to 24 detailed property reports free of charge. Property owners also have the ability to submit updates to information that MPAC has on file directly through the application.

The information provided enables the comparison of assessment data for similar properties to assist the property owner in determining whether they believe the assessed value is correct.

Property owners in the residential, farm and managed forests property classes who have concerns with the CVA or classification of their property must ask MPAC to conduct a review of their assessment through the RfR process. Again, this

service is free of charge. The deadline for filing an RfR is March 31 of the taxation year. MPAC must respond to an RfR within 180 days of the RfR being made. However, if MPAC notifies the property owner within 180 days of the request being made that an extension is required, MPAC must notify the property owner of the results of the RfR within 240 days of the RfR being made.

If the reconsideration process results in a change to the assessment, MPAC will communicate the change to both the property owner and the municipality.

In addition, a property owner may also file a Notice of Complaint with the Assessment Review Board (ARB). Property owners in the residential, farm and managed forests property classes can file an appeal with the ARB if they do not agree with MPAC's decision through the RfR process. This must be filed within 90 days of MPAC mailing the RfR decision. Property owners in all other classes can proceed directly with an ARB appeal, and the deadline for these appeals is March 31 of the taxation year. There are specific forms and fees involved in this process. Forms are available on the MPAC web site, or by calling MPAC at 1-866-296-MPAC (6722). Information is also on the ARB website at [www.arb.gov.on.ca](http://www.arb.gov.on.ca).

The ARB is an independent tribunal which is responsible for hearing assessment appeals. It has the authority to change assessed values. All parties to an appeal (property owner, the municipality and MPAC) can present evidence at an appeal hearing. The decision of the ARB is binding.

## Contacting MPAC About Assessment

### Customer Contact Centre

1340 Pickering Parkway, Suite 101  
Pickering ON L1V 0C4

Toll Free 1 866 296-MPAC (6722)

TTY 1 877 889-MPAC (6722)

Monday to Friday – 8 a.m. to 5 p.m. EST



# Understanding the Relationship Between Assessment and Taxes

Property tax remains the largest and most important revenue source for municipalities. It is the only tax that municipalities have the authority to collect. The two components required for determining property taxes are the assessed value of the property and the tax rate applied to the property.

## Tax Rate

The tax rate in Halton Region consists of three components: the local municipal portion (City of Burlington, Town of Halton Hills, Town of Milton or Town of Oakville), the Regional portion and the education portion. The local and Regional portions are based on budgetary needs and the education portion is based on the Provincial education funding requirements. The residential tax rate is determined by dividing the total tax requirement by the total weighted assessment. Tax rates are set for each property class.

## Calculating Property Taxes

Property taxes are calculated using the property's assessed value, the municipal tax rates (Region and Local) and the education tax rate. The formula is:

Assessed Value x Municipal Tax Rate =  
**Amount of Municipal Property Tax**

+

Assessed Value x Education Tax Rate =  
**Amount of Education Property Tax**

=

**Total Property Taxes**

# Provincial Rules and Regulations Governing Municipal Tax Policy

The following table outlines the legislation enacted by the Provincial government to implement property assessment and tax reform through amendments to the *Municipal Act, 2001* and *Assessment Act, 1990* and other statutes.

Bill #	Name	Date Approved
<b>Bill 106</b>	<i>Fair Municipal Finance Act, 1997</i>	May 27, 1997
<b>Bill 149</b>	<i>Fair Municipal Finance Act, 1997 (No. 2)</i>	December 8, 1997
<b>Bill 16</b>	<i>Small Business and Charities Protection Act, 1998</i>	June 11, 1998
<b>Bill 79</b>	<i>Fairness for Property Taxpayers Act, 1998</i>	December 18, 1998
<b>Bill 140</b>	<i>Continued Protection for Property Taxpayers Act, 2000</i>	December 4, 2000
<b>Bill 83</b>	<i>Budget Measures Act, 2004</i>	June 17, 2004
<b>Bill 187</b>	<i>Budget Measures and Interim Appropriation Act, 2007</i>	May 17, 2007
<b>Bill 212</b>	<i>Good Government Act, 2009</i>	December 15, 2009
<b>Bill 144</b>	<i>Budget Measures Act, 2015</i>	December 10, 2015
<b>Bill 70</b>	<i>Building Ontario Up for Everyone Act (Budget Measures), 2016</i>	December 8, 2016
<b>Bill 127</b>	<i>Stronger, Healthier Ontario Act (Budget Measures), 2017</i>	May 17, 2017
<b>Bill 57</b>	<i>Restoring Trust, Transparency and Accountability Act, 2018</i>	December 6, 2018
<b>Bill 229</b>	<i>Protect, Support and Recover from COVID-19 Act (Budget Measures), 2020</i>	December 8, 2020

The following information provides an overview of the Provincial rules and regulations governing municipal tax policy.

## Capping Program Options

Capping was introduced by the Province in 1998 as a mandatory program to protect properties in the commercial, industrial and multi-residential classes from significant increases caused by reassessment. Legislation allows municipalities to finance the program by limiting tax decreases within each class - this is referred to as a clawback.

In September of 2008, the Ministry of Finance announced new options for the capping program. The options allow for properties that have reached their CVA taxes or cross from being a capped property to a clawback property and vice versa to be removed from the capping program. The option can be class-specific or for the entire program and must be detailed in the Municipal capping by-law on an annual basis. The use of the option to remove properties that had reached their CVA taxes resulted in the elimination of multi-residential properties from the capping program in 2009.

In 2015, the Province initiated a review of the capping program, which resulted in improved flexibilities to municipalities related to setting the capping criteria. The Province introduced the enhancements in 2016 through Ontario Regulation 102/16 and Bill 70 for municipalities to accelerate progress to CVA-level taxes and to exit or phase-out from the program under certain conditions. Further amendments through Ontario Regulation 131/17 enables municipalities to exclude vacant land from the phase-out eligibility criteria as well as exclude reassessment-related increases from the capping calculation.

In 2022, the Region no longer had any capped properties and exited the capping program (Part IX of the Municipal Act). Please refer to Report No. FN-13-22 re: 2022 Tax Policy for more details.

## Ranges of Fairness and Tax Ratios

Across Ontario, properties in different classes are taxed at varying municipal rates as a result of historical differences in tax burdens that were present prior to the Ontario-wide reassessment in 1998. For the most part, different relative tax shares continue to exist after reassessment, resulting in most businesses across Ontario paying higher property taxes than residential properties.

The different relative tax shares among property classes are based on the tax ratios set by municipalities. Changing the tax ratios will result in a shift of the tax share among classes.

Based on the current environment, taxing all properties at the same rate would result in massive tax shifts from business to residential properties. The Province recognizes that an immediate move to a position where all properties pay the same tax rate, regardless of class, would be too difficult for residential property owners to absorb. As a result, the Province permits municipalities to set different tax rates on each property class, subject to Provincially established “ranges of fairness”. The “Ranges of Fairness” represent what the Province determines is a fair level of taxation for various types of properties relative to the tax burden on the residential class. These ranges ensure that taxes are not shifted onto properties that are already subject to unfairly high tax rates, or to properties that are subject to unfairly low tax rates. Municipalities can leave their tax ratios at their current level or elect to move towards the ranges of fairness.

Based on Section 308 of *Municipal Act, 2001*, the tax ratio for the residential class is always set at 1.0. The following table provides the Property Classes, the Provincially legislated “Ranges of Fairness”, the 2023 Halton Region Tax Ratios and the Threshold Ratios.

The different historic relative shares are reflected in the tax ratios. These relative shares are used to calculate the municipal tax rate of each property class in relation to the residential class. For example, in 2023, commercial properties in Halton Region are required to pay approximately 1.4565 times more municipal property taxes than their residential counterparts based on the CVA.

Moving tax ratios closer to the Residential rate of 1.000 would result in significant tax shifts among property classes. Assuming that the total municipal taxes remain the same, any reduction in the tax ratios for multi-residential, commercial or industrial classes would directly impact residential property taxes by increasing the tax share on that class.

The *Municipal Act, 2001* provides upper-tier municipalities with the authority to set the tax ratios which then apply to all lower-tier municipalities within the upper-tier, or the upper-tier municipality can delegate the authority for tax ratio setting to the lower-tier municipalities. This allows the lower-tier municipalities to establish tax ratios specific to their own assessment base. Upper-tier municipalities that choose to delegate this authority must develop an apportionment methodology to determine the amount of upper-tier levy that each of the

lower-tier municipalities would be required to raise. Delegation requires unanimous lower-tier agreement as well as approval from the Minister of Finance. Peel Region opted to delegate the authority for setting tax ratios beginning with the 1998 taxation year, and is currently the only upper-tier municipality in Ontario that has delegated this authority to its lower-tier municipalities.

Municipalities are not permitted to apply municipal levy increases on the commercial, industrial or multi-residential classes if the tax ratios for those classes exceed the prescribed threshold ratios, as shown in the following table.

These threshold ratios define the average relative municipal tax for each property class in relation to the residential class across the province. For example, across Ontario, commercial tax rates are on average 1.980 times more than the municipal tax rates for their residential counterparts in 2023. Halton’s tax ratios recommended in 2023 do not exceed the Provincial thresholds.

Where a tax ratio, or the previous year’s tax ratio, falls within the ranges of fairness, the municipality may move the tax ratio anywhere within the range. Where the tax ratio, or the previous year’s tax ratio, falls outside the range, the municipality may keep the existing tax ratio or move it closer to the range. Municipalities may not move tax ratios further away from the range than the tax ratio of the previous year, except if permitted by Provincial regulations.

Property Class	Range of Fairness (Provincially Legislated)	2023 Halton Tax Ratios	Threshold Ratios
Residential	1.00	1.0000	
Multi-Residential	1.00 - 1.10	2.0000	2.0000
New Multi-Residential	1.00 - 1.10	1.0000	
Commercial	0.60 - 1.10	1.4565	1.9800
Industrial	0.60 - 1.10	2.0907	2.6300
Pipe Line	0.60 - 0.70	1.0617	
Farm	0 - 0.25	0.2000	
Managed Forests	0.25	0.2500	
Landfill	0.60 - 1.10	1.4565	25.0000

## Summary of the Rules and Regulations Governing Municipal Tax Policy

The following table provides a brief summary of the prescribed Provincial tools that are available to municipalities in establishing their tax policies.

Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Changing Tax Ratios</b>	Discretionary	Multi-Residential, New Multi-Residential, Commercial, Industrial, Pipe Line, Farm	<ul style="list-style-type: none"> <li>The upper-tier municipality has the option of changing the relative burden between classes of properties from those prescribed by the Province.</li> <li>This provides Halton Region with a tool to lower the relative tax burden on multi-residential, new multi-residential, commercial, industrial, pipe line, and/or farm classes.</li> <li>Should Halton Region elect to lower the tax ratios for any of these classes, there will be an offsetting increase in municipal taxes for the other classes most significantly to the residential class as this is the single largest component.</li> <li>Municipalities are required to pass by-laws setting their tax ratios each year unless prescribed otherwise by the Minister of Finance (S. 308 (5), <i>Municipal Act, 2001</i>).</li> <li><b>Halton's tax ratios have remained unchanged since 2001, with the exception of:</b> <ul style="list-style-type: none"> <li>– the farm tax ratio, which was reduced from 0.25 to 0.20 in 2006;</li> <li>– the multi-residential tax ratio, which was reduced from 2.2619 to 2.0 in 2017;</li> <li>– the new multi-residential tax ratio, which was reduced from 2.0 to 1.0 in 2018; and</li> <li>– the industrial tax ratio, which was reduced from 2.3599 to 2.0907 in 2020.</li> </ul> </li> </ul>
<b>Relief for Low-Income Older Adults &amp; Persons with Disabilities</b>	Mandatory Program with Discretionary Program Rules	Residential	<ul style="list-style-type: none"> <li>The upper-tier municipality is required to provide a relief program for all tax increases including municipal levy increases.</li> <li>Halton Region must establish a policy outlining their definition of low-income older adults and low-income persons with disabilities.</li> <li>The Region must also decide whether the relief program will be in the form of a cancellation of the tax increase, rebate or deferral.</li> <li>The program is administered by the lower-tier municipalities.</li> <li><b>Halton Region has had a tax increase deferral program in place since 1998 for low-income older adults and persons with disabilities.</b></li> </ul>

Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Optional Relief from Hardship</b>	Discretionary Program	Residential Farm Managed Forests	<ul style="list-style-type: none"> <li>Should the local municipality decide to create a program, they must create their own definition of “unduly burdensome”.</li> <li>Should the local municipality establish a program, it must also determine the amount of relief and the eligibility criteria.</li> <li>The cost of the relief program is automatically shared by school boards in respect of the education portion of the tax.</li> <li>Upper-tier municipalities have the option of sharing the cost with respect to the upper-tier portion of the property tax.</li> <li>The upper-tier municipality would need to pass a similar by-law to agree to cost share the program.</li> <li><b>Halton Region has opted into local municipal programs such as the low-income older adults rebate instituted in 2008 and currently offered by the City of Burlington, the Town of Halton Hills and the Town of Oakville.</b></li> </ul>



Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Capping</b>	Mandatory Program with Discretionary Program Rules	Multi-Residential Commercial Industrial	<ul style="list-style-type: none"> <li>The Province has required capping programs on taxes in the business classes since 1998.</li> <li>The Region is required to make adjustments between the lower-tier municipalities to ensure no city/town within Halton is left with a shortfall or surplus.</li> </ul> <p>Through O. Reg. 102/16 of the <i>Municipal Act, 2001</i> the Province provided municipalities additional flexibility in the business property tax capping program to accelerate progress to CVA-level taxes and to exit or phase-out from the program under certain conditions:</p> <ul style="list-style-type: none"> <li>Municipalities can increase the amount of the minimum annual increase for capped properties from 5% to 10% of the previous year's CVA-level taxes.</li> <li>Municipalities can move capped or clawback properties directly to their CVA-level taxes if they are within \$500 of their taxes (up from \$250).</li> <li>Municipalities are eligible for a four-year phase-out from the capping program once it has no capped properties beyond 50% of CVA-level taxes in a property class.</li> <li>Municipalities with no properties currently remaining in the capping program are eligible to exit the program immediately.</li> </ul> <p>Through O. Reg. 131/17 of the <i>Municipal Act, 2001</i>:</p> <ul style="list-style-type: none"> <li>Municipalities can choose to exclude vacant land from the phase-out eligibility criteria where all properties must be within 50% of CVA-level taxes.</li> <li>Municipalities can exclude reassessment-related increases from the capping calculation</li> </ul> <p><b>In 2022, Halton Region permanently exited Part IX of the <i>Municipal Act, 2001</i> that specifies the capping provisions as there were no longer any properties in the program as of the 2021 taxation year.</b></p>

Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Small-Scale On-Farm Business Subclass</b>	Discretionary	Commercial Industrial	<ul style="list-style-type: none"> <li>The upper-tier municipality has the discretion under the <i>Assessment Act, 1990</i> to adopt two optional subclasses for small-scale on-farm business for each of the industrial and commercial property classes to provide support to small-scale on-farm businesses.</li> <li>Municipalities may adopt: <ul style="list-style-type: none"> <li>a subclass which would provide a 75% reduction on municipal taxes for the first \$50,000 of assessment.</li> <li>a second subclass which would provide a 75% reduction on municipal taxes on an increased threshold from \$50,000 - \$100,000.</li> </ul> </li> <li><b>Halton currently has 16 eligible properties in the \$50,000 threshold subclass.</b></li> <li><b>Halton currently does not have any eligible properties in the \$100,000 threshold subclass.</b></li> </ul>
<b>Small Business Subclass (SBSC)</b>	Discretionary	Commercial Industrial	<ul style="list-style-type: none"> <li>The upper-tier municipality has the discretion under the <i>Assessment Act, 1990</i> to adopt an optional small business subclass which would provide a reduction up to 35% on municipal taxes.</li> <li>Municipalities have the flexibility to determine the eligibility criteria for which properties would fall within the subclass.</li> <li><b>Through Report No. FN-28-22 Regional Council approved the recommendation not to proceed with adopting the SBSC.</b></li> </ul>
<b>Optional New Class</b>	Discretionary	<b>Commercial</b> <ul style="list-style-type: none"> <li>Office Building</li> <li>Shopping Centre</li> <li>Parking Lot &amp; Vacant Land</li> <li>Residual Commercial</li> <li>Professional Sports Facility</li> <li>Resort Condominium</li> </ul> <b>Industrial</b> <ul style="list-style-type: none"> <li>Large Industrial</li> </ul>	<ul style="list-style-type: none"> <li>The upper-tier municipality has the discretion to establish any of the optional classes that the Province defined in the legislation.</li> <li>This provides municipalities with additional flexibility to target specific optional classes of properties and permits different tax ratios for each of these classes within the Provincial guidelines.</li> <li><b>Halton has no optional property classes.</b></li> </ul>

Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Graduated Tax Rates</b>	Discretionary	Commercial Industrial (Note: not permitted in the optional classes)	<ul style="list-style-type: none"> <li>Allows the upper-tier municipality to establish up to three different tax rates within these classes to tier the taxes paid based on municipally defined assessment bands (i.e., 0-\$200,000; \$200,000-\$1,000,000; \$1,000,000+).</li> <li>This tool provides the ability to protect lower valued commercial and industrial properties by allowing municipalities to apply lower tax rates for the first band of current value assessment on every property within the class.</li> <li>This program is self-funded within the class, and as such, by providing a lower tax rate for a lower band, increases the tax rate for the higher bands.</li> <li><b>Halton Region does not use graduated tax rates.</b></li> </ul>
<b>Phase-In</b>	Discretionary Program	All Classes	<ul style="list-style-type: none"> <li>The upper-tier municipality is permitted to phase-in tax changes.</li> <li>This tool can be used in any/all classes of properties.</li> <li>Municipalities have the option of phasing in tax changes over a period of up to eight years.</li> <li>This provides property owners with time to adjust to their new burden.</li> <li>This program can be funded from within the class, or through budgetary provisions.</li> <li>Municipalities have the option of establishing a program for any one or all of the classes: <ul style="list-style-type: none"> <li>Can set percentage of tax increase that is permitted in any given year.</li> <li>Can establish other criteria on the phase-in policy such as a minimum amount to be phased in (\$ threshold).</li> </ul> </li> <li><b>Halton Region has no phase-in program.</b></li> </ul>



Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Municipal Tax Reductions</b>	Discretionary Program	Multi-Residential Commercial Industrial	<ul style="list-style-type: none"> <li>Replaces the municipal tax rebate tool under Section 442.2 of the <i>Municipal Act, 2001</i>.</li> <li>Municipalities can reduce taxes for these properties down to the cap limit by processing a reduction on the tax bill rather than issuing an after-the-fact rebate.</li> <li>Municipalities fully fund the cost of tax reductions under this mechanism – no sharing with school boards.</li> <li><b>Halton Region has no municipal tax reduction programs.</b></li> </ul>
<b>Vacant Home Tax (VHT)</b>	Discretionary Program	Residential	<ul style="list-style-type: none"> <li>A feasibility assessment of adopting a Vacant Homes Tax (VHT) in Halton was undertaken. The findings per Report No. FN-15-22 re: Optional Vacant Homes Tax in Halton Region indicated that a VHT appears to be a feasible policy and revenue tool to reduce the number of vacant homes, thereby increasing housing supply, and to provide positive net revenues to support Halton Region's affordable and assisted housing programs. Regional Council approved the recommendation to proceed with a design and implementation study of a VHT in Halton which includes undertaking public engagement to obtain input and feedback from Halton residents and stakeholders to help design the program. Staff will report back to Regional Council with the results of the public engagement and a proposed VHT framework for consideration and approval.</li> </ul>

Tool	Mandatory vs. Discretionary	Property Class	Comments
<b>Rebates to Charities</b>	Mandatory Program with Discretionary Program Rules	Commercial Industrial	<ul style="list-style-type: none"> <li>The upper-tier municipality must provide rebates of at least 40% of property tax starting in 2001 for eligible properties.</li> <li>Charities will be eligible for this mandatory rebate program if they have a valid registration number issued by the Canada Revenue Agency.</li> <li>Charities who are tenants of a business property are also eligible for the rebate – similar to charities that own their property.</li> <li>Halton Region has the option of providing rebates from 40% to 100% of the property tax paid by eligible charities.</li> <li>Halton Region has the ability to extend the rebate program to organizations that are similar to eligible charities (non-profit organizations).</li> <li>The program is administered by the lower-tier municipalities.</li> <li><b>In 1998, Halton Region established a program to provide a 40% rebate for eligible charities.</b></li> </ul>
<b>Tax Reductions for Heritage Properties</b>	Discretionary Program	All Property Classes	<ul style="list-style-type: none"> <li>A local municipality may provide tax reductions or refunds to heritage properties.</li> <li>Must be designated under the <i>Ontario Heritage Act</i>.</li> <li>Reduction or refund must be between 10% and 40%.</li> <li>Cost of the program is automatically shared with the school board in respect of the education portion of the tax.</li> <li>Upper-tier municipalities have the option of sharing the cost with respect to the upper-tier portion.</li> <li>The upper-tier municipality would need to pass a similar by-law to agree to share the cost of the program.</li> <li><b>In Halton, Burlington and Halton Hills provide tax reductions for heritage properties.</b></li> <li><b>Halton Region cost shares in the Heritage Tax Rebate programs with the Local Municipalities. The specific percentage applicable for an Eligible Heritage Property will be the same as that provided for by the lower-tier by-law.</b></li> </ul>

# Property Tax Relief for Residences built or modified to accommodate Older Adults or People with Disabilities

The *Assessment Act, 1990* contains provisions to exempt from property taxes any alterations and additions that are made to existing residential properties to accommodate older adults or people with disabilities. The exemption also applies

to the prescribed portion of newly built homes that are designated to accommodate these individuals. It is the responsibility of the property owner of the eligible property to apply to MPAC for the exemption.





# Property Tax Relief for Older Adults with Low Incomes - The Older Adults Property Tax Deferral Program

Halton is home to over 95,800 older adults aged 65 years and older, based on the 2020 Canada census. By 2035, it is expected that this number will grow to 160,000 as people live longer and healthier lives.

The Region is committed to providing policies, programs and services that support older adults. As part of this commitment, Regional Council approved the implementation of the Older Adults Property Tax Deferral Program (FN-06-16) in 2016. Although this is not a prescribed Provincial tool, the Region has introduced

the program to help eligible seniors remain in their homes by deferring their full property taxes without interest. The deferral is provided by way of a grant from Halton Region to each participating Local Municipality with respect to the Eligible Property for the benefit of the Eligible Person(s). This program was adopted by local municipalities and commenced on July 1, 2016. It is the responsibility of the eligible property owner to apply/renew annually to their Local Municipality each year. Further details of the program are available at [halton.ca](https://www.halton.ca).



# Education Taxes

As discussed earlier, a property tax bill is made up of municipal and education taxes. This part of the manual discusses the treatment by the Province of education taxes for residential and business properties.

## Residential Education Tax Rates

In 1998, the Province established a province-wide residential/multi-residential education tax rate. This rate is updated on an annual basis. This means that regardless of where you live in Ontario, a residential property will pay the same rate of education taxes.

## Business Education Tax (BET) Rates

BET Rates for Commercial, Industrial and Pipe Line tax classes are not standardized across the province. The Province determines the rate for each municipality to ensure that the same amount of taxes is collected across the province.

The Region received the final Education tax rates for 2023 from the Ministry of Finance through O. Reg. 576/22 filed January 7, 2023 which amended O. Reg. 400/98 of the *Education Act, 1990*. The following table summarizes the residential and business education rates applicable for the Region in 2023.

PROPERTY CLASS	2023 TAX YEAR
Residential	0.00153000
Multi-Residential	0.00153000
New Multi-Residential	0.00153000
Commercial	0.00770552
Commercial - New Construction	0.00770552
Commercial - Small-Scale On-Farm Business	0.00220000
Industrial	0.00880000
Industrial - New Construction	0.00880000
Industrial - Small-Scale On-Farm Business	0.00220000
Pipe Line	0.00880000
Farm	0.00038250
Managed Forests	0.00038250
Landfill	0.00864766



# Frequently Asked Questions

**Q. What is a reassessment?**

**A.** Reassessment is the process of updating the assessed values of all properties in a municipality to a common valuation date. Provincial legislation requires the Municipal Property Assessment Corporation (MPAC) to update all assessed values on a regular basis.

**Q. Who carries out a reassessment?**

**A.** Property assessors who work for MPAC determine a property's assessed value. Halton Region is not responsible for the calculation of a property's assessed value and has no authority to change these values. Any inquiries about a property's assessment should be directed to the MPAC office shown on the Property Assessment Notice (PAN).

**Q. Whom do I contact if I have questions about my Assessment Notice?**

**A.** If you have questions about your Property Assessment Notice, assessed value, or about assessment in general, please contact MPAC. A list of ways to do so is on your PAN.

**Q. What is a tax rate and how is it linked to the assessed value?**

**A.** The tax rate is related to the budgetary needs of a municipality and the Provincial determination of education requirements. Each property class has its own tax rate. The tax rate, multiplied by the assessed value, results in the amount of property taxes payable.

For example, if the residential tax rate is 1.0 per cent and the assessed value is \$500,000, the property taxes would be \$5,000 (\$500,000 x 1.0 per cent).

**Q. What is phased-in reassessment?**

**A.** Starting in 2013, assessment increases have been phased-in over a four year cycle. This mandatory phase-in will apply to all property classes. The phase-in does not apply to assessment decreases, as any decreases have been fully realized in the first year of the phase-in cycle.

**Example:** An \$80,000 assessment increase will be phased-in equally in increments of \$20,000 each year over four years as follows:

**From a CVA of \$500,000 to a CVA of \$580,000**

Year	Assessment
2017	\$520,000
2018	\$540,000
2019	\$560,000
2020	\$580,000

**Q. Who made the decision to implement a reassessment?**

**A.** The Provincial government determines reassessment programs and reassessment programs are mandatory and province-wide.

**Q. What is the valuation date of my new assessment?**

**A.** Your valuation date of your current assessment is January 1, 2016. The valuation date of your previous assessment was January 1, 2012.

**Q. What are the implications of the Province postponing the reassessment on my assessment in 2023?**

**A.** The postponement of the reassessment means the valuation date of the current assessment remains at January 1, 2016. It also means, assuming no changes have occurred to your property, the assessment used to calculate your 2023 property taxes should be the same as what was used in the 2022 taxation year. Using the example above, the 2023 assessment would be \$580,000.

**Q. If my property is built in 2015, what is my valuation date?**

**A.** If your property is built anytime before January 1, 2016, your valuation date will be January 1, 2016. MPAC will determine a value for your property as of this date.



**Q. How does MPAC assess my property?**

- A.** Your assessment is determined using a variety of factors which include:
- recent sales of similar properties in surrounding neighbourhoods and sub-neighbourhoods;
  - three years of sales in most market areas are used in this analysis; and
  - property features such as: location, size of lot and dimensions, living area, age of property, renovations, and quality of construction are all factors taken into consideration when determining the market value of property in Ontario.

**Q. Why was there a change to the reassessment system with the introduction of a four year phase-in of assessment increases?**

- A.** Significant changes in property values, caused by market forces, can impact property tax liability levels. Phasing in assessment increases provides a greater level of stability and predictability.

**Q. How does the reassessment benefit me?**

- A.** The phase-in helps to smooth out increases and provides a more gradual move to the new assessment level.

**Q. How do I appeal my assessment?**

- A.** The first mandatory step is to file a Request for Reconsideration (RfR) with MPAC by the date printed on your Property Assessment Notice for residential, farm, and managed forests property classes. For all other classes, filing an RfR is not a mandatory first step.

**Q. What assessment value is appealed, the full value or the phased-in value?**

- A.** The assessment value that must be appealed is the full value.

**Q. When will MPAC issue a decision based on the RfR?**

- A.** MPAC is required to issue the RfR decision within 180 days after receiving the request or will contact you if more time is needed.

**Q. What if I don't agree with MPAC's decision of my RfR?**

- A.** You may file an appeal to the Assessment Review Board (ARB) within 90 days of MPAC mailing the RfR decision.

**Q. Who should I contact regarding assessment concerns?**

- A.** You should contact MPAC for questions relating to assessment and filing for a RfR. They can be reached by telephone at 1-866-296-6722 or visit their website at [www.mpac.ca](http://www.mpac.ca) to find more information or to download the RfR form.

**Q. What if my property value has decreased since January 1, 2016?**

- A.** The legislated valuation date for this current reassessment is January 1, 2016. The purpose of the Provincial government establishing a phase-in of assessment valuation increases is to provide a greater level of stability and predictability while avoiding significant fluctuations in assessment values resulting from annual valuation changes. Property owners can file a RfR to have their assessment reviewed by MPAC if they believe the value is incorrect.

**Q. Why aren't Property Assessment Notices and tax bills sent at the same time?**

- A.** The main reason is that municipalities cannot calculate property taxes without having the assessed values. The *Assessment Act, 1990* requires MPAC to mail Property Assessment Notices at least 14 days prior to the delivery of the Assessment Roll to the municipality on the second Tuesday in December. The municipality uses the values on the final Assessment Roll, approved regional and local municipal budgets and education taxes to calculate final tax bills.

**Q. How are residential property taxes calculated?**

- A.** Residential property taxes are calculated using the property's assessed value, the municipal tax rates (Region and Local) and an education tax rate, which is set by the Province.

Assessed Value x Municipal Tax Rate =  
**Amount of Municipal Property Tax**

+

Assessed Value x Education Tax Rate =  
**Amount of Education Property Tax**

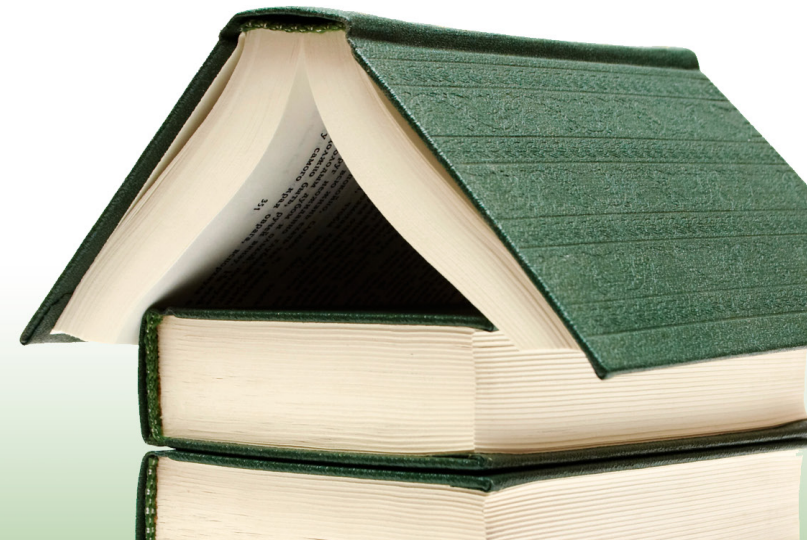
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**Your Property Taxes**





# Glossary of Terms



## **Assessed Value (Assessment)**

The value of a property (lands and buildings) for taxation purposes.

## ***Assessment Act, 1990***

The law that governs the way property is assessed in Ontario.

## **Assessment Cycle**

The yearly cycle of assessment-related activity which leads to the delivery of assessment rolls to municipalities in December.

## **Assessment Review Board (ARB)**

An independent, adjudicative tribunal of the Ontario Ministry of the Attorney General. The ARB hears appeals from individuals who believe a property has been incorrectly assessed or classified. A decision made by the ARB is final unless a point of law is being disputed.

## **Assessment Roll**

An annual list of the assessed values of all properties in a municipality, which includes the name of the property owner or tenant, their address, the realty tax class, services to and size of the property, and information on structures on the property, if any.

## **Capping and Clawback**

Capping refers to a municipality's option to limit, or cap, the tax increases on commercial, industrial and multi-residential properties. The limit on tax decreases, in order to fund capping, is known as a clawback.

## **Core Classes**

Set of nine classes which all municipalities will be required to use. These are residential, multi-residential, new multi-residential, commercial, industrial, pipe line, farm, managed forests and landfill. The assessors working for MPAC categorize the assessment associated with each property into one or more of these classes.

## **Current Value**

Refers to the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer.

## **Exempt Property**

Property which is assessed, but not taxed. Generally, properties which are exempt from property taxes provide services for the public good, such as schools, churches and hospitals. Other charities and philanthropic organizations mentioned in the *Assessment Act, 1990* may be given exempt status if certain criteria are met.

## **Final Tax Rates**

The rates determined to raise the municipal levy from the annual budget including all tax policy changes for the current year.

## **Graduated Taxes**

A municipality (single-tier or upper-tier) has the option to establish up to three graduated tax bands within the commercial and industrial classes. This tool provides the ability to protect lower valued properties by allowing municipalities to apply different tax rates for each band of current value assessment. However, as the program is self-funded from within the class, decreasing the tax rate in the lower band has the effect of increasing the tax rate in the upper band.

## **Lower-tier municipality**

A municipality that is part of a county, region or district municipality.

## ***Municipal Act, 2001***

The statute governing how municipalities administer municipal services and collect taxes (e.g., property taxes are calculated and collected by the municipality using the assessments determined by MPAC).

## **Municipal Property Assessment Corporation (MPAC)**

Established by the *Municipal Property Assessment Corporation Act*, MPAC administers and determines a uniform, province-wide system of current value assessment for all properties.

## **Omitted Assessment**

An assessment which has not been recorded on the assessment roll. When an omitted assessment is added to the assessment roll, property taxes can be collected for the current year and, if applicable, for any part or all of the previous two years.

## **Payment-in-lieu of Taxes**

Payments made to municipalities by the Provincial or Federal government, where properties are exempt from property taxation. Also known as grant-in-lieu of taxes.

## **Phase-In Program**

Upper-tier or single-tier municipalities have the option of establishing a program to phase-in all property tax changes that occur in the year of a general reassessment, including municipal budgetary increases. Phase-in programs can apply to any or all of the property classes and may be spread over a period of up to eight years.

## **Property Assessment Notice (PAN)**

A notice sent to all property owners to advise them of their property's current value assessment. The Notice also contains the property's classification and school support designation.

## **Property Classification (Tax Class)**

A categorization of a property or a portion of a property according to its use, with each category representing a different tax class. There are nine major classes of property which are mandatory (residential, multi-residential, new multi-residential, commercial, industrial, pipe line, farm, managed forests, landfill) and seven specialty classes which are optional (office building, shopping centre, parking lot and vacant land, residual commercial, large industrial, professional sports facility and resort condominium).

## **Property Tax**

The combined tax on a property comprising the municipal (local) tax and, if applicable, a region or county tax. An education tax will also apply to most property classes.

## **Ranges of Fairness**

Provincially prescribed ranges for the setting of tax ratios for the multi-residential, new multi-residential, commercial, industrial, pipe line, farm and landfill classes. Municipalities are permitted to change their tax ratios only if the ratio is moved closer or within the ranges of fairness.

## **Realty Tax Class (RTC)**

The designation used to identify the property class to which the property belongs.

## **Realty Tax Qualifier (RTQ)**

The designation used to identify the subclass to which the property belongs. These were established in order to allow for the application of discounted tax rates due to the special nature of some properties.

## **Reassessment**

The process of creating a new base for property taxation by updating assessments to reflect more recent values.

## Regulated Assessments

Assessments that are determined by the activity or production capability or by a legislated rate, rather than by the value of the property itself. Regulated properties include pipe lines, rights-of-way, power utility corridors and power generating stations.

## Request for Reconsideration (RfR)

Property owners who disagree with the current value assessment or classification on their Property Assessment Notice may ask MPAC to conduct a review of their assessment through the Request for Reconsideration process. There is no fee for this service and a request can be made up to March 31 for the current taxation year. This process is now mandatory for residential property owners who disagree with their assessed values.

## Residential Tax Rate

Determined by dividing the total municipal levy by the total weighted assessment, used as the basis for determining all other property tax class rates.

## Roll Number

A unique 19-digit number used as an identifier for each property.

## School Board

A district school board (English-language public or separate, French-language public or separate) or a school authority.

## Subclass of Property

A subsection of a class of property prescribed by the Minister of Finance for the purposes of applying a lower tax rate. These include farm land awaiting development, excess land and vacant land.

## Subclass Rate Reduction

The percentage rate as prescribed by the *Municipal Act, 2001* to be applied to reduce the tax rate that would otherwise be levied for municipal purposes for the sub-class (e.g., subclass C7 would be reduced by 75 per cent of the CT tax rate).

## Supplementary Assessment

An assessment made during a taxation year for an addition, renovation or construction. When a supplementary assessment is added to the assessment roll, additional property taxes can be collected for that portion of the current tax year that the supplementary addresses. A supplementary assessment can also be issued when there has been a change in the tax class of a property. The classification may occur during the taxation year, or the preceding November

or December. Where the class change results in a higher tax rate, municipalities cannot collect additional taxes for those two months but only for the current tax year.

## Taxable Property

All property in a municipality which is not exempt from taxation.

## Taxation

The process of applying a tax rate to a current value assessment to calculate the taxes owing.

## Taxation Year

The calendar year (January 1 to December 31).

## Tax Rate

A percentage applied to the assessed value of a property to generate tax payable. Municipalities will set the tax rate for each property class based on the revenue they will need to provide local services. The tax rate also includes an education component defined by the Province.

## Tax Ratio

Defines the tax rate of each property class in relation to the rate of the residential property class.

## Threshold Ratio

Provincially regulated ratios for the multi-residential, commercial, industrial and landfill classes, defining the average tax ratio across the Province.

## Upper-tier municipality

A municipality which is a county, region or district municipality.

## Valuation Date

A fixed date set by the Provincial Government on which current value assessments are based. The current valuation date in Ontario is January 1, 2016.

## Weighted Assessment

The assessment for a property multiplied by the tax ratio, established for the property class the property is in.

# Contacts

The following offices can be contacted for more information about assessment and property taxation.

**Ontario Ministry of Municipal Affairs and Housing (MMAH)**

Phone: 1-866-220-2290

[www.mah.gov.on.ca](http://www.mah.gov.on.ca)

**Ontario Ministry of Finance**

Phone: 1 866 668-8297

[www.fin.gov.on.ca/en](http://www.fin.gov.on.ca/en)

**Municipal Property Assessment Corporation (MPAC)**

Phone: 1 866 296-MPAC (6722)

[www.mpac.ca](http://www.mpac.ca)

**Halton Region**

Phone: 905-825-6000

[www.halton.ca](http://www.halton.ca)

**City of Burlington**

Phone: 905-335-7750

[www.burlington.ca](http://www.burlington.ca)

**Town of Halton Hills**

Phone: 905-873-2601

[www.haltonhills.ca](http://www.haltonhills.ca)

**Town of Milton**

Phone: 905-864-4142

[www.milton.ca](http://www.milton.ca)

**Town of Oakville**

Phone: 905-338-4222

[www.oakville.ca](http://www.oakville.ca)

# Tax Policy Deadlines

Due Date	Responsibility		Act / Regulation	Description	Action Required
Annual / Optional by December 31	Council	Region	<i>Assessment Act, 1990</i> , Section 2 (3.1)(c)	Deadline to pass by-law to establish optional classes.	None required unless establishing an optional class, then by-law
Annual / Optional by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 316 (1)	Deadline to pass by-law setting Regional interim levy.	By-law
February 28	Council	Region	<i>Municipal Act, 2001</i> , Section 310 (1)	Deadline to pass by-law (including apportionment plan) to delegate tax ratio setting to the lower-tier municipalities.	By-law
February 28	Council	Local	<i>Municipal Act, 2001</i> , Section 310 (3)	Deadline to pass resolution accepting the Region's delegation by-law including apportionment plan.	Resolution
April 1	Minister	MMAH	<i>Municipal Act, 2001</i> , Section 310 (4)	Deadline to make a general regulation designating the upper-tier municipality to which delegation can apply.	General Regulation
Annual / Mandatory by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 308 (5)	Deadline to pass by-law establishing the tax ratios for a year if not delegated.	By-law
Annual / Mandatory by December 31	Council	Local	<i>Municipal Act, 2001</i> , Section 310 (7)	Deadline to pass by-law establishing the tax ratios for a year if delegated.	By-law
Annual / Mandatory by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 311 (2)	Deadline to pass by-law setting the Regional general levy.	By-law
Annual / Mandatory by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 311 (4)	Deadline to pass by-law setting the Regional special levy (Waste Management)	By-law
Annual / Mandatory by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 329.1 (2)	Deadline to pass by-law to adopt the optional tax capping tools to be applied to properties in the commercial, industrial and multi-residential classes in the current taxation year.	By-law
Annual / Optional by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 314	Deadline to pass by-law to establish graduated tax bands and graduated rates for the industrial and / or commercial classes.	None required unless establishing graduated tax rates, then by-law
Annual / Optional by December 31	Council	Local	<i>Municipal Act, 2001</i> , Section 365 (1)	Deadline to pass by-law to provide for the cancellation, reduction or refund of taxes when the taxes are considered to be unduly burdensome (low-income older adults rebate).	None required unless establishing a rebate program, then by-law
Annual / Optional by December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 365 (2)	Deadline to pass by-law to cost share in local municipal programs provided through Section 365 (1).	None required unless cost-sharing in local programs, then by-law
December 31	Council	Region	<i>Municipal Act, 2001</i> , Section 318	Deadline to pass by-law to establish a phase in program of tax changes resulting from reassessments.	None required unless establishing a phase in program, then by-law

# Notes





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