



The Corporation of the Town of Milton

Appendix A - Tax Policy Overview with Milton Context

In addition to setting tax ratios and upper tier tax rates, Regional Council also establishes tax policies and tax relief programs. Regional report FN-11-24 was approved on April 17, 2024, incorporating such policies and programs for 2024.

Halton Regional Report FN-11-24 outlines in detail the key areas that impact the 2024 tax policies. FN-11-24 is attached as an appendix to this report, with relevant references related to tax policy noted below (with associated page references):

Postponement of the 2021 Reassessment (page 4 of FN-11-24)

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

The last valuation date of a property's current value assessment currently remains as at January 1, 2016 and, excludes any in-year changes to a property. The current value assessment used for 2024 taxation is the same as what was used for 2021, 2022 and 2023 taxation.

On August 16, 2023, the Province filed Ontario Regulation 261/23 which officially extended the January 1, 2016 current value assessment base year to apply to the 2024 taxation year, and reaffirmed that the property tax reassessments would continue to be postponed for the 2024 tax year.

Small-Scale Value-Added and Commercial Activities on Farms (page 9 of FN-11-24)

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

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

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

In 2022, municipalities had the option to adopt a second subclass that would increase the eligible assessment amount to \$100,000 from the current \$50,000. Regional Council has approved the expansion of these measures through FN-11-24. Based on the returned roll for the 2024 tax year, there are no properties that have been identified as eligible for this additional subclass in Halton Region.

Vacant Home Tax (page 9 of FN-11-24)

On November 22, 2023, through Report No. FN-41-23 (re: Optional Vacant Homes Tax in Halton Region Update), Regional staff provided Council with an update on the work undertaken to date to develop a potential VHT Program Framework for Halton Region, including the results from a public engagement. At the meeting, Regional Council passed a motion to pause work on a VHT program until such time as the Provincial Policy Framework was released.

On March 27, 2024, the Provincial Policy Framework was released providing guidelines and recommendations for municipal Vacant Home Taxes. On April 17, 2024, Regional Council approved the resumption of VHT work through report FN-12-24.

Separate from this 2024 Tax Policy report, Town staff have also presented on the May 13th agenda a separate report (ES-09-24), which provides further detail and recommendations with respect to a potential VHT program within the Town.

Rebate for Charitable Organization Program (page 12 of FN-11-24)

In alignment with the requirements of Section 361 of the Municipal Act, a rebate is provided for eligible charitable organizations. For 2024, the Region has approved a continuation of the existing program that provides a rebate of 40% of the current year's Commercial taxes, with no change in eligibility criteria. The cost of the charity rebate in 2023 for the Town of Milton was \$29,961.

Relief for lower income seniors (page 13 of FN-11-24)

The Town of Milton currently offers a program to assist lower income persons with their property taxes by allowing the 'year over year' tax increase to be deferred. This program is mandated by the Province through S.319 of the Municipal Act and is offered to both low income senior and low income persons with disabilities. The deferral is registered as a

lien on title and must be paid back to the Municipality with interest at such time the applicant no longer owns the property. This mandatory deferral program has been in effect since 1998 and to date; the Town has not received any applications.

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

Key highlights of the OATDP:

- Full deferral of the annual taxes levied.
- All registered owners of a property must apply and to qualify must be 65 years of age by the end of the current year and the combined annual gross income must not exceed \$66,100.
- If the registered owners elect to participate in the OATDP they are precluded from participating in the Town's current program.
- The deferral is interest free to the registered owner. Interest is paid by the Region to the participating municipality.
- When the owner of the property becomes ineligible, there is a one year grace period whereby taxes are deferred and the region continues to pay the interest.
- Full amount of deferred taxes is owing either at the end of the grace period or on the sale of the property, whichever is earlier.
- The program is administered by each participating local municipality.
- Annual renewal applications must be submitted.

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